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Article 10 (SFDR)

Website disclosure for an article 8 fund

Asia ex Japan Total Return Equity Fund

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Product name: **Asia ex Japan Total Return Equity Fund**
Legal entity identifier**: 549300V2TS8TS5EUXP98**

Does this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It will make a minimum of **sustainable investments with an environmental objective: ___%** ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

A. Summary

Overview

The Fund promotes environmental and social characteristics in accordance with Article 8 of the Sustainable Finance Disclosure Regulation (the "SFDR").

In order to achieve the promotion of environmental and/or social characteristics for the Fund, the Investment Manager will take into account principles of sustainable investing when selecting its investments. The Investment Manager seeks to invest in companies mitigating climate change and those with sound corporate governance. Such companies may include, for example, those that are reducing their ecological footprint by having less involvement with fossil fuel exploitation.

The Investment Manager's investment process is carried out through a combination of exclusionary ESG screens and the use of ESG data, including consideration of the principal adverse impact (PAI) indicators. The Investment Manager also evaluates underlying investments in companies according to the good governance criteria outlined in SFDR Regulation as appropriate in accordance with the underlying investment type and where relevant data is available. As part of its investment decision making process, the Fund uses both activity- and norm-based exclusions for the selection of underlying investments.

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No Sustainable Objective

The Fund promotes environmental or social characteristics, but it does not have as its objective a sustainable investment.

Environmental or social characteristics

The Fund promotes various characteristics related to sound corporate governance, including board quality, diversity, composition, independence, and minority shareholder rights. It also emphasizes transparency in non-financial disclosures. Additionally, the Fund aims to minimize exposure to companies with significant, direct involvement in the production or trade of fossil fuels. Furthermore, the Fund seeks to invest in companies that are minimizing their environmental impact by tracking emission reduction plans, reducing emission intensity over time, and comparing their carbon intensity profile with similar companies

Investment Strategy

As part of the Fund's investment strategy, the Investment Manager selects companies in accordance with the following process: (1) utilization of issuer disclosures and third-party research; (2) screening out the companies with poor governance practices and controversial behavior and controversial products based on our activities-based and norms-based exclusion policy, and by selecting companies reducing their ecological footprint as well as companies with little involvement in fossil fuel exploitation; and (3) investing in companies that take steps to mitigate climate change.

Consideration of Principal Adverse Impact Indicators

Indicators considered by the Fund include the following:

1. Greenhouse gas emissions ("GHG") carbon intensity of investee companies;
2. Exposure to companies active in the fossil fuel sector; and
3. Companies that are in violations of UN Global Compact principles or the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

Proportion of investments

The Fund will invest at least 85% of its NAV in companies aligned with the E&S characteristics promoted. Other investments of the Fund will include cash, cash equivalents, investments for diversification purposes or investments for which data is lacking and does not follow any minimum E&S safeguards.

Monitoring of environmental or social characteristics & Methodologies

The environmental or social characteristics and the sustainability indicators (including PAI indicators) are monitored on a quarterly basis. Exclusions are monitored constantly. All binding elements of the fund's ESG commitments are regularly, and no less frequently than quarterly, reviewed and monitored as part of the Fund's Investment Compliance process.

The fund measures the attainment of the environmental or social characteristics promoted by the Fund by using and reporting annually the sustainability indicators.

Data sources and processing & Limitations to methodologies and data

The Fund will use third-party data providers, company documents, and direct interactions with company management. However, the methodology is built on external data points that are developed within the limitation of the data sources and company provided information. Not all companies provide data on all the factors the Investment Manager has defined as material. In addition, there may be lack of disclosure in markets where it is not mandatory to report such data.

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Engagement policies
The Investment Manager may engage with its portfolio companies on sustainability matters through active dialogue and by encouraging enhanced ESG disclosure and implementation. The Investment Manager may also exercise its voting rights in accordance with its sustainability standards.

Reference benchmark
The Fund does not have a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product.

B. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

C. Environmental or social characteristics of the financial product

What are the environmental or social characteristics promoted by this financial product?

The Fund promotes various characteristics related to sound corporate governance, including board quality, diversity, composition, independence, and minority shareholder rights. It also emphasizes transparency in non-financial disclosures. Additionally, the Fund aims to minimize exposure to companies with significant, direct involvement in the production or trade of fossil fuels. Furthermore, the Fund seeks to invest in companies that are minimizing their environmental impact by tracking emission reduction plans, reducing emission intensity over time, and comparing their carbon intensity profile with similar companies.

Furthermore, the Fund uses both activity- and norm-based exclusions, further detailed in the investment strategy below.

The primary benchmark index is the MSCI All Country Asia ex Japan Index (the "Index") and is indicated for performance comparison only. This Index does not take into account the ESG characteristics promoted by the fund, which are intended to be achieved by the investment process followed by the Investment Manager. As such this Index does not qualify as a reference benchmark under SFDR. A description of the Index methodology can be found on the website of the index provider.

What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?

The sustainability indicators used to measure the attainment of the environmental and social ("E&S") characteristics promoted are the following:

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1. The carbon (scope 1 and 2) intensity of companies and aggregate carbon (scope 1 and 2) intensity (weighted average carbon intensity (WACI) of the Fund and the Index) .
2. The share of investee companies having a GHG reduction plan (or carbon reduction initiatives).
3. The share of investments having a significant exposure (revenues of 10% or more) to the fossil fuel sector.
4. The share of investments being EU Taxonomy eligible[1].
5. The share of investments having exposure to, or ties with the sectors described in the activity-based exclusion list.
6. The share of investments in companies that are in severe breach of any of the ten principles of the UN Global Compact and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

Does this financial product take into account principal adverse impacts on sustainability factors?

☒ Yes

The Investment Manager commits to report at least annually on the indicators considered and on the actions taken. The focus will be made on indicators considered by the Investment Manager as relevant/material, which are reviewed on a quarterly basis:

- Greenhouse gas emissions ("GHG") and carbon intensity of investee companies (Scope 1 and 2)
- Exposure to companies with significant, direct involvement in the production or trade of fossil fuels
- GHG reduction initiatives of investee companies
- Non-respect of OECD guidelines for Multinational Enterprises or the UN Guiding Principles
- Board gender diversity
- Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

The Investment Manager considers the sector-specific relevance of PAI indicators, which may differ by company and industry. This assessment involves third party data vendors, company reports, and direct engagement with management teams. The Investment Manager seeks to mitigate the adverse impacts of its investment decision on sustainability factors, where possible, by engaging with the investee companies. The Fund also adheres to the Investment Manager's exclusionary screening policy, further detailed below. In addition to above PAIs, the Investment Manager intends to report annually on the quarterly average performance of the following PAIs:

[1] *Investors' attention is drawn to the fact that taxonomy eligibility differs from taxonomy alignment and there can therefore be a substantial discrepancy between both concepts. The eligibility of an activity implies that such is included in the delegated acts on climate change mitigation or climate change adaptation but does not mean that such activity/investment qualifies as sustainable investment, nor that it is aligned with the Taxonomy.*

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- Carbon footprint (Scope 1 and 2)
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Activities negatively affecting biodiversity sensitive areas
- Pollution of water
- Hazardous waste ratio
- Lack of action taken to address breaches of standards of anti-corruption and bribery.

Additional indicators may be considered over time.

Investors' attention is drawn to the fact that data gathering in emerging markets remains a challenge. Therefore, in the absence of data, the Investment Manager may rely on modeled/estimated data, which may not fully reflect the reality.

More information on principal adverse impacts on sustainability factors is available in the periodic reporting pursuant to Article 11(2) of the SFDR.

☐ No

D. Investment strategy

What investment strategy does this financial product follow?

Investee companies are selected by the fund in accordance with the following process:

1. By utilizing issuer disclosures and third-party research, Investment Manager believes it is better equipped to understand an issuer's impact on society and the environment, its management of human capital, its use of natural resources, etc., as well as its compliance with international, national, or local regulations;

2. Screening out the companies with poor governance practices and controversial behavior and controversial products based on the Investment Manager's exclusion policy detailed below and by selecting companies that minimize their environmental impact as well as companies with little involvement in fossil fuel exploitation. Notably, the Fund invests in companies that engage in EU Taxonomy eligible activities[2] and anticipates a future alignment but the lack of data disclosure by the investee companies presents a challenge. Examples of EU Taxonomy eligible activities include electric vehicle manufacturers, EV chipmakers, EV battery

[2] *Investors' attention is drawn to the fact that taxonomy eligibility differs from taxonomy alignment and there can therefore be a substantial discrepancy between both concepts. The eligibility of an activity implies that such activity is included in the delegated acts on climate change mitigation or climate change adaptation but does not mean that such activity/investment qualifies as sustainable investment, nor that it is aligned with the taxonomy.*

manufacturers, and battery equipment manufacturers so as to reduce carbon emissions, increase energy efficiency, and contribute to the circular economy;

3. Analyzing portfolio holdings and their operating environments on a regular basis;

4. Expressing ESG concerns that have been identified during the research process; and/or

5. When applicable, voting for proxy proposals for securities that are aligned with their ESG engagement activities.

Exclusion policy:

The Investment Manager will exclude direct investment in corporate issuers which have exposure to, or ties with, certain sectors, namely issuers deriving:

Any revenue from:

- Controversial Weapons

Revenues exceeding 5% of total annual revenues from:

- Adult Entertainment
- Arctic oil, gas exploration and extraction
- Thermal coal extraction
- Tobacco (manufacturing)

Revenues exceeding 10% of total annual revenues from:

- Thermal coal power generation, unless a transition plan towards renewable energy is in place

Revenue exceeding 50% of total annual revenues from:

- Trading and/or wholesale of tobacco (product retail)
- Palm oil production and distribution

In addition, the Investment Manager may exclude companies that may be viewed as inconsistent with the ten principles of the UN Global Compact. However, the Investment Manager may invest in and/or hold such companies if the Investment Manager determines the company provides positive sustainability outcomes that may outweigh other non-sustainable issues. Such determination may be based on utilization of data and research, including from third party sustainability service providers and/or engagement with the company's management.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are the systematic exclusions of certain companies on the basis of the exclusion policy detailed above.

What is the policy to assess good governance practices of the investee companies?

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The Fund makes investments in companies of various market capitalizations that are undervalued, of high quality, and are managed by top management teams with excellent operational and governance records.

As part of our proprietary investment research, the Investment Manager typically considers a company's:

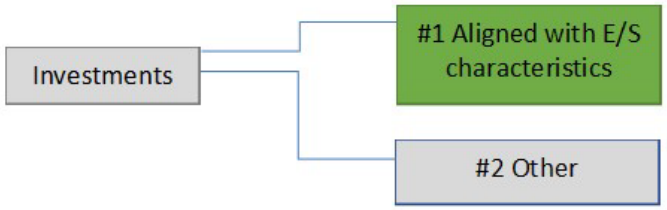
- Track record for allocating capital
- Board quality, diversity, independence, and composition
- Alignment of incentives for controlling shareholders, minority shareholders and management
- History of protecting minority stakeholder rights, especially in a crisis
- Ability to attract and retain talent
- Exposure to regulatory, market and other risks
- Management of material environmental and social risk
- Transparency in non-financial disclosures

To develop a 360-degree view of investee companies, our due diligence process includes meetings with one or more of the following stakeholders: company management, employees, customers, suppliers, research and civic organizations. This helps the Investment Manager gauge the strength and quality of management teams, as well as the viability of a company's business model. The Investment Manager may also consider a company's potential for successfully entering new areas of business by leveraging existing strengths. In markets that are rapidly growing and still inherently inefficient, The Investment Manager believes identifying companies with strong corporate governance is essential to helping manage our clients' investments.

The Investment Manager's process of assessing governance is holistic and it should be noted that good governance in one market may look different from good governance in another market. The Investment Manager does not believe there is a single optimal model of governance, as shareholder structures, regulatory environments, and legal frameworks vary across markets. The Investment Manager focuses on the effectiveness of the structure and whether those structures are in line with best practices, engaging with portfolio companies where there may be deviations from best practice that may enhance shareholder value.

E. Proportion of investments

What is the planned asset allocation for this financial product?



#1 Aligned with E/S/characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Fund will invest at least 85% of its NAV in companies aligned with the E&S characteristics promoted (#1). Hence, the remaining portion (< 15%) will be made of (#2) "Other" investments.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

"Other" investments include cash, cash equivalents, investments for diversification purposes or investments for which data is lacking and does not follow any minimum E&S safeguards.

F. Monitoring of environmental or social characteristics

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and what are the related internal/external control mechanisms?

The environmental or social characteristics and the sustainability indicators (including PAI indicators) are monitored on a quarterly basis. Excluded companies are coded into our compliance system and blocked from purchase, and these exclusions are monitored constantly on a real-time basis. Companies on our norms-based watchlist are reviewed and approved pre-purchase with alerts set up in our trading and compliance system.

The Investment Manager is responsible for supervising and improving the implementation of the ESG policies and responsible investment process across all investments. All binding elements of the Fund's ESG commitments are regularly, and no less frequently than quarterly, reviewed and monitored as part of the Fund's Investment Compliance process.

G. Methodologies

What are the methodologies used to measure the attainment of the environmental or social characteristics promoted by the financial product?

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The Fund measures the attainment of the environmental or social characteristics promoted by the Fund by using and reporting annually the sustainability indicators. Specifically, the Fund will measure the following:

- The carbon (scope 1 and 2) intensity of companies and aggregate carbon (scope 1 and 2) intensity (weighted average carbon intensity (WACI) of the Fund and the Index).
- The share of investee companies having a GHG reduction plan (or carbon reduction initiatives).
- The share of investments having a significant exposure (revenues of 10% or more) to the fossil fuel sector.
- The share of investments being EU Taxonomy eligible.
- The share of investments having exposure to, or ties with the sectors described in the activity-based exclusion list.
- The share of investments in companies that are in severe breach of any of the ten principles of the UN Global Compact and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

For carbon intensity, the Fund will use the weighted average Scope 1 and Scope 2 emissions divided by revenue. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy.

H. Data sources and processing

What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data are processed and the proportion of data that are estimated?

- **Data sources**

Multiple data sources are utilized by the Investment Manager, including third-party data providers, company documents, and direct interactions with company management. Third- party data providers include MSCI, Sustainalytics, FactSet, Bloomberg, CDP, ISS ESG, RepRisk and Miotech.

- **Measures to ensure data quality**

Reasonable steps are taken to ensure data quality, such as comparing data from multiple sources or validating company reported data against third-party sources. The team will conduct internal research on incorrect or missing data and provide manual overrides which are captured in our data portal. Overrides are valid for one year or until new data is available.

- **Estimated data**

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The proportion of estimated data varies by data point due to inconsistencies in reporting by investee companies as well as timing and frequency of updates. Specific data points with low levels of data coverage include water emissions, hazardous waste, and gender pay gap.

I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources?

- **Limitation to the methodology**

Inherent limitations to the methodology exist. The methodology is built on external data points that are developed within the limitation of the data sources and company provided information. When capturing normalized data points, the Investment Manager excludes stocks without disclosure on the particular data point.

- **Limitation to the data sources**

Inherent limitations to the data sources exist. Not all companies provide data on all the factors the Investment Manager has defined as material. The Investment Manager focuses on Emerging Markets and there may be a lack of disclosure on particular metrics that are mandatory to report in the EU, but not in other jurisdictions. The Investment Manager's approach and process is conducted bottom- up with its analysts conducting the research on each company making their own assessments based on a range of available data and company discussions, where relevant.

To overcome this issue, the Investment Manager uses estimates, finds alternative data sources, or removes a company specific indicator and re-normalizes a fund metric based on data availability.

J. Due diligence

What is the due diligence carried out on the underlying assets and what are the internal and external controls on that due diligence?

The Fund carries out due diligence on the underlying assets in the investment process on a regular basis. All binding elements of the Fund's ESG commitments are regularly, and no less frequently than quarterly, reviewed and monitored as part of the Fund’s Investment Compliance process. Through its compliance system, the Fund is blocked from investing in the excluded companies, and these exclusions are monitored constantly on a real-time basis via its compliance control system. In addition, companies on the Fund’s norms-based watchlist are reviewed and approved pre-purchase with alerts set up in our trading and compliance system.

K. Engagement policies

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Is engagement part of the environmental or social investment strategy?
☒ Yes ☐ No
If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)
The Investment Manager may engage with its portfolio companies on sustainability matters through active dialogue and by encouraging enhanced ESG disclosure and implementation. The Investment Manager also incorporates its ESG team's analysis on how Sustainability Risks and opportunities may differ between issuers within regional and sector peer groups. In certain cases, the Investment Manager, if it deems necessary, may exercise its voting rights in accordance with its sustainability standards, or engage with the investee company when (1) the company is not acting in line with the above-described activity-based and/or norms-based exclusions; or (2) the company is found to be involved in material ESG controversies that have arisen. The Investment Manager may determine to maintain the sub-fund's investment in investee companies that falls into breach of the above exclusion policy criteria, and continue to monitor such company if the company provides a reasonable plan to eliminate or mitigate the causes for the failure within a reasonable period of time. The Investment Manager may participate in individual engagements or take part in collective engagements with investee companies. The Investment Manager prioritizes engagements based on several factors, including a lack of ESG disclosure, the materiality of issues, policy and regulatory changes, and corporate governance, which are considered to be relevant in terms of potential adverse impacts.

L. Reference benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?
☐ Yes ☒ No

Where can more product-specific information be found?
More product-specific information can be found in the pre-contractual template: https://global.matthewsasia.com/siteassets/resources/fund-documents/prospectus/prospectus-matthewsasiafunds.pdf
More product-specific information can be found in the periodic reports: https://global.matthewsasia.com/resources/docs/shareholder-reports/

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Version	Date of publication	Date of update (if any)
1	2022-06-20	2024-02-29
2	2025-02-28	
3.	2025-11-10	