

Matthews Asia Funds | Semi-Annual Report

30 September 2015

ASIA FIXED INCOME STRATEGY

Asia Strategic Income Fund

ASIA GROWTH AND INCOME STRATEGIES

Asia Dividend Fund

China Dividend Fund

ASIA GROWTH STRATEGIES

Asia Focus Fund

Pacific Tiger Fund

China Fund

India Fund

Japan Fund

ASIA SMALL COMPANY STRATEGIES

Asia Small Companies Fund

China Small Companies Fund



Matthews Asia

Société d'investissement à Capital Variable
Luxembourg

RCS Luxembourg B 151 275



General Information

Matthews International Capital Management, LLC (“Matthews”), formed under the laws of Delaware and regulated by the U.S. Securities and Exchange Commission, acts as Investment Manager to the Matthews Asia Funds (the “Fund”). Matthews believes in the long-term growth of Asia. Since Matthews was founded in 1991 by Paul Matthews, the firm has focused its efforts and expertise within the Asian region, investing through a variety of market environments. As an independent, privately owned firm, Matthews is the largest dedicated Asia investment specialist in the United States.

The Fund has an “umbrella” structure comprising a number of separate Sub-Funds. As at the date of this report, ten Sub-Funds were available for investment: Asia Dividend Fund, China Dividend Fund, Pacific Tiger Fund, China Fund, India Fund, Japan Fund, China Small Companies Fund, Asia Small Companies Fund, Asia Focus Fund and Asia Strategic Income Fund. This report covers the period from 1 April 2015 to 30 September 2015. The last day on which official prices were calculated was 30 September 2015. The figures presented in the financial statements are as at that date.

The annual general meeting of Shareholders will be held at the registered office of the Fund in Luxembourg on the third Tuesday of the month of August of each year at 2:00 p.m. or, if any such day is not a Business Day in Luxembourg, on the next following Business Day; or, following notice to Shareholders, on such other day as determined by the Fund’s Board of Directors. Notices of all general meetings will be published to the extent required by Luxembourg Law, and in such other newspaper as the Board of Directors shall determine and will be sent to the Shareholders of registered Shares in accordance with Luxembourg Law to their addresses shown on the register of Shareholders. Such notices should include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by Luxembourg Law.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class requires a separate majority vote from the meeting of Shareholders of the Class concerned. Any change in the Articles of Incorporation affecting the rights of a Sub-Fund must be approved by a resolution of both the Shareholders at the general meeting of the Fund and the Shareholders of the Sub-Fund concerned.

Annual reports and audited financial statements shall be published within four months following the end of the accounting year and unaudited semi-annual reports shall be published within two months following the period to which they refer. The annual reports and the semi-annual reports shall be made available at the registered office of the Fund during ordinary office hours.

The Fund’s accounting year ends on 31 March in each year.

The Base Currency of the Fund is U.S. dollars (USD). The aforesaid reports will comprise combined accounts of the Fund expressed in USD as well as individual information on each Sub-Fund expressed in the Base Currency of each Sub-Fund.

Shares have not been registered under the United States Securities Act of 1933, as amended, nor the Investment Companies Act of 1940, as amended, and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States Law.

The Board of Directors confirms adherence to the ALFI Code of Conduct for Luxembourg investment funds.

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Cover photo: Ancient architecture, China

This report does not constitute or form part of any offer of shares or an invitation to subscribe for shares of Matthews Asia Funds (the "Fund"). Subscriptions are to be made on the basis of the Key Investor Information Documents accompanied by the current full prospectus, and supplemented by the latest Annual Report or the most recent Semi-Annual Report.

The views and opinions in this report were current as at 30 September 2015. They are not guarantees of performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and the managers reserve the right to change their views about individual stocks, sectors and the markets at any time. As a result, the views expressed should not be relied upon as a forecast of a Fund's future investment intent.

The subject matter contained herein has been derived from several sources believed to be reliable and accurate at the time of compilation. Matthews International Capital Management, LLC does not accept any liability for losses either direct or consequential caused by the use of this information.

The most current Key Investor Information Documents, full prospectus, and most recent Semi-Annual Report and Annual Report for the Fund, can be found at global.matthewsasia.com. Please read the Key Investor Information Documents and current full prospectus carefully before investing.

In Singapore, this document is available to, and intended for Institutional Investors under Section 304 of the SFA (Securities and Futures Act), and to Relevant Persons pursuant to section 305 of the SFA, as those terms are used under the relevant law.

Matthews Asia Funds

Management and Administration

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Message to Shareholders from the Investment Advisor

Dear Valued Investors,

It has been a decidedly mixed year in Asia. Japan's equity market held up relatively well, whereas Asia ex Japan fell about 15%. The sell-off has been even more aggressive peak to trough—with the FactSet Aggregate Asia ex Japan losing about 31% of its value, thus far, on September 25, 2015.

"So, where are we in this process?" I will share my thoughts, with the usual caveat about my inability to time markets and the fact that what we really do at Matthews Asia is long-term, bottom-up stock selection. Nevertheless, I think Asia's markets are reasonably valued right now. Although the current economic environment remains unclear, I admit that I am more inclined to be optimistic.

First, if one looks at valuations, some markets (Hong Kong Stock Exchange at 9.6X forward price-to-earnings) look very cheap; others (the S&P Bombay Stock Exchange 100 Index at 18.8X) look more expensive. Overall, though, the region is priced fairly on a forward price-to-earnings basis (14.2X versus an historic average of 13.5X), and cheaply on a price-to-book (P/B) basis (1.5X versus an historic average of 2.0X). These valuations give me comfort that we have a bit of a tailwind for long-term investors. Those bargain hunters looking for signs of distress are more likely to take heart from the price-to-book measure than the price-to-earnings measure. I ascribe the difference to the fact that the price-to-earnings valuation is achieved at a time when earnings forecasts have been revised down quite dramatically and margins in the region have been thin for a few years now, dragging down returns on equity.

The main cause for panic in the markets recently has been China. Its small devaluation sparked a further round of weakness across Asian currencies that had already been struggling against the strong dollar and weak commodity demand. My view on China is that it did this partly as a technical requirement for the International Monetary Fund's Special Drawing Rights (SDR), and partly because it wanted to stimulate domestic growth whilst opening up the capital account. This view would logically suggest a further drift down in the renminbi as China's central bank stimulates demand. Now the accuracy of this view hinges on the capital account being open or at least being *opened*—if it is relatively closed, then China can stimulate without unduly affecting the exchange rate. The evidence in favour of my view has been weaker recently—despite more openness, Chinese officials now seem inclined to enforce rules that they had benignly ignored in the recent past. China may even decide to risk a few negative headlines on its reform process in the short term in order to pump up domestic demand without as much devaluation pressure as my view may lead me to expect. In addition, we are probably going to hear more weak economic data coming out of China, such as exports and industrial production. This is partly because it is weak; but partly because the year-over-year comparisons are made more difficult by quite a strong second half in 2014. Sequentially, that is month-on-month, the data continues to show reasonable growth in China, particularly in services and retail.

Throughout the rest of Asia, Japan's Abenomics seems to be having its desired effect on nominal growth. Real growth may remain somewhat more pedestrian, but Japan's total wage bill has had some success in raising nominal wages in the past three years and should support demand. In the Association of Southeast Asian Nations, Malaysia and Indonesia have taken the lion's share of the negative sentiment—justifiably so because of their dependence on commodities. In Thailand, there is still no sign of a robust uptick in growth. Indeed, throughout Asia, I have the overall feeling that in general, we are still trudging through the downswing of an economic cycle. But this



Message to Shareholders from the Investment Advisor *(Continued)*

has been going on for some time—real growth across the region peaked in 2007 and then again in 2010. We have spoken about the ability of Asia's markets to withstand pressure—current account surpluses, low inflation and lower levels of U.S. dollar debt. Therefore, there is a much lower likelihood that the region's economies will see severe drops in real GDP or rises in unemployment due to the deflationary global environment, compared to what we witnessed in 1997. Indeed, it is largely because of the region's ability to depreciate its currencies and retain sensible monetary policy that we have not seen the kind of dislocations in the economies that we saw nearly 20 years ago.

This leaves us with markets that have adjusted quite aggressively, and can be seen as reasonably valued—in some cases quite cheap—even though we are perhaps most of the way through an economic cycle. U.S. monetary policy remains the biggest unknown. I reiterate my view that monetary policy has been tightening since May 2013 and has further tightened in the last few weeks. A further tightening of monetary policy by hiking rates would add to deflationary pressure—it seems bizarre that we are considering this scenario while 10-year inflation expectations in the U.S. have fallen to 1.5%—well below the U.S. Federal Reserve's own target.

Reactions to this uncertain economic backdrop have been quite fearful. For Asia, however, the forces driving real growth—savings, reform and productivity—are still intact. And if monetary policy is our greatest fear, then we should remember that many of its effects are ultimately transient. Whilst monetary mistakes can distress the markets, long-term growth in Asia should ultimately be decided by the drive for self-improvement and the business savvy of its citizens.

Robert Horrocks, PhD
Chief Investment Officer
Matthews Asia

P/E and P/B figures are as of 31 August 2015



PORTFOLIO MANAGERS

Teresa Kong, CFA
Lead Manager

Gerald M. Hwang, CFA
Co-Manager

Satya Patel
Co-Manager

Asia Strategic Income Fund

Fund Manager Report

Performance figures discussed in any of the Fund Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2015, the Matthews Asia Strategic Income Fund returned -3.38%, while its benchmark, the HSBC Asian Local Bond Index (ALBI) returned -5.67%.

Market Environment:

During the half year ending 30 September 2015, we witnessed a sharp increase in volatility across asset classes globally. Investors spent much of the period speculating about whether the U.S. Federal Reserve would finally raise interest rates. While the U.S. and Europe seem to remain on steady growth paths, the Asian Development Bank lowered its growth forecasts for Asia's developing economies on the back of slowing growth in India and China. However, the real drivers of return in Asia bonds were the continued depreciation of Asian currencies and the significant shifts in yield curves.

Asian currencies continued to depreciate relative to the U.S. dollar (USD) as the Fed is expected to raise interest rates while most Asian governments have been operating more in terms of monetary easing rather than tightening. Yields fell across most countries, including China and India, while in select markets like Indonesia and Malaysia yields rose. Investor selling, particularly among foreigners, drove yields higher in these countries and contributed to the poor performance of their currencies. Finally, credit spreads widened significantly in both investment grade and non-investment grade. Investment grade spreads widened by 51 basis points (0.51%), while non-investment grade spreads widened 73 basis points (0.73%). With emerging markets across the world slowing, investors sought safety in the developed world and likely moved into less risky assets.

Performance Contributors and Detractors:

The biggest contributors to Fund performance for the half year were our holdings in local currency corporate bonds. We have made a deliberate reallocation away from local currency bonds into USD-denominated debt, selectively retaining positions like those in India where we expect price and coupon return to help offset currency depreciation—and this was the case during the six-month period. The other category of outperformers included the USD-denominated debt of non-investment grade banks in Sri Lanka and India. While companies with exposure to China and Indonesia continue to navigate a challenging macroeconomic environment, banks in Sri Lanka and India are marching to the beat of their own drums. Sri Lanka has seen two elections this year that added some certainty to the policy environment going forward, and India continues on its path to economic recovery, with inflation falling throughout the year.

The biggest detractors to performance were convertible bonds and Indonesian sovereign and corporate bonds. Many of the Fund's convertible bonds were issued by Chinese companies. As investors focused on China and the potential implications of the slowdown in growth, the share prices of Chinese companies were volatile. Indonesia is navigating a perfect storm of slowing growth, low commodity prices, high inflation and a persistent current account deficit. Macroeconomic concerns led the Indonesian rupiah to be the worst-performing currency in the region in the most recent quarter, and non-investment grade corporate debt performed poorly as investors reduced risk.



Notable Portfolio Changes:

The most important change in our portfolio was our increased allocation to USD bonds from local currency bonds. As mentioned above, the macroeconomic environment in Indonesia is weak, and we reduced our exposure to Indonesian rupiah-denominated debt over the past six months. We also reduced our exposure to Sri Lankan rupee-denominated debt ahead of the country's election in August. This has been a year of political uncertainty in Sri Lanka, and following its second election of the year, the country's central bank reduced its supportive activity in the foreign exchange market. We allocated away from local currency bonds as we expected Asian currencies to continue their gradual depreciation against the U.S. dollar.

Outlook:

With credit spreads having widened substantially in the most recent quarter, we think Asia credit represents attractive value. While history might not always hold true for the future, we know that based on historical returns, buying Asia credit around the current spread level has resulted in gains when investors have had investment horizons of greater than two years. This is important to keep in mind as many investors are worried about a potential increase in default rates. To borrow a baseball analogy, in the current environment we find ourselves in the sixth inning of the credit cycle, with three innings left to play. We will continue to focus our attention on companies that have strong balance sheets and solid cash flows to help minimise the negative impact from credit spreads widening.

As we navigate the last few months of the year and move into 2016, all eyes will remain on the U.S. Federal Reserve and the potential for policy normalisation. We think the Fed is likely to start raising interest rates in 2016, while most of Asia is likely to continue with an easing bias due to slowing demand from China. We continue to have little interest rate exposure to markets with the highest correlations to U.S. interest rates, such as Hong Kong and Singapore, and we will likely maintain selective exposure to the interest rate regimes of countries that are least correlated to the U.S.

While Asian currencies will likely remain volatile, we think with commodity-driven currencies having depreciated by 15% to 25% since the end of 2013 that the current selloff is overdone. We expect current account deficits to finally start moderating as inflation pass-through starts to moderate consumption demand. Although we expect to remain overweight U.S. dollar-denominated bonds over local currency bonds in a strong dollar environment, we will look to selectively increase our exposure to local currencies.

Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. Investing in emerging markets involves different and greater risks, as these countries are substantially smaller, less liquid and more volatile than securities markets in more developed markets.

Asia Strategic Income Fund

30 September 2015

Schedule of Investments

EQUITIES

Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market Instruments admitted to an official exchange listing				
PHILIPPINES				
Alliance Global Group, Inc.	PHP	120,000	39,412	0.41
			39,412	0.41
SINGAPORE				
Vicom, Ltd.	SGD	17,000	71,663	0.74
			71,663	0.74
TOTAL EQUITIES			111,075	1.15

BONDS

CHINA/HONG KONG				
Longfor Properties Co., Ltd., 6.875%, 10/18/2019	USD	200,000	209,500	2.16
Longfor Properties Co., Ltd., 6.75%, 05/28/2018	CNY	2,000,000	304,821	3.15
MCE Finance, Ltd., 5.000%, 02/15/2021	USD	300,000	270,000	2.79
Shimao Property Holdings, Ltd., 6.625%, 01/14/2020	USD	300,000	301,200	3.11
Value Success International, Ltd., 4.750%, 11/04/2018	CNY	2,000,000	306,630	3.17
Wynn Macau, Ltd., 5.250%, 10/15/2021	USD	400,000	344,000	3.55
Yum! Brands, Inc., 5.350%, 11/01/2043	USD	300,000	289,929	3.00
			2,026,080	20.93
INDIA				
Axis Bank, Ltd.,/ Singapore 7.125%, 6/28/2022	USD	500,000	513,555	5.31
Delhi International Airport, Ltd., 6.125%, 02/03/2022	USD	200,000	200,550	2.07
Housing Development Finance Corp., 8.900%, 08/18/2020	INR	25,000,000	387,822	4.01
Housing Development Finance Corp., Ltd., 9.240%, 06/24/2024	INR	10,000,000	161,049	1.66
Power Grid Corp. of India, Ltd., Series B, 9.300%, 09/04/2024	INR	18,000,000	291,637	3.01
Rural Electrification Corp., Ltd., 9.340%, 08/25/2024	INR	18,000,000	292,666	3.02
TML Holdings Pte, Ltd., 5.750%, 05/07/2021	USD	269,000	268,476	2.77
			2,115,755	21.85

INDONESIA				
Alam Synergy Pte, Ltd., 6.950%, 03/27/2020	USD	250,000	202,500	2.09
PT Astra Sedaya Finance, 8.600%, 02/21/2017	IDR	3,500,000,000	236,566	2.44
Jababeka International BV, 7.500%, 09/24/2019	USD	200,000	176,100	1.82
TBG Global Pte, Ltd., 4.625%, 4/3/2018	USD	250,000	241,875	2.50
Theta Capital Pte, Ltd., 7.000%, 05/16/2019	USD	250,000	236,375	2.44
			1,093,416	11.29

PHILIPPINES				
ICTSI Treasury B.V., 4.625%, 01/16/2023	USD	300,000	302,325	3.12
			302,325	3.12

SINGAPORE				
Global Logistic Properties, Ltd., 3.375%, 05/11/2016	CNY	2,000,000	309,377	3.19
			309,377	3.19

SOUTH KOREA				
Korea Treasury Bond, 3.500%, 03/10/2024	KRW	300,000,000	282,293	2.92
			282,293	2.92

SRI LANKA				
DFCC Bank, 9.625%, 10/31/2018	USD	400,000	418,940	4.33
National Savings Bank, 8.875%, 09/18/2018	USD	500,000	538,879	5.57
Republic of Sri Lanka, 6.125%, 06/03/2025	USD	200,000	195,000	2.01
			1,152,819	11.91

VIETNAM				
Socialist Republic of Vietnam, 4.80%, 11/19/2024	USD	200,000	189,500	1.96
			189,500	1.96

TOTAL BONDS			7,471,565	77.17
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Schedule of Investments (continued)**CONVERTIBLE BONDS**

Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets
CHINA/HONG KONG				
Biostime International Holdings, Ltd., Cnv., 0.000%, 02/20/2019	HKD	2,000,000	230,966	2.39
China Singyes Solar Technologies Holdings, Ltd., Cnv., 5.000%, 08/08/2019	CNY	2,000,000	263,531	2.72
Johnson Electric Holdings, Ltd., Cnv., 1.000%, 04/02/2021	USD	250,000	264,375	2.73
			758,872	7.84

TOTAL CONVERTIBLE BONDS	758,872	7.84
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TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING	8,341,512	86.16
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CONVERTIBLE BONDS

Transferable securities and money market instruments dealt in on another regulated market

CHINA/HONG KONG				
Ctrip.com International, Ltd., Cnv., 1.000%, 07/01/2020	USD	300,000	271,674	2.81
E-House China Holdings, Ltd., Cnv., 2.750%, 12/15/2018	USD	290,000	267,786	2.76
Qihoo 360 Technology Co., Ltd., Cnv., 1.750%, 08/15/2021	USD	200,000	165,730	1.71
			705,190	7.28

TOTAL CONVERTIBLE BONDS	705,190	7.28
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TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS DEALT IN ON ANOTHER REGULATED MARKET	705,190	7.28
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TOTAL INVESTMENTS	9,046,702	93.44
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CASH AND OTHER ASSETS, LESS LIABILITIES	635,239	6.56
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TOTAL NET ASSETS	9,681,941	100.00
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The accompanying notes form an integral part of these financial statements.

Schedule of Investments (continued)

Country Allocation	% of Net Assets
China/Hong Kong	36.05
India	21.85
Sri Lanka	11.91
Indonesia	11.29
Singapore	3.93
Philippines	3.53
South Korea	2.92
Vietnam	1.96
Total Investments	93.44
Cash and Other Assets, Less Liabilities	6.56
Total	100.00



PORTFOLIO MANAGERS

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Robert Horrocks, PhD

Lead Manager

Vivek Tanneeru

Co-Manager

Asia Dividend Fund

Fund Manager Report

Performance figures discussed in any of the Fund Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2015, the Matthews Asia Dividend Fund returned -9.00%, while its benchmark, the MSCI All Country Asia Pacific Index, returned -13.94%.

Market Environment:

Triggered by concerns over China's economic slowdown and its broad ramifications on global growth, Asian equities and currencies experienced a pull back during the past six months. In addition, the timing of China's August devaluation of the renminbi caught investors by surprise. As such, short-term market uncertainty continued to build, and investor sentiment turned increasingly more bearish, leading most Asian markets to be aggressively sold off.

The yen was the only non-pegged currency that appreciated against the U.S. dollar during this time. Southeast Asian currencies were generally weak. The Malaysian ringgit and the Indonesian rupiah, in particular, traded near lows not seen since the Asian Financial Crisis. The ringgit dropped by 16% due to both a steep decline in oil pricing as well as political uncertainty. The Indonesian rupiah and Thai baht were both down more than 10%.

Performance Contributors and Detractors:

During the half year period under review, Korean holdings were the biggest contributors to performance, while Japanese holdings detracted most to performance. At the sector level, consumer staples contributed most to performance while financials detracted most.

Shenzhou International Group Holdings was among the top contributors to Fund performance during the recent quarter. A top textile manufacturer in China, Shenzhou provides mainly apparel original equipment manufacturing (OEM) services to an impressive list of international brands such as Nike, Adidas and Uniqlo. To retain its cost competitiveness, the company had already embarked a few years ago on expanding its production base into other low-cost countries, such as Cambodia and Vietnam. Taking into account its bigger production capacity that resulted from its newly built Vietnam plant and its growing portion of high-value-added new products, we felt the company is well-positioned to continue delivering sustainable earnings and dividend growth.

Conversely, our position in Perusahaan Gas Negara Persero (PGAS), an Indonesian natural gas transmission and distribution company with near monopoly-status, was among the biggest detractors to performance. The stock suffered as the market became increasingly uncertain over whether the company would face more intrusive regulatory pricing pressures. While we share this assessment of the potential for increased regulatory risk, we believe Indonesia's structural natural gas consumption growth is intact, given the significant cost competitiveness of natural gas over alternatives such as gasoline and diesel. PGAS could benefit from such a consumption trend and deliver significant shareholder returns. With a sound balance sheet and over 5% dividend yield, we are patiently optimistic.

Notable Portfolio Changes:

During the first half of the fiscal year, we initiated a new position in AIA Group, a life insurance company operating across major markets in Asia. AIA's stock saw quite an aggressive correction amid the broad market sell-off, perhaps given market concerns over the firm's business exposure to China amid the economic slowdown. In addition, an unfavorable currency



exposure, whereby AIA generates significant earnings in local currencies in the ASEAN (Association of Southeast Asian Nations) region, while its reported earnings are given in U.S. dollar terms, added further pressure on the stock. We took the view that none of the above two concerns affects AIA's core strengths—having a productive and competitive insurance agency force and maintaining its conservative underwriting and investment standards. The current sell-off provided us a rare opportunity to pick up such a quality business franchise at a reasonable valuation. Despite a relatively low dividend payout ratio, AIA's business model continues to be very cash-generative, and we believe there should be ample opportunity for AIA to grow its dividends consistently over time. In addition, we also initiated small positions in two information technology sector firms: Daxx of Japan and Sercomm of Taiwan, as both companies represent an attractive combination of relatively high dividend yields and solid dividend growth outlook.

Over the past six months, we exited several existing holdings, such as Tata Motors and such banks as HSBC Holdings, AMMB and UOB and Link REIT, in order to fund our new positions.

Outlook:

The global growth outlook has become more murky due to China's slowdown, which directly affects Asia's economies. However, using our bottom-up approach, Asian equities now look attractively priced. As a dividend investor, we are excited to see dividend yields for certain high-quality businesses starting to become more appealing as valuations improve. Notwithstanding short-term market volatility, we remain constructive on the long-term dividend growth outlook in the region.

There is no guarantee that a company will pay or continue to increase dividends.

*Schedule of Investments***EQUITIES**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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Transferable securities and money market Instruments admitted to an official exchange listing

AUSTRALIA

Ansell, Ltd.	99,475	1,312,633	0.32
Breville Group, Ltd.	950,203	3,946,440	0.98
Primary Health Care, Ltd.	1,494,238	3,989,401	0.99
Spotless Group Holdings, Ltd.	4,240,905	6,412,009	1.58
		15,660,483	3.87

CHINA/HONG KONG

AIA Group, Ltd.	1,402,400	7,265,969	1.80
Café de Coral Holdings, Ltd.	1,772,000	5,935,936	1.47
China Construction Bank Corp. H Shares	13,445,000	8,940,505	2.21
China Machinery Engineering Corp. H Shares	4,663,000	4,017,248	0.99
China Mobile, Ltd.	109,500	1,299,047	0.32
China Mobile, Ltd. ADR	142,142	8,524,096	2.11
China Power International Development, Ltd.	9,585,000	6,250,153	1.55
Daqin Railway Co., Ltd. A Shares	1,439,088	1,999,236	0.49
Far East Horizon, Ltd.	6,684,000	5,174,807	1.28
Fuyao Glass Industry Group Co., Ltd. H Shares	1,834,800	3,515,123	0.87
Greatview Aseptic Packaging Co., Ltd.	13,040,000	6,074,069	1.50
Guangdong Investment, Ltd.	5,928,000	8,811,617	2.18
Haitian International Holdings, Ltd.	2,453,000	4,052,888	1.00
HKBN, Ltd.	3,702,635	4,271,578	1.06
Hopewell Holdings, Ltd.	1,090,000	3,701,895	0.92
Jiangsu Expressway Co., Ltd. H Shares	3,362,000	4,292,136	1.06
Kweichow Moutai Co., Ltd. A Shares	67,024	2,006,256	0.50
Mint Group, Ltd.	5,260,000	9,394,811	2.32
Qualcomm, Inc.	144,100	7,634,822	1.89
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. B Shares	1,680,397	4,565,602	1.13
Shenzhen International Group Holdings, Ltd.	2,858,000	14,767,179	3.65
Television Broadcasts, Ltd.	343,900	1,145,010	0.28
Yuexiu Transport Infrastructure, Ltd.	9,708,000	6,093,689	1.51
		129,733,672	32.09

INDIA

Bharti Infratel, Ltd.	932,554	5,050,209	1.25
ITC, Ltd.	1,448,417	7,260,855	1.80
		12,311,064	3.05

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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INDONESIA

PT Bank Rakyat Indonesia Persero	3,165,620	1,868,887	0.46
PT Telekomunikasi Indonesia Persero ADR	92,268	3,228,463	0.80
PT Telekomunikasi Indonesia Persero	18,094,000	3,266,828	0.81
PT United Tractors	3,974,100	4,739,466	1.17
		13,103,644	3.24

JAPAN

Anritsu Corp.	693,200	4,186,168	1.04
Bridgestone Corp.	363,500	12,510,738	3.09
Dexerials Corp.	278,100	3,566,749	0.88
Hoya Corp.	334,400	10,872,402	2.69
ITOCHU Corp.	852,400	8,931,246	2.21
Japan Tobacco, Inc.	391,600	12,058,154	2.98
Kao Corp.	218,700	9,839,155	2.43
Lawson, Inc.	66,900	4,909,561	1.21
NTT DoCoMo, Inc.	504,200	8,374,170	2.07
Pigeon Corp.	338,900	7,870,067	1.95
Skylark Co., Ltd.	532,900	6,892,129	1.71
Sumitomo Mitsui Financial Group, Inc.	276,000	10,384,922	2.57
Suntory Beverage & Food, Ltd.	321,100	12,273,135	3.04
Toyo Suisan Kaisha, Ltd.	236,200	8,903,178	2.20
		121,571,774	30.07

LUXEMBOURG

L'Occitane International SA	3,288,500	6,848,513	1.69
		6,848,513	1.69

PHILIPPINES

Globe Telecom, Inc.	127,955	6,434,662	1.59
		6,434,662	1.59

SINGAPORE

ARA Asset Management, Ltd.	3,332,310	3,089,655	0.77
Ascendas India Trust	4,937,000	2,964,423	0.73
CapitaLand Retail China Trust, REIT	3,810,220	3,653,199	0.90
Super Group, Ltd.	4,659,300	2,520,978	0.62
		12,228,255	3.02

SOUTH KOREA

BGF Retail Co., Ltd.	42,117	7,178,541	1.78
GS Retail Co., Ltd.	80,099	4,131,274	1.02
KT&G Corp.	103,987	9,786,331	2.42
LG Chem, Ltd., Pfd.	74,861	12,042,306	2.98
		33,138,452	8.20

Schedule of Investments (continued)**EQUITIES (continued)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
TAIWAN			
Chunghwa Telecom Co., Ltd. ADR	299,947	8,998,135	2.23
Sercomm Corp.	1,127,000	2,767,300	0.68
Taiwan Semiconductor Manufacturing Co., Ltd. ADR	324,439	6,525,631	1.61
		18,291,066	4.52
THAILAND			
Thai Beverage Public Co., Ltd.	14,313,100	6,891,284	1.71
Total Access Communication Public Co., Ltd. NVDR	96,137	152,862	0.04
Total Access Communication Public Co., Ltd.	2,782,363	4,424,077	1.09
		11,468,223	2.84
VIETNAM			
Vietnam Dairy Products JSC	1,802,104	8,029,087	1.99
		8,029,087	1.99

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
TOTAL EQUITIES		388,818,895	96.17
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		388,818,895	96.17
TOTAL INVESTMENTS		388,818,895	96.17
CASH AND OTHER ASSETS, LESS LIABILITIES		15,475,825	3.83
TOTAL NET ASSETS		404,294,720	100.00

A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program

ADR: American Depositary Receipt

H Shares: Mainland China companies listed on The Hong Kong Stock Exchange but incorporated in mainland China

NVDR: Non-Voting Depositary Receipt

Pfd: Preferred shares

REIT: Real Estate Investment Trust

Schedule of Investments (continued)

Country Allocation	% of Net Assets
China/Hong Kong	32.09
Japan	30.07
South Korea	8.20
Taiwan	4.52
Australia	3.87
Indonesia	3.24
India	3.05
Singapore	3.02
Thailand	2.84
Vietnam	1.99
Luxembourg	1.69
Philippines	1.59
Total Investments	96.17
Cash and Other Assets, Less Liabilities	3.83
Total	100.00

PORTFOLIO MANAGERS

Yu Zhang, CFA
Lead Manager

Sherwood Zhang, CFA
Co-Manager

China Dividend Fund

Fund Manager Report

Performance figures discussed in any of the Fund Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2015, the Matthews China Dividend Fund returned -6.75%, outperforming its benchmark, the MSCI China Index, which returned -17.87%.

Market Environment:

The Chinese equity market has experienced one of the most volatile six-month periods in recent history. In the quarter ending 30 June, China's A-share market was pushed to a seven-year high led by speculative small-capitalisation companies. When Chinese regulators tried to clamp down on unregulated margin trading, investors suddenly woke up to face the reality that it was a rally driven by leverage. Chinese equities took a nose dive. After unsuccessful attempts by government authorities to help stem its A-share market slide in July, Hong Kong-listed Chinese stocks were drastically sold off as global investor sentiment toward China deteriorated. Weeks later, in mid-August, China's central bank devalued the renminbi 1.9% against the U.S. dollar. Already fragile global market confidence in China was further rattled and this reaction triggered another round of panic selling of Chinese equities.

The central bank's decision to lower its interest rate and required reserve rate in late August offered only brief relief as global investors continued to await a decision by the U.S. Federal Reserve over the potential for an interest rate rise.

Performance Contributors and Detractors:

During the half-year period, stock selection in industrials and consumer discretionary sectors contributed to most of the Fund's relative performance. The top three contributors to Fund performance were Shanghai Jinjiang International Hotels Development, a budget hotel chain operator; Boer Power, an integrated electrical distribution system provider, and Voltronic Power Technology, a manufacturer of uninterruptible power supply (UPS) systems.

On the flip side, Chanjet Information Technology, a leading software provider for small and micro companies in China, posed a major drag on Fund performance. The company decided to invest heavily in the loss-making cloud computing area, which we believe will impact its ability to pay dividends. Thus, we exited our position in Chanjet. Two other shipping industry-related holdings, Qingdao Port International and SITC International, were also among the worst contributors to Fund performance as investor sentiment was negatively impacted following the catastrophic explosion in the northern Chinese port of Tianjin.

Notable Portfolio Changes:

Following the recent sell-off, many high-quality growth businesses in Hong Kong and China that had previously traded at hefty valuations have been more reasonably priced. We view this as an opportune time to add them to our portfolio. As such, we added AIA Group, Asia's largest life insurer. Its highly profitable Hong Kong business should fund the company's continued expansion into mainland China and other Asian countries while maintaining its dividend payment without sacrificing capital adequacy. Our holding in AIA Group replaced HSBC Holdings, another multinational financial services group with roots in China, as the bank faces much more complex regulations and operational challenges.



In China, we also initiated positions in some leading companies in the A-share market, such as Kweichow Moutai and Shanghai International Airport, via the Shanghai–Hong Kong Stock Connect scheme.

Outlook:

While China's sharp market correction may have some short-term negative impacts on the personal wealth of Chinese consumers, income levels are still rising, and their aspirations for better-quality goods and services are unchanged. Thus, we believe this market sell-off has presented long-term investors with a great opportunity to buy into high-quality businesses that are well-positioned to capture future growth in China's economy.

There is no guarantee that a company will pay or continue to increase dividends.

*Schedule of Investments***EQUITIES**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing			
CONSUMER DISCRETIONARY			
Auto Components			
Fuyao Glass Industry Group Co., Ltd. H Shares	28,000	53,643	1.54
Mint Group, Ltd.	52,000	92,876	2.66
Weifu High-Technology Group Co., Ltd. B Shares	19,065	47,945	1.38
		194,464	5.58
Diversified Consumer Services			
New Oriental Education & Technology Group, Inc. ADR	4,900	97,746	2.80
		97,746	2.80
Hotels, Restaurants & Leisure			
Café de Coral Holdings, Ltd.	28,000	93,796	2.69
Xiao Nan Guo Restaurants Holdings, Ltd.	342,000	33,154	0.95
		126,950	3.64
Textiles, Apparel & Luxury Goods			
Shenzhou International Group Holdings, Ltd.	21,000	108,506	3.11
		108,506	3.11
Total Consumer Discretionary		527,666	15.13

CONSUMER STAPLES

Beverages			
Kweichow Moutai Co., Ltd. A Shares	3,900	116,740	3.35
		116,740	3.35
Food & Staples Retailing			
Shanghai Bailian Group Co., Ltd. B Shares	51,970	88,987	2.55
		88,987	2.55
Food Products			
Vitasoy International Holdings, Ltd.	60,000	88,722	2.55
		88,722	2.55
Total Consumer Staples		294,449	8.45

ENERGY

Energy Equipment & Services			
Hilong Holding, Ltd.	250,000	50,862	1.46
		50,862	1.46
Oil, Gas & Consumable Fuels			
PetroChina Co., Ltd. H Shares	60,000	41,738	1.20
		41,738	1.20
Total Energy		92,600	2.66

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
FINANCIALS			
Banks			
China Construction Bank Corp. H Shares	164,000	109,055	3.13
China Merchants Bank Co., Ltd. H Shares	52,000	125,828	3.61
Huishang Bank Corp., Ltd. H Shares	184,000	80,664	2.31
		315,547	9.05
Capital Markets			
China Everbright, Ltd.	16,000	36,611	1.05
		36,611	1.05
Insurance			
AIA Group, Ltd.	17,600	91,188	2.61
		91,188	2.61
Real Estate Investment Trusts (REITs)			
CapitaLand Retail China Trust, REIT	44,240	42,417	1.22
		42,417	1.22
Real Estate Management & Development			
Shanghai Lujiuzi Finance & Trade Zone Development Co., Ltd. B Shares	33,700	91,562	2.63
		91,562	2.63
Total Financials		577,325	16.56

HEALTH CARE

Pharmaceuticals			
Tianjin ZhongXin Pharmaceutical Group Corp., Ltd. S Shares	65,800	69,790	2.00
		69,790	2.00
Total Health Care		69,790	2.00

INDUSTRIALS

Construction & Engineering			
China Machinery Engineering Corp. H Shares	101,000	87,013	2.50
		87,013	2.50
Electrical Equipment			
Voltronic Power Technology Corp.	7,961	103,600	2.97
		103,600	2.97
Industrial Conglomerates			
Hopewell Holdings, Ltd.	23,000	78,113	2.24
		78,113	2.24
Machinery			
Shanghai Mechanical and Electrical Industry Co., Ltd. B Shares	36,707	83,676	2.40
		83,676	2.40

Schedule of Investments (continued)**EQUITIES (continued)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
INDUSTRIALS (continued)			
Marine			
SITC International Holdings Co., Ltd.	197,000	94,976	2.72
		94,976	2.72
Professional Services			
Sporton International, Inc.	960	5,586	0.16
		5,586	0.16
Road & Rail			
Daqin Railway Co., Ltd. A Shares	54,435	75,623	2.17
		75,623	2.17
Transportation Infrastructure			
Qingdao Port International Co., Ltd. H Shares	155,000	69,595	2.00
Shanghai International Airport Co., Ltd. A Shares	9,300	40,560	1.16
Yuexiu Transport Infrastructure, Ltd.	154,000	96,665	2.77
		206,820	5.93
Total Industrials		735,407	21.09
INFORMATION TECHNOLOGY			
Communications Equipment			
Qualcomm, Inc.	1,800	95,369	2.74
Sercomm Corp.	52,000	127,684	3.66
		223,053	6.40
Electronic Equipment, Instruments & Components			
Sunny Optical Technology Group Co., Ltd.	44,000	87,584	2.51
		87,584	2.51
Total Information Technology		310,637	8.91
MATERIALS			
Containers & Packaging			
Greatview Aseptic Packaging Co., Ltd.	201,000	93,626	2.69
		93,626	2.69
Total Materials		93,626	2.69

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
TELECOMMUNICATION SERVICES			
Diversified Telecommunication Services			
CITIC Telecom International Holdings, Ltd.	252,000	86,272	2.48
HKBN, Ltd.	92,258	106,434	3.05
		192,706	5.53
Wireless Telecommunication Services			
China Mobile, Ltd. ADR	1,800	107,944	3.09
		107,944	3.09
Total Telecommunication Services		300,650	8.62
UTILITIES			
Independent Power and Renewable Electricity Producers			
China Power International Development, Ltd.	169,000	110,201	3.16
		110,201	3.16
Water Utilities			
Guangdong Investment, Ltd.	50,000	74,322	2.13
		74,322	2.13
Total Utilities		184,523	5.29
TOTAL EQUITIES		3,186,673	91.40
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		3,186,673	91.40
TOTAL INVESTMENTS		3,186,673	91.40
CASH AND OTHER ASSETS, LESS LIABILITIES			
		299,858	8.60
TOTAL NET ASSETS		3,486,531	100.00

A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program

ADR: American Depositary Receipt

B Shares: Mainland China companies listed on the Shanghai and Shenzhen stock exchanges, available to both China and non-Chinese investors

H Shares: Mainland China companies listed on The Hong Kong Stock Exchange but incorporated in mainland China

REIT: Real Estate Investment Trust

S Shares: Mainland China companies listed on the Singapore stock exchange but incorporated in mainland China.

The accompanying notes form an integral part of these financial statements.

Schedule of Investments (continued)

Sector Allocation	% of Net Assets
Industrials	21.09
Financials	16.56
Consumer Discretionary	15.13
Information Technology	8.91
Telecommunication Services	8.62
Consumer Staples	8.45
Utilities	5.29
Materials	2.69
Energy	2.66
Health Care	2.00
Total Investments	91.40
Cash and Other Assets, Less Liabilities	8.60
Total	100.00



PORTFOLIO MANAGERS

Kenneth Lowe, CFA
Lead Manager

Michael J. Oh, CFA
Co-Manager

Sharat Shroff, CFA
Co-Manager

Asia Focus Fund

Fund Manager Report

Performance figures discussed in any of the Fund Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2015, the Matthews Asia Focus Fund returned -19.31%, while its benchmark, the MSCI All Country Asia ex Japan Index, returned -16.40%.

Since the Matthews Asia Focus Fund's launch in May 2014, emerging markets have justifiably seen significant negativity pervade and the first half of the fiscal year brought yet further volatility. The prospect of the U.S. Federal Reserve beginning down its path of rate normalisation weighed on investors within Asia. And concerns remain over the implications that this may have for capital outflows across a region that has witnessed some aggressive credit growth since the Global Financial Crisis. Of course, U.S. Federal Reserve Chair Janet Yellen decided to refrain from the initial hike during the committee's September meeting in what appears to be a decision based upon concerns on low domestic inflation rates and weaker global growth. A primary driver of this weaker growth has been China, as both corporate earnings and economic growth continue to sputter.

During the period, we saw the end of the self-manufactured equity boom in Chinese equities, ending with some aggressive selling and an ill-advised government response. Extreme measures such as IPO suspensions, state buying of equities and the allowance of stock suspensions at the behest of individual companies were all utilised in order to try to quell the panic. More latterly, the government also decided to alter its exchange rate mechanism toward one that is more market-oriented in nature, resulting in an initial 1.9% devaluation of the renminbi compared to the U.S. dollar. Although some have called this a competitive devaluation, we believe that this is necessary in order to allow further monetary easing.

This combination of prospectively tighter monetary policy in the U.S., a collapse in commodity prices and weaker growth in China led to soft performance throughout Asia with no country left unscathed.

Performance Contributors and Detractors:

During what was a very challenging half for Asian equity markets, the Fund had little to celebrate as few holdings ended the period in positive territory. Those that did included Hong Kong companies Techtronic Industries and Hutchison Whampoa. For the latter, the stock rose on its corporate restructuring, as its various entities were simplified in order to realise value. Further, they also announced transformational mergers in the U.K. and Italian wireless markets that have been well taken by the market. We added Techtronic to the portfolio earlier this year and the power tool and floor care appliance manufacturer and brand owner appears to still be gaining some market share due to its impressive technology within its tools. The depreciation of the renminbi also helped the stock as it likely lowered the company's cost base and may allow further margin expansion.

The largest detractor to returns came from our holdings in the financial sector. Commercial banks within Southeast Asia, including Kasikornbank and Bank Rakyat were particularly weak, partly on currency as the Thai baht dropped over 11% and the Indonesian rupiah by 12% during the half. This was compounded by worries over asset quality given the slowdown in both economies. Our largest holding AIA Group, the pan-Asian life insurer, also struggled on the impact of mark to market equity and currency moves, despite what has been healthy underlying growth for the company.



Beyond this, a number of our China-related holdings were some of the weakest performers for the Fund. These include Chinese search engine Baidu, and Indian auto manufacturer Tata Motors. For Baidu, the market reacted negatively to a decision by the company to reinvest the profits from its traditional search business into a more aggressive expansion plan within online to offline services, almost entirely evaporating near-term profit growth. Tata Motors sputtered as weak demand within the Chinese market and increasing incentives in the U.S. hurt profitability.

Notable Portfolio Changes:

Over the most recent quarter, the Fund added two new names to the portfolio, partially funded by the sale of BHP Billiton. The first of these was ResMed, an Australian producer of sleep apnea products. The sleep disorder market is still fairly underpenetrated across the globe and the company is one of the two largest players within this naturally growing market due to its impressive array of products and end-to-end solutions. We believe that the company has a rare combination of a net cash balance sheet, good capital allocation, solid corporate governance standards, a strong economic moat and sustainable growth. Despite all of this, we were able to enter the stock at an attractive 19x price-to-earnings (P/E) ratio due to concerns over a failed clinical trial the company suffered earlier this year.

The Fund also added Japan Tobacco (JT), one of the four major global tobacco companies. The domestic Japan business remains dominant and a cash cow, whilst growth options exist in overseas markets from a combination of some small volume growth and the ability of some major JT brands in passing on price increases through to consumers. Further, management has improved in their distribution of cash through increasing dividends and share buybacks. We purchased the stock at an appealing price of around 15x P/E and 11x EV/EBITDA.

Outlook:

In our previous commentaries we have described the outlook for equities as being fairly bleak due to tepid growth and deflationary forces across the globe. Within Asia, we have seen weak exports, spots of excessive credit growth and a stumbling set of reform regimes. All of these points remain and it is this latter area that will prove critical over the ensuing couple of years in order to provide the next wave of sustainable growth within the region. Geographies from China to India need to undergo structural supply-side reform in order to become more inclusive economies and return the Asian region to productivity gains—something that has waned over the last few years. Frustratingly, progress here has been underwhelming, with areas such as the general sales tax and land acquisition bills in India, failing to pass within this parliamentary session. In China, the much-discussed reform of state-owned enterprises has been largely comprised of rhetoric and little action. Fundamental improvements need to be made not only in Asia's two most populous countries but also in countries like South Korea and much of Southeast Asia.

It appears unlikely that this macroeconomic backdrop will dramatically improve in the near term. From an equity market standpoint, we may continue to see earnings downgrades although clearly we are slightly further along in this process than in our prior writings and valuations for Asia are also more appealing, with markets trading at around 15.5x P/E on an equal weighted basis. This, however, is still far from an historic bottom and emphasises the need for active stock-picking in what may likely be a world of lower returns for some time.

*Schedule of Investments***EQUITIES**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market Instruments admitted to an official exchange listing			
AUSTRALIA			
Ansell, Ltd.	1,564	20,638	2.52
Insurance Australia Group, Ltd.	6,078	20,701	2.52
		41,339	5.04
CHINA/HONG KONG			
AIA Group, Ltd.	9,800	50,775	6.19
Baidu, Inc. ADR	200	27,772	3.38
Cheung Kong Property Holdings, Ltd.	2,052	15,021	1.83
CK Hutchison Holdings, Ltd.	2,052	26,661	3.25
Hang Lung Group, Ltd.	6,000	20,342	2.48
HSBC Holdings PLC	3,600	26,880	3.28
Jardine Matheson Holdings, Ltd.	800	37,800	4.61
Samsonite International SA	11,100	36,149	4.41
Techtronic Industries Co., Ltd.	10,000	36,919	4.50
VTech Holdings, Ltd.	2,400	28,444	3.47
Yum! Brands, Inc.	440	33,909	4.13
		340,672	41.53
INDIA			
Tata Motors, Ltd. ADR	800	17,811	2.17
		17,811	2.17
INDONESIA			
PT Bank Rakyat Indonesia Persero	33,000	19,482	2.37
PT Indofood Sukses Makmur	45,600	17,118	2.09
		36,600	4.46
JAPAN			
Japan Tobacco, Inc.	700	21,554	2.63
		21,554	2.63
MALAYSIA			
Axiata Group BHD	13,700	18,070	2.20
Genting Malaysia BHD	24,800	23,399	2.85
Guinness Anchor BHD	7,700	24,084	2.94
		65,553	7.99
SINGAPORE			
Singapore Telecommunications, Ltd.	13,300	33,631	4.10
United Overseas Bank, Ltd.	1,000	13,029	1.59
United Overseas Bank, Ltd. ADR	300	7,822	0.95
Vicom, Ltd.	4,800	20,234	2.47
		74,716	9.11
SOUTH KOREA			
Samsung Electronics Co., Ltd.	26	24,876	3.03
		24,876	3.03

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
SWITZERLAND			
Cie Financiere Richemont SA	364	28,044	3.42
		28,044	3.42
TAIWAN			
Taiwan Semiconductor Manufacturing Co., Ltd.	8,000	31,761	3.87
		31,761	3.87
THAILAND			
Intouch Holdings Public Co., Ltd. NVDR	10,200	20,431	2.49
Kasikornbank Public Co., Ltd.	4,400	20,721	2.53
		41,152	5.02
UNITED STATES			
Mead Johnson Nutrition Co.	400	28,089	3.42
ResMed, Inc.	400	20,415	2.49
		48,504	5.91
TOTAL EQUITIES		772,582	94.18
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		772,582	94.18
TOTAL INVESTMENTS		772,582	94.18
CASH AND OTHER ASSETS, LESS LIABILITIES		47,774	5.82
TOTAL NET ASSETS		820,356	100.00

ADR: American Depositary Receipt

BHD: Berhad

NVDR: Non-Voting Depositary Receipt

The accompanying notes form an integral part of these financial statements.

Schedule of Investments (continued)

Country Allocation	% of Net Assets
China/Hong Kong	41.53
Singapore	9.11
Malaysia	7.99
United States	5.91
Australia	5.04
Thailand	5.02
Indonesia	4.46
Taiwan	3.87
Switzerland	3.42
South Korea	3.03
Japan	2.63
India	2.17
Total Investments	94.18
Cash and Other Assets, Less Liabilities	5.82
Total	100.00



PORTFOLIO MANAGERS*

Sharat Shroff, CFA
Lead Manager

Richard H. Gao
Co-Manager

In-Bok Song
Co-Manager

Rahul Gupta
Co-Manager

* Effective April 30, 2015, Rahul Gupta became a Co-Manager of this Fund.
Effective July 1, 2015, Richard Gao is no longer Co-Manager of this Fund.
Effective September 22, 2015 In-Bok Song is no longer Co-Manager of this Fund.

Pacific Tiger Fund

Fund Manager Report

Performance figures discussed in any of the Fund Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2015, the Matthews Pacific Tiger Fund returned -16.16%, outperforming its benchmark, the MSCI All Country Asia ex Japan Index, which returned -16.40%.

Market Environment:

The bulk of the action in the Asian markets during the six-month period ending September 2015 was concentrated in the most recent months. Asian equity markets experienced significant declines that were further exacerbated by a broad-based depreciation of Asian currencies vis-à-vis the U.S. dollar. Business conditions in Asia have been tough for some time as investment demand has remained sluggish. While consumption has been more resilient, it is also starting to slow. The decision by the People's Bank of China (PBOC) to change the mechanism for setting the exchange rate for the renminbi versus the U.S. dollar ignited concerns over a widespread devaluation of other Asian currencies, and the consequent negative impact on the ability of corporates to meet their foreign currency liabilities. These concerns triggered significant portfolio outflows from the Asian region.

Performance Contributors and Detractors:

During the six-month period, given the market volatility and broad sell-off, Fund performance moved more or less in line with the Index, marginally outperforming it. Indonesian holdings were among the biggest detractors from relative performance. Business for utility company PT Perusahaan Gas Negara Persero was at least partly impacted by oil prices, as there is growing speculation that the spreads on the transmission and distribution of natural gas may get squeezed. Some of the Fund's Taiwanese holdings were also a drag on Fund performance as concerns from the impact of slowing growth in China may have hurt investor sentiment.

Vietnam Dairy Products JSC benefited Fund performance as the firm was able to make market share gains and deliver earnings growth, which allayed investor concerns over its profitability.

Also during this period, most Asia ex Japan region currencies depreciated against the U.S. dollar, especially in the aftermath of the change in the price setting regime of the renminbi. The soft currencies further exacerbated the impact of weak equities on overall Fund performance.

Notable Portfolio Changes:

During the six months, we exited a few holdings, primarily to take advantage of the attractive valuations with some of the newer positions like Inner Mongolia Yili Industrial Group. In addition, we added to some A-share holdings to take advantage of the recent volatility in the market. One consumer company we shed was Tingyi Holding, a noodle maker that continued to face slowing growth with some of its core products. We also decided to exit out of South Korean health care firm Yuhan, and replaced it with a position in health care opportunities within China's A-shares market.

Outlook:

A critical question in the minds of investors these days is whether Asia is dealing with a liquidity challenge or a solvency crisis. What sparks the question is the build-up in credit that has been relentless over recent years. However, the bulk of this credit creation is local in spite of rapid growth in external credit in recent years. If we take a slightly longer perspective and compare the build-up in external debt to the expansion of GDP, then the situation may look uncomfortable but does not point to outright financial



distress. The fear of progressive devaluation of the renminbi by Chinese authorities to boost exports also appears stretched since exporters from China have been gaining global market share. So, in our view, the current environment does not reflect a broad-based solvency issue. That being said, the recovery in growth is not likely to be even. Those companies that are dependent on repeated infusions of capital will find the slowing credit growth, and volatile equity market as significant challenges to grow their business. Meanwhile, the sell-off is an opportunity for well-capitalised businesses to gain share and to deliver superior results. In our view, the broad-based reset in valuations is an opportunity to acquire such businesses that are geared to benefit from Asia's long-term growth.

*Schedule of Investments***EQUITIES**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market Instruments admitted to an official exchange listing			
CHINA/HONG KONG			
AIA Group, Ltd.	1,410,200	7,306,381	2.16
Alibaba Group Holding, Ltd. ADR	79,600	4,665,906	1.38
Baidu, Inc. ADR	56,170	7,799,894	2.31
China Mobile, Ltd. ADR	130,895	7,849,626	2.32
China Resources Enterprise, Ltd.	2,194,000	4,079,601	1.21
China Resources Land, Ltd.	2,549,111	5,997,349	1.78
China Vanke Co., Ltd. H Shares	1,489,390	3,185,503	0.94
Dairy Farm International Holdings, Ltd.	918,300	5,574,081	1.65
Fuyao Glass Industry Group Co., Ltd. H Shares	3,690,000	7,069,329	2.09
Hang Lung Group, Ltd.	825,000	2,797,086	0.83
Hengan International Group Co., Ltd.	843,500	8,226,865	2.43
Hong Kong Exchanges and Clearing, Ltd.	148,000	3,385,438	1.00
Inner Mongolia Yili Industrial Group Co., Ltd. A Shares	349,959	846,817	0.25
Lenovo Group, Ltd.	8,380,000	7,069,887	2.09
Ping An Insurance Group Co. of China, Ltd. H Shares	1,868,500	9,273,477	2.74
Sinopharm Group Co., Ltd. H Shares	1,846,000	6,487,483	1.92
Swire Pacific, Ltd. A Share Class	318,500	3,564,611	1.06
Tasly Pharmaceutical Group Co., Ltd. A Shares	99,906	521,221	0.15
Tencent Holdings, Ltd.	341,300	5,701,665	1.69
WuXi PharmaTech Cayman, Inc. ADR	212,624	9,256,272	2.74
Yum! Brands, Inc.	62,500	4,816,649	1.43
		115,475,141	34.17
INDIA			
Container Corp. of India, Ltd.	305,284	6,912,060	2.05
Dabur India, Ltd.	766,475	3,225,295	0.95
GAIL India, Ltd.	1,403,284	6,467,644	1.91
HDFC Bank, Ltd.	164,599	2,682,168	0.79
Housing Development Finance Corp.	300,265	5,551,858	1.64
ITC, Ltd.	980,969	4,917,557	1.46
Kotak Mahindra Bank, Ltd.	864,230	8,539,525	2.53
Sun Pharmaceutical Industries, Ltd.	647,447	8,572,084	2.54
Tata Power Co., Ltd.	9,581,255	9,487,765	2.81
Thermax, Ltd.	427,332	5,549,648	1.64
Titan Co., Ltd.	907,422	4,397,379	1.30
		66,302,983	19.62

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
INDONESIA			
PT Astra International	5,312,000	1,894,648	0.56
PT Bank Central Asia	5,536,100	4,638,011	1.37
PT Indofood CBP Sukses Makmur	4,243,400	3,590,948	1.06
PT Perusahaan Gas Negara Persero	23,768,300	4,104,040	1.22
PT Telekomunikasi Indonesia Persero	25,073,700	4,526,996	1.34
		18,754,643	5.55
MALAYSIA			
Genting BHD	2,086,200	3,449,216	1.02
IHH Healthcare BHD	126,000	165,486	0.05
IHH Healthcare BHD	5,074,100	6,886,979	2.04
Public Bank BHD	910,450	3,625,812	1.07
		14,127,493	4.18
PHILIPPINES			
GT Capital Holdings, Inc.	273,305	7,408,706	2.19
SM Prime Holdings, Inc.	8,369,575	3,700,457	1.10
		11,109,163	3.29
SOUTH KOREA			
Amorepacific Corp.	26,000	8,456,174	2.50
Cheil Worldwide, Inc.	436,171	6,711,527	1.99
Dongbu Insurance Co., Ltd.	148,777	7,712,619	2.28
Green Cross Corp.	43,125	6,817,588	2.02
Naver Corp.	24,005	10,398,186	3.08
Orion Corp.	12,068	9,610,876	2.84
Samsung Electronics Co., Ltd.	5,788	5,537,837	1.64
		55,244,807	16.35
SWITZERLAND			
DKSH Holding, Ltd.	132,757	8,422,267	2.49
		8,422,267	2.49
TAIWAN			
Delta Electronics, Inc.	1,486,000	6,986,608	2.07
President Chain Store Corp.	946,000	5,905,239	1.75
Synnex Technology International Corp.	4,740,297	4,738,394	1.40
		17,630,241	5.22

Schedule of Investments (continued)**EQUITIES (continued)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
THAILAND			
Central Pattana Public Co., Ltd.	6,668,700	8,216,138	2.43
Kasikornbank Public Co., Ltd. NVDR	839,000	3,951,090	1.17
The Siam Cement Public Co., Ltd.	322,600	4,121,100	1.22
		16,288,328	4.82
UNITED STATES			
Cognizant Technology Solutions Corp. Class A	80,000	4,903,938	1.45
		4,903,938	1.45
VIETNAM			
Vietnam Dairy Products JSC	1,777,473	7,919,346	2.34
		7,919,346	2.34
TOTAL EQUITIES		336,178,350	99.48

WARRANTS

MALAYSIA			
Genting BHD, expires 12/18/18	93,950	18,262	–
		18,262	–
TOTAL WARRANTS		18,262	–
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		336,196,612	99.48

EQUITIES

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
TOTAL INVESTMENTS		336,196,612	99.48
CASH AND OTHER ASSETS, LESS LIABILITIES		1,750,118	0.52
TOTAL NET ASSETS		337,946,730	100.00

A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program

ADR: American Depositary Receipt

BHD: Berhad

H Shares: Mainland China companies listed on The Hong Kong Stock Exchange but incorporated in mainland China

NVDR: Non-Voting Depositary Receipt

Schedule of Investments (continued)

Country Allocation	% of Net Assets
China/Hong Kong	34.17
India	19.62
South Korea	16.35
Indonesia	5.55
Taiwan	5.22
Thailand	4.82
Malaysia	4.18
Philippines	3.29
Switzerland	2.49
Vietnam	2.34
United States	1.45
Total Investments	99.48
Cash and Other Assets, Less Liabilities	0.52
Total	100.00



PORTFOLIO MANAGERS*

Richard H. Gao
Lead Manager

Andrew Mattock, CFA
Lead Manager

Henry Zhang, CFA
Co-Manager

Winnie Chwang
Co-Manager

* Effective April 30, 2015, Andrew Mattock, CFA, became a Co-Manager of this Fund. Effective July 1, 2015, Andrew Mattock, CFA, replaced Richard Gao as Lead Manager of this Fund.

China Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the semi-annual period ending 30 September 2015, the Matthews Lux China Fund returned -14.70%, while its benchmark, the MSCI China Index, returned -17.87%.

Market Environment:

During the six months ending 30 September, China's equity market environment experienced significant volatility. After strong performance that began at the end of 2014, the market turned extremely bearish, and macroeconomic indicators stayed muted at best. There were several catalysts for the fall in markets, and worries about the growth transition in China reappeared. These worries were exacerbated by declining mainland stock markets from very rich valuation levels. The heavy-handed approach used by authorities in attempting to stabilise this fall also caused investor concern. Chinese authorities, to the dismay of global markets, suddenly adjusted the mechanism for the daily setting of exchange rates. This change was not well-communicated and created much confusion, however, we ultimately consider the move to be a long-term positive development. On the economic front, the lack of sequential growth momentum in China continues and has primarily been due to ongoing sluggishness in the property markets, and a slowing of the government's fixed asset investments in infrastructure. Meanwhile, the government refrained from launching large-scale stimulus programs to spur short-term economic growth, instead continuing with its approach to help stimulate only targeted areas.

Performance Contributors and Detractors:

Over the six-month period, the health care sector was among the biggest contributors to relative Fund performance. Health care companies overall reported strong earnings in the first half, showing continued growth momentum. Among our health care holdings, Sino Biopharmaceutical was one of the top contributors. Focused on new drug research and development, Sino Biopharmaceutical's efforts appear to be paying off as the company has found solid contribution from new products while its existing products continue to hold pricing despite competitive pressure. Another bright spot for the Fund was ANTA Sports Products, a branded sportswear company that has benefited from an improvement in brand perception through focused advertisement, and has also shown prowess in managing its inventory cycle over the past couple years.

Performance in the financial sector hurt Fund performance during the period. Alongside the sharp market correction, financial names were the first to be impacted and many of the Fund's financial holdings, such as China Construction Bank and Ping An Insurance, experienced large sell-offs. The Fund, however, maintains a meaningful exposure to the financials sector through the ownership of insurance companies that are enjoying still-strong premium growth and good quality, regionally focused banking franchises that are trading at attractive valuations.

Performance in the industrial space, which is consumer in nature, was among the biggest detractors to Fund performance. Among our industrials holdings, Air China experienced intense selling pressure during the quarter as adjustments to the currency mechanism led to balance sheet concerns. China Mengniu Dairy also posed a drag on Fund performance as weakness in consumer names became more prolonged than many investors had expected. However, we continue to hold on to solid names in the industry and our conviction in the long-term potential of the country's consumer sectors remains unchanged.

**Notable Portfolio Changes:**

Since the end of March 2015, we increased our positions in the life insurance industry, which significantly boosted our financials weighting. Although life insurers are classified within the financials sector, we tend to view such businesses as consumer discretionary holdings in China. Sales of life insurance policies are showing very positive operating trends as companies continue to penetrate China's untapped regions. We believe Chinese life insurance policy design and the reduction in the interest rate environment in China have boosted the appetite for such sales.

We exited instant noodle producer Tingyi as we believed the barriers to entry and competition in its core noodle business continued unabated. We also sold Golden Eagle, the department store operator, as over-supply and Internet channels continue to pose margin and sales issues. Unusually high turnover as market conditions allowed us to re-evaluate every position and identify opportunities in stocks that were previously too expensive.

Outlook:

Looking forward, we expect the central government to continue to achieve a balance between non-intervention and major stimulus programs. Targeted accommodative policies have been adopted to prevent the economy from further slowing. The government has been making efforts to accelerate the reform process by encouraging and supporting the private sector economy, and increasing the role of market forces. Capital market reform is also high on the agenda. This area of reform should not be underestimated, and we anticipate seeing further reforms over the next six months. At current valuations, we see the risk-to-reward ratio as extremely attractive despite the skepticism on China's growth transition away from heavy industry. We believe the determination of the government to achieve this objective is clear.

Schedule of Investments

EQUITIES

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market Instruments admitted to an official exchange listing			
CONSUMER DISCRETIONARY			
Hotels, Restaurants & Leisure			
Sands China, Ltd.	210,000	635,838	1.58
		635,838	1.58
Household Durables			
Haier Electronics Group Co., Ltd.	368,000	616,093	1.54
		616,093	1.54
Internet & Catalog Retail			
Ctrip.com International, Ltd. ADR	5,800	369,400	0.92
JD.com, Inc. ADR	38,300	950,196	2.37
Vipshop Holdings, Ltd. ADR	64,400	1,060,211	2.64
		2,379,807	5.93
Multiline Retail			
Intime Retail Group Co., Ltd.	377,500	389,933	0.97
		389,933	0.97
Textiles, Apparel & Luxury Goods			
ANTA Sports Products, Ltd.	391,000	1,010,847	2.52
		1,010,847	2.52
Total Consumer Discretionary		5,032,518	12.54
CONSUMER STAPLES			
Food Products			
China Mengniu Dairy Co., Ltd.	93,000	326,798	0.81
		326,798	0.81
Personal Products			
Hengan International Group Co., Ltd.	36,500	355,994	0.89
		355,994	0.89
Total Consumer Staples		682,792	1.70
ENERGY			
Oil, Gas & Consumable Fuels			
China Shenhua Energy Co., Ltd. H Shares	470,000	720,047	1.80
		720,047	1.80
Total Energy		720,047	1.80

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
FINANCIALS			
Banks			
Bank of China, Ltd. H Shares	1,769,000	760,663	1.89
BOC Hong Kong Holdings, Ltd.	289,000	849,529	2.12
China Construction Bank Corp. H Shares	2,601,340	1,729,810	4.31
China Merchants Bank Co., Ltd. H Shares	338,610	819,359	2.04
Chongqing Rural Commercial Bank Co., Ltd. H Shares	1,442,000	814,925	2.03
		4,974,286	12.39
Capital Markets			
China Galaxy Securities Co., Ltd. H Shares	1,181,000	832,652	2.08
Haitong Securities Co., Ltd.	561,200	811,691	2.02
		1,644,343	4.10
Diversified Financial Services			
Hong Kong Exchanges and Clearing, Ltd.	34,400	786,886	1.96
		786,886	1.96
Insurance			
AIA Group, Ltd.	212,600	1,101,501	2.74
China Life Insurance Co., Ltd. H Shares	374,000	1,294,424	3.23
China Life Insurance Co., Ltd. ADR	72,400	1,261,816	3.14
Ping An Insurance Group Co. of China, Ltd. H Shares	512,500	2,543,568	6.34
		6,201,309	15.45
Real Estate Management & Development			
China Overseas Land & Investment, Ltd.	378,000	1,145,688	2.86
China Resources Land, Ltd.	486,666	1,144,990	2.85
China Vanke Co., Ltd. H Shares	460,753	985,457	2.46
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. B Shares	261,798	711,299	1.77
		3,987,434	9.94
Total Financials		17,594,258	43.84
HEALTH CARE			
Health Care Providers & Services			
Sinopharm Group Co., Ltd. H Shares	215,600	757,693	1.89
		757,693	1.89
Pharmaceuticals			
Sino Biopharmaceutical, Ltd.	820,000	1,009,207	2.51
		1,009,207	2.51
Total Health Care		1,766,900	4.40

*Schedule of Investments (continued)***EQUITIES (continued)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
INDUSTRIALS			
Air Freight & Logistics			
Sinotrans, Ltd. H Shares	1,373,000	644,139	1.61
		644,139	1.61
Airlines			
Air China, Ltd. H Shares	1,120,000	882,987	2.20
		882,987	2.20
Commercial Services & Supplies			
China Everbright International, Ltd.	619,000	862,760	2.15
Dongjiang Environmental Co., Ltd. H Shares	459,600	714,904	1.78
		1,577,664	3.93
Construction & Engineering			
China State Construction International Holdings, Ltd.	728,000	1,040,715	2.59
		1,040,715	2.59
Electrical Equipment			
Boer Power Holdings, Ltd.	485,000	820,516	2.04
		820,516	2.04
Transportation Infrastructure			
China Merchants Holdings International Co., Ltd.	194,000	571,837	1.42
Qingdao Port International Co., Ltd. H Shares	1,229,000	551,818	1.38
		1,123,655	2.80
Total Industrials		6,089,676	15.17
INFORMATION TECHNOLOGY			
Communications Equipment			
ZTE Corp. H Shares	441,616	1,006,690	2.51
		1,006,690	2.51
Internet Software & Services			
Baidu, Inc. ADR	4,199	583,083	1.45
NetEase, Inc. ADR	8,150	979,569	2.44
Tencent Holdings, Ltd.	192,200	3,210,841	8.00
		4,773,493	11.89
Total Information Technology		5,780,183	14.40

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
MATERIALS			
Construction Materials			
Anhui Conch Cement Co., Ltd. H Shares	267,500	788,409	1.97
		788,409	1.97
Total Materials		788,409	1.97
UTILITIES			
Independent Power and Renewable Electricity Producers			
China Longyuan Power Group Corp. H Shares	495,000	531,868	1.33
		531,868	1.33
Water Utilities			
Beijing Enterprises Water Group, Ltd.	1,130,000	792,188	1.97
		792,188	1.97
Total Utilities		1,324,056	3.30
TOTAL EQUITIES		39,778,839	99.12
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		39,778,839	99.12
TOTAL INVESTMENTS		39,778,839	99.12
CASH AND OTHER ASSETS, LESS LIABILITIES		354,473	0.88
TOTAL NET ASSETS		40,133,312	100.00

ADR: American Depositary Receipt

B Shares: Mainland China companies listed on the Shanghai and Shenzhen stock exchanges, available to both China and non-Chinese investors

H Shares: Mainland China companies listed on The Hong Kong Stock Exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.

Schedule of Investments (continued)

Sector Allocation	% of Net Assets
Financials	43.84
Industrials	15.17
Information Technology	14.40
Consumer Discretionary	12.54
Health Care	4.40
Utilities	3.30
Materials	1.97
Energy	1.80
Consumer Staples	1.70
Total Investments	99.12
Cash and Other Assets, Less Liabilities	0.88
Total	100.00



PORTFOLIO MANAGERS

Sunil Asnani

Lead Manager

Sharat Shroff, CFA

Co-Manager

India Fund

Fund Manager Report

Performance figures discussed in any of the Fund Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2015, the Matthews India Fund returned -9.68%, roughly in line with its benchmark, the S&P Bombay Stock Exchange 100 Index, which returned -9.90%.

Market Environment:

Investor sentiment over the last six months turned negative toward Indian markets as reported earnings for the start of the 2016 fiscal year fell behind expectations.

The slow pace of legislative reforms relating to land, labour and taxation issues dampened earlier investor optimism. The issue of a retrospective Minimum Alternative Tax for foreign portfolio managers added further to investor concerns. However, incoming data on inflation and industrial activity kept spirits hopeful. Inflation remained benign and continued monetary easing helped preserve some optimism.

A dismal monsoon rainfall—which reached near-drought conditions—across the country added to the negative sentiment. Poor rainfall is likely to hurt the rural economy, in turn impacting the demand for consumer staples and consumer discretionary items. Insufficient rains also raise the risk of higher food inflation in the coming months.

Over the period, defensive sectors like consumer staples, health care, and information technology have done better than sectors such as metals, consumer discretionary and utilities. This was due in part to some disappointment among investors who had expected a swifter pace of policy reforms and also in part because of weak global commodity prices.

The Indian rupee depreciated against the U.S. dollar during the six-month period, falling nearly 5%. This was less of a decline than some other Asian currencies experienced because real interest rates remain high in India and because of substantial improvements to India's balance of payments position in the past couple years.

Performance Contributors and Detractors:

Over the period, the Fund benefited from a higher allocation to defensive sectors like consumer staples, health care, and information technology. Our limited exposure to policy-dependent and macro-dependent sectors also helped our relative Fund performance versus the benchmark. For example, we avoided state-owned banks and certain private sector banks with high exposure to infrastructure and ailing corporates. Similarly, falling global commodity prices hurt energy and metal companies in which we have limited exposure. However, NMDC, our only exposure to metals, was a performance detractor. The iron ore mining company has been adversely affected by falling prices and increasing royalty payments, even though it is still among the lowest cost producers of high-quality iron ore. We are closely monitoring the steps taken by the company to mitigate price risk by growing volumes.

Notable Portfolio Changes:

During the six-month period, the Fund added new holdings in the consumer discretionary, health care, and information technology sectors. We exited some other holdings across sectors for stock-specific reasons, in such areas as the technology services and consumer discretionary sectors. One such company is CMC, an IT services company with plans to merge with its parent firm TCS, leaving the existing CMC shareholders to be issued with the parent



company's shares. We exited CMC as we became aware of these circumstances.

Outlook:

With the private sector seemingly not investing a sufficient amount in order to create jobs, it appears as though the central government will need to step in more. Infrastructure investments in highways, railways and water sanitation seem to be gathering pace with many projects being awarded in these areas. Despite the number of infrastructure projects that were awarded earlier in the year, however, job creation has been little improved as the mobilisation of resources and labour typically meets delays that can last over half a year.

Following the season's weak monsoon, India's rural economy will likely take longer to recover. This could have a temporary negative impact on demand of consumer items. However, declining inflation should spur urban consumer demand, which could offset weak rural consumer demand.

The Reserve Bank of India seems to have been successful in taming the country's rampant consumer price inflation. With another 50 basis point (0.50%) interest rate reduction announced by the central bank, the cost of capital should drift down over time, and consequently, demand for real estate and consumer durables should improve. Lower cost of capital should also spur more private sector investment helping to create more employment in the process.

While Prime Minister Narendra Modi's government still has yet to successfully enact the sweeping reforms it had promised, incremental steps are being taken to improve the economic situation, including in the areas of banking, initiatives for improving rural life, measures to curb leakages in the public distribution system, and faster approvals of environmental certifications.

Schedule of Investments

EQUITIES

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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Transferable securities and money market Instruments admitted to an official exchange listing

CONSUMER DISCRETIONARY

Household Durables

LA Opala RG, Ltd.	43,632	368,833	0.47
Symphony, Ltd.	74,217	2,081,278	2.65
		2,450,111	3.12

Textiles, Apparel & Luxury Goods

Kewal Kiran Clothing, Ltd.	8,712	285,554	0.36
Page Industries, Ltd.	6,579	1,331,257	1.7
Titan Co., Ltd.	379,198	1,837,599	2.34
Vaibhav Global, Ltd.	22,654	130,073	0.17
		3,584,483	4.57

Total Consumer Discretionary **6,034,594** **7.69**

CONSUMER STAPLES

Food Products

Zyklus Wellness, Ltd.	91,574	1,135,006	1.45
		1,135,006	1.45

Personal Products

Bajaj Corp., Ltd.	307,808	2,106,413	2.68
Dabur India, Ltd.	550,769	2,317,613	2.95
Emami, Ltd.	159,259	2,798,627	3.57
Marico, Ltd.	257,296	1,585,593	2.02
		8,808,246	11.22

Tobacco

ITC, Ltd.	763,887	3,829,335	4.88
VST Industries, Ltd.	68,241	1,669,454	2.13
		5,498,789	7.01

Total Consumer Staples **15,442,041** **19.68**

FINANCIALS

Banks

HDFC Bank, Ltd.	129,344	2,107,682	2.69
IndusInd Bank, Ltd.	237,583	3,413,784	4.35
Kotak Mahindra Bank, Ltd.	280,781	2,774,419	3.53
		8,295,885	10.57

Consumer Finance

Shriram City Union Finance, Ltd.	153,161	3,983,610	5.07
Sundaram Finance, Ltd.	62,927	1,473,254	1.88
		5,456,864	6.95

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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FINANCIALS (continued)

Diversified Financial Services

CRISIL, Ltd.	88,575	2,475,684	3.15
IDFC, Ltd.	547,186	1,176,713	1.50
Multi Commodity Exchange of India, Ltd.	850	12,145	0.02
		3,664,542	4.67

Real Estate Management & Development

Ascendas India Trust	131,100	78,719	0.10
		78,719	0.10

Thriffs & Mortgage Finance

GRUH Finance, Ltd.	444,196	1,802,451	2.30
Housing Development Finance Corp.	133,926	2,476,273	3.15
		4,278,724	5.45

Total Financials **21,774,734** **27.74**

HEALTH CARE

Health Care Equipment & Supplies

Poly Medicure, Ltd.	140,333	822,657	1.05
		822,657	1.05

Pharmaceuticals

Ajanta Pharma, Ltd.	140,363	3,166,674	4.03
Alembic Pharmaceuticals, Ltd.	80,487	838,923	1.07
Caplin Point Laboratories, Ltd.	18,303	402,462	0.51
Sun Pharma Advanced Research Co., Ltd.	229,208	1,345,230	1.71
Sun Pharmaceutical Industries, Ltd.	95,844	1,268,957	1.62
Taro Pharmaceutical Industries, Ltd.	25,600	3,577,169	4.56
		10,599,415	13.50

Total Health Care **11,422,072** **14.55**

INDUSTRIALS

Air Freight & Logistics

Blue Dart Express, Ltd.	14,592	1,666,456	2.12
		1,666,456	2.12

Machinery

AIA Engineering, Ltd.	171,477	2,592,678	3.31
Ashok Leyland, Ltd.	563,403	792,406	1.01
Thermax, Ltd.	58,209	755,945	0.96
		4,141,029	5.28

Road & Rail

Container Corp. of India, Ltd.	43,634	987,935	1.26
		987,935	1.26

Transportation Infrastructure

Gujarat Pipavav Port, Ltd.	388,939	1,099,098	1.40
		1,099,098	1.40

Total Industrials **7,894,518** **10.06**

*Schedule of Investments (continued)***EQUITIES (continued)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
INFORMATION TECHNOLOGY			
Internet Software & Services			
Info Edge India, Ltd.	173,602	2,113,318	2.69
Just Dial, Ltd.	104,524	1,567,382	2.00
		3,680,700	4.69
IT Services			
Cognizant Technology Solutions Corp. Class A	51,100	3,132,390	3.99
eClerx Services, Ltd.	116,954	2,829,524	3.61
Mindtree, Ltd.	141,448	3,265,984	4.16
		9,227,898	11.76
Total Information Technology		12,908,598	16.45
MATERIALS			
Chemicals			
Asian Paints, Ltd.	63,660	816,836	1.04
Castrol India, Ltd.	115,694	780,612	0.99
Supreme Industries, Ltd.	87,180	822,089	1.05
		2,419,537	3.08
Metals & Mining			
NMDC, Ltd.	704,204	999,564	1.28
		999,564	1.28
Total Materials		3,419,101	4.36
TOTAL EQUITIES		78,895,658	100.53
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		78,895,658	100.53
TOTAL INVESTMENTS		78,895,658	100.53
LIABILITIES IN EXCESS OF CASH AND OTHER ASSETS			
		(415,010)	(0.53)
TOTAL NET ASSETS		78,480,648	100.00

The accompanying notes form an integral part of these financial statements.

Schedule of Investments (continued)

Sector Allocation	% of Net Assets
Financials	27.74
Consumer Staples	19.68
Information Technology	16.45
Health Care	14.55
Industrials	10.06
Consumer Discretionary	7.69
Materials	4.36
Total Investments	100.53
Liabilities In Excess of Cash and Other Assets	(0.53)
Total	100.00



PORTFOLIO MANAGERS

Kenichi Amaki
Lead Manager

Taizo Ishida
Co-Manager

Japan Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

The Matthews Japan Fund was launched on 30 April 2015. Since inception until 30 September 2015, the Fund returned -7.10%, while its benchmark, the MSCI Japan Index, fell -12.06%.

Market Environment:

Japan's equity markets corrected sharply from mid-August, bogged down by weakness in global markets amid fears of China's slowing growth. A decline in emerging market currencies, the devaluation of the renminbi and the collapse of China's A-share market weighed heavily on investor sentiment. Overseas investors have responded by taking profit in Japan, and turning net sellers for the year.

Japan's domestic economy remained stagnant with negative real GDP growth for the second quarter of calendar 2015. Despite rising wages and falling energy costs, consumption remains weak as households cope with rising prices of many daily products. Changing the deflationary mindset of Japanese consumers remains a challenge. However, corporate earnings remain robust supported by an improved pricing environment, weak currency and lower fuel prices.

The Corporate Governance Code, a key component of Prime Minister Shinzo Abe's "Third Arrow" growth strategy, was implemented in June. In our meetings with various companies, we feel that this has stimulated more extensive thought, at the management level, regarding capital efficiency with particular attention to shareholder returns such as dividends and share buybacks.

Performance Contributors and Detractors:

During the period, the consumer discretionary sector benefited the Fund's relative performance the most. Retailers such as high-end apparel brand United Arrows and Ryohin Keikaku, the owner of the MUJI brand, performed well on the back of growing sales driven by higher product pricing. We are seeing a polarisation in performance amongst retailers with branded businesses that command pricing power against those that lack such attributes.

On the other hand, our underexposure to the utilities sector, relative to the benchmark, posed the biggest drag on the Fund's relative performance. Electric power companies performed well as investors expect margin improvement with the decline in oil and natural gas prices. The restart of a nuclear reactor in August has also raised expectations for margin improvement going forward. Still, we remain bearish on the mid to long term outlook for Japan's utility sector.

Notable Portfolio Changes:

Since the launch of the Fund, we have added Dexerials, a manufacturer of high-margin niche electronic materials used in display applications. Formerly known as Sony Chemical, the company has thrived since it was spun off a few years ago. The Fund also holds TechnoPro Holdings, a company that specialises in the staffing of professionals such as mechanical, electrical and software engineers. Labour supply is tight in Japan and we expect the pricing environment to remain favourable for staffing companies with specialised offerings. Both of these companies operate highly cash-generative businesses and are committed to paying out a large portion of their profits to shareholders.

**Outlook:**

The global economic growth outlook has become increasingly challenging, particularly in emerging markets where currency weakness undermines consumption and corporate profitability. Though Japan is supported by the very accommodative monetary policies of the Bank of Japan, it is not immune to slower global growth. With earnings estimate revisions turning negative, rising uncertainty may lead to a further contraction in valuation multiples. Challenging times will be a test of Japan Inc.'s resolve to improve corporate governance practices and capital allocation policies. Although this may sound quite dire, we still believe there to be a wealth of long-term opportunities for select Japanese companies as they further integrate into the Asian region. Our active investment approach seeks to identify quality businesses that can capture such growth opportunities going forward.

Schedule of Investments

EQUITIES

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market Instruments admitted to an official exchange listing			
CONSUMER DISCRETIONARY			
Auto Components			
Nifco, Inc.	900	30,561	0.96
		30,561	0.96
Automobiles			
Toyota Motor Corp.	1,600	93,034	2.91
		93,034	2.91
Distributors			
Doshisha Co., Ltd.	3,400	62,095	1.94
		62,095	1.94
Hotels, Restaurants & Leisure			
Kyoritsu Maintenance Co., Ltd.	1,100	70,250	2.20
		70,250	2.20
Household Durables			
Rinnai Corp.	400	30,308	0.95
		30,308	0.95
Internet & Catalog Retail			
Start Today Co., Ltd.	1,200	39,348	1.23
		39,348	1.23
Multiline Retail			
Ryohin Keikaku Co., Ltd.	300	60,834	1.90
		60,834	1.90
Specialty Retail			
Sac's Bar Holdings, Inc.	2,600	44,221	1.38
United Arrows, Ltd.	1,500	61,692	1.93
VT Holdings Co., Ltd.	10,500	62,905	1.97
Workman Co., Ltd.	600	36,358	1.14
		205,176	6.42
Total Consumer Discretionary		591,606	18.51
CONSUMER STAPLES			
Food & Staples Retailing			
Cosmos Pharmaceutical Corp.	300	35,193	1.10
San-A Co., Ltd.	1,700	74,297	2.32
Seven & I Holdings Co., Ltd.	1,900	86,198	2.69
		195,688	6.11
Food Products			
Calbee, Inc.	1,200	38,550	1.20
		38,550	1.20
Household Products			
Pigeon Corp.	3,000	69,667	2.18
Unicharm Corp.	3,100	54,733	1.71
		124,400	3.89
Personal Products			
Kao Corp.	2,200	98,976	3.09
		98,976	3.09
Total Consumer Staples		457,614	14.29

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
FINANCIALS			
Banks			
Sumitomo Mitsui Financial Group, Inc.	1,800	67,728	2.12
		67,728	2.12
Diversified Financial Services			
eGuarantee, Inc.	2,000	37,252	1.16
Financial Products Group Co., Ltd.	6,700	47,998	1.50
ORIX Corp.	6,100	77,962	2.44
Zenkoku Hoshu Co., Ltd.	1,900	62,623	1.96
		225,835	7.06
Insurance			
Tokio Marine Holdings, Inc.	2,200	81,499	2.55
		81,499	2.55
Total Financials		375,062	11.73
HEALTH CARE			
Health Care Equipment & Supplies			
Asahi Intecc Co., Ltd.	1,900	67,965	2.12
CYBERDYNE, Inc.	2,900	34,131	1.07
Daiken Medical Co., Ltd.	4,000	32,903	1.03
Hoya Corp.	2,100	68,278	2.13
Sysmex Corp.	1,200	62,845	1.96
		266,122	8.31
Health Care Providers & Services			
N Field Co., Ltd.	2,400	30,142	0.94
Win-Partners Co., Ltd.	2,600	35,800	1.12
		65,942	2.06
Health Care Technology			
M3, Inc.	3,200	63,144	1.97
		63,144	1.97
Pharmaceuticals			
Rohto Pharmaceutical Co., Ltd.	2,800	42,751	1.34
		42,751	1.34
Total Health Care		437,959	13.68
INDUSTRIALS			
Air Freight & Logistics			
AIT Corp.	3,000	23,234	0.73
		23,234	0.73
Building Products			
Aica Kogyo Co., Ltd.	2,300	45,819	1.43
Daikin Industries, Ltd.	700	38,927	1.22
		84,746	2.65
Electrical Equipment			
Mabuchi Motor Co., Ltd.	1,200	51,687	1.62
Nidec Corp.	1,000	68,293	2.13
		119,980	3.75

*Schedule of Investments (continued)***EQUITIES (continued)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
INDUSTRIALS (CONTINUED)			
Machinery			
Harmonic Drive Systems, Inc.	3,700	52,577	1.64
Komatsu, Ltd.	3,900	56,972	1.78
Mitsubishi Heavy Industries, Ltd.	14,000	62,152	1.94
SMC Corp.	200	43,484	1.36
		215,185	6.72
Professional Services			
Benefit One, Inc.	1,900	31,957	1.00
Nihon M&A Center, Inc.	1,700	73,755	2.31
Nomura Co., Ltd.	3,000	42,278	1.32
Recruit Holdings Co., Ltd.	1,000	29,802	0.93
TechnoPro Holdings, Inc.	2,300	60,527	1.89
		238,319	7.45
Road & Rail			
Trancom Co., Ltd.	900	47,648	1.49
		47,648	1.49
Total Industrials		729,112	22.79

INFORMATION TECHNOLOGY

Electronic Equipment, Instruments & Components			
Anritsu Corp.	4,600	27,779	0.87
Dexerials Corp.	3,100	39,759	1.24
Keyence Corp.	100	44,386	1.39
Murata Manufacturing Co., Ltd.	400	51,297	1.60
Omron Corp.	1,500	44,842	1.40
Yokogawa Electric Corp.	3,700	38,446	1.20
		246,509	7.70
Internet Software & Services			
COOKPAD, Inc.	4,000	83,764	2.62
Kakaku.com, Inc.	2,500	40,290	1.26
		124,054	3.88
Semiconductors & Semiconductor Equipment			
Rohm Co., Ltd.	700	30,881	0.97
		30,881	0.97
Total Information Technology		401,444	12.55

MATERIALS

Chemicals			
MORESCO Corp.	1,900	24,921	0.78
Shin-Etsu Chemical Co., Ltd.	900	45,888	1.43
		70,809	2.21
Total Materials		70,809	2.21

TELECOMMUNICATION SERVICES

Wireless Telecommunication Services			
SoftBank Corp.	1,100	50,172	1.57
		50,172	1.57
Total Telecommunication Services		50,172	1.57

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
TOTAL EQUITIES		3,113,778	97.33
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		3,113,778	97.33
TOTAL INVESTMENTS		3,113,778	97.33
CASH AND OTHER ASSETS, LESS LIABILITIES		85,267	2.67
TOTAL NET ASSETS		3,199,045	100.00

The accompanying notes form an integral part of these financial statements.

Schedule of Investments (continued)

Country Allocation	% of Net Assets
Industrials	22.79
Consumer Discretionary	18.51
Consumer Staples	14.29
Health Care	13.68
Information Technology	12.55
Financials	11.73
Materials	2.21
Telecommunication Services	1.57
Total Investments	97.33
Cash and Other Assets, Less Liabilities	2.67
Total	100.00



PORTFOLIO MANAGERS

Lydia So, CFA

Lead Manager

Kenichi Amaki

Co-Manager

Beini Zhou, CFA

Co-Manager

Asia Small Companies Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2015, the Matthews Asia Small Companies Fund returned -16.12%, while its benchmark, the MSCI All Country Asia ex Japan Small Cap Index, returned -12.60%.

Market Environment:

The beginning of year witnessed a solid rally in the markets of China and Hong Kong. In particular, the Hang Seng Index rose nearly 20% from mid-March to the end of April, driven by record liquidity from mainland Chinese investors who took advantage of the relatively new Shanghai–Hong Kong Stock Connect Program that was launched last November. By late summer, China's domestic A-share market corrected sharply after a strong run. This was due to extremely rich stock valuations—compounded by margin lending—that were somewhat detached from company fundamentals. Investor sentiment quickly turned bearish as extreme volatility in China's domestic A-share market dragged other Asian equity markets lower. In August, China's unexpected shift toward a more market-driven currency regime and the devaluation of the renminbi sent global markets into panic mode. It left investors to fear that emerging market currencies might be destabilised with greater intensity. Shortly after that, China announced another round of cuts to interest rates and reserve requirement ratios as downward pressure on the country's economic growth remained. Meanwhile, weakness in commodity prices and country-specific political challenges also caused other Asian currencies, such as the Indonesian rupiah and Malaysian ringgit, to weaken further.

Performance Contributors and Detractors:

The portfolio's relative overweight in Indonesia and Malaysia and underweight in South Korea, compared to the benchmark, contributed to the Fund's underperformance during the six-month period. The weakness in the rupiah and ringgit also exacerbated the negative returns in U.S dollar terms. Our holdings in India and Taiwan, on the other hand, held up relatively well amid a rather chaotic market environment.

Company-specific factors also detracted from Fund performance. Some of our long-term holdings, such as Super Group in Singapore, a manufacturer of instant coffee, and Towngas China, a downstream piped gas supplier, were amongst the largest detractors to Fund performance. Both companies experienced slowing revenue growth due to softer consumer demand. Correspondingly, their stock valuations contracted sharply during this period.

Notable Portfolio Changes:

In April, we initiated a position in Clear Media, an outdoor Hong Kong media company running the largest bus shelter advertising network in China with dominant positions in major cities. The company is controlled by Clear Channel, a major American outdoor media company. We like the firm's market position as well as its cash flow generation capabilities, and were able to initiate our position at an attractive multiple. On the sell side, we exited Osim International in Singapore. Its core massage chair business in China turned out to be more challenging than we originally anticipated. We also initiated a new position in eHi Car Services, China's second-largest car rental company. We believe that the company is well-positioned to expand its fleet size and geographical presence in a fragmented, yet high-growth, industry.

We have selectively trimmed some holdings that have performed relatively well and traded at a premium to the market due to valuation considerations. We also reduced the portfolio's exposure to the financials sector in Southeast



Asia as we have grown more cautious on its growth outlook and potential asset quality issues.

Outlook:

Asia's macroeconomic environment has been tough due to China's shift toward a consumption-driven economy, and away from a more investment-led economic model. Southeast Asian countries have also struggled somewhat with slowing exports and industrial activity. Recent corporate earnings results indicated rather sluggish domestic demand and growth guidance, which have somewhat been reflected in the drop in valuations. With expectations for an interest rate hike in the U.S. later this year, Asian equities—especially in countries with fiscal and capital deficits—might continue to be volatile as they tend to be negatively impacted by capital outflows. We are mindful of the macroeconomic challenges facing Asian countries; however, we believe that there are still well-run companies in its small-cap universe. We shall remain consistent with our approach in seeking companies with strong balance sheets and cash generation abilities, which we believe, is increasingly important as the current operating environment may be less forgiving of companies with poor capital allocation discipline. The opportunities appear plentiful in growth industries such as health care, the Internet, consumer-related sectors and business services. These encompass the secular trends that we believe will continue to progress as consumption habits evolve in the region.

Investing in small- and mid-size companies is more risky than investing in large companies as they may be more volatile and less liquid than larger companies.

*Schedule of Investments***EQUITIES**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market Instruments admitted to an official exchange listing			
CHINA/HONG KONG			
51job, Inc. ADR	34,000	917,218	1.21
Bitauto Holdings, Ltd. ADR	37,900	1,088,327	1.44
China Biologic Products, Inc.	9,600	808,692	1.07
China Distance Education Holdings, Ltd. ADR	89,900	1,172,451	1.55
Clear Media, Ltd.	1,290,000	1,286,661	1.70
Convenience Retail Asia, Ltd.	1,864,000	957,247	1.26
eHi Car Services, Ltd. ADR	63,900	739,238	0.98
Fairwood Holdings, Ltd.	582,500	1,646,020	2.17
Goldpac Group, Ltd.	378,000	190,438	0.25
Kerry Logistics Network, Ltd.	1,244,500	1,769,802	2.33
Lee's Pharmaceutical Holdings, Ltd.	1,238,500	1,596,055	2.11
Lifetech Scientific Corp.	6,874,000	991,565	1.31
Mint Group, Ltd.	564,000	1,007,352	1.33
Phoenix New Media, Ltd. ADR	181,141	784,860	1.04
Qingdao Port International Co., Ltd. H Shares	2,792,000	1,253,601	1.65
Stelux Holdings International, Ltd.	2,401,000	263,333	0.35
Sunny Optical Technology Group Co., Ltd.	536,000	1,066,937	1.41
Towngas China Co., Ltd.	1,953,000	1,199,881	1.58
Vitasoy International Holdings, Ltd.	1,288,000	1,904,563	2.51
YGM Trading, Ltd.	713,000	643,995	0.85
		21,288,236	28.10
INDIA			
AIA Engineering, Ltd.	62,720	948,307	1.25
Bajaj Corp., Ltd.	191,002	1,307,078	1.72
Berger Paints India, Ltd.	256,012	857,342	1.13
CRISIL, Ltd.	26,334	736,039	0.97
Emami, Ltd.	41,624	731,450	0.96
GRUH Finance, Ltd.	260,477	1,056,959	1.39
Gujarat Pipavav Port, Ltd.	285,712	807,390	1.06
Ipcal Laboratories, Ltd.	92,660	1,047,952	1.38
Just Dial, Ltd.	45,099	676,279	0.89
LA Opala RG, Ltd.	65,405	552,886	0.73
Mindtree, Ltd.	55,185	1,274,202	1.68
Page Industries, Ltd.	3,953	799,887	1.06
Supreme Industries, Ltd.	95,984	905,109	1.19
		11,700,880	15.41
INDONESIA			
PT AKR Corporindo	2,032,600	811,564	1.07
PT Arwana Citramulia	19,103,500	581,652	0.77
PT Astra Otoparts	2,678,200	283,301	0.37
PT Bank Tabungan Pensiunan Nasional	3,528,000	700,640	0.92
PT Modern Internasional	5,312,400	67,071	0.09
PT Selamat Sempurna	2,654,900	809,896	1.07
PT Sumber Alfaria Trijaya	20,618,100	802,042	1.06
PT Ultrajaya Milk Industry & Trading Co.	2,250,800	611,355	0.81
PT Wismlak Inti Makmur	5,308,400	136,945	0.18
		4,804,466	6.34

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
MALAYSIA			
7-Eleven Malaysia Holdings BHD	3,312,000	1,114,357	1.47
Alliance Financial Group BHD	68,500	52,172	0.07
Karex BHD	1,621,250	1,197,394	1.58
Oldtown BHD	480,600	138,811	0.18
		2,502,734	3.30
PHILIPPINES			
Concepcion Industrial Corp.	371,200	317,808	0.42
Philippine Seven Corp.	187,670	384,820	0.51
RFM Corp.	10,535,000	901,855	1.19
Security Bank Corp.	445,086	1,308,604	1.73
Vista Land & Lifescapes, Inc.	1,948,400	209,988	0.28
		3,123,075	4.13
SINGAPORE			
ARA Asset Management, Ltd.	1,309,500	1,214,144	1.60
iFAST Corp., Ltd.	544,700	529,905	0.70
ISEC Healthcare, Ltd.	873,800	130,981	0.17
Petra Foods, Ltd.	418,400	737,756	0.97
Raffles Medical Group, Ltd.	418,800	1,329,355	1.75
Super Group, Ltd.	1,401,100	758,084	1.00
		4,700,225	6.19
SOUTH KOREA			
Binggrae Co., Ltd.	12,416	791,924	1.04
Ezware Co., Ltd.	106,329	1,194,911	1.58
Hy-Lok Corp.	45,298	1,304,631	1.72
Interpark Corp.	75,290	1,417,311	1.87
i-SENS, Inc.	52,546	1,664,591	2.20
Medy-Tox, Inc.	2,579	930,628	1.23
		7,303,996	9.64
TAIWAN			
Addcn Technology Co., Ltd.	119,500	1,072,611	1.41
Adlink Technology, Inc.	527,674	1,466,493	1.93
Aerospace Industrial Development Corp.	642,000	768,978	1.01
Finetek Co., Ltd.	391,680	986,038	1.30
Merida Industry Co., Ltd.	242,000	1,305,737	1.72
PChome Online, Inc.	168,973	1,946,131	2.57
Sinmag Equipment Corp.	263,663	962,772	1.27
Sporton International, Inc.	224,643	1,307,236	1.72
TSC Auto ID Technology Co., Ltd.	182,200	1,218,239	1.61
Voltronic Power Technology Corp.	109,937	1,430,652	1.89
		12,464,887	16.43

Schedule of Investments (continued)**EQUITIES (continued)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
THAILAND			
Aeon Thana Sinsap Thailand Public Co., Ltd. NVDR	274,200	722,771	0.95
Aeon Thana Sinsap Thailand Public Co., Ltd.	27,600	72,752	0.10
Bangkok Chain Hospital Public Co., Ltd.	4,408,700	831,259	1.10
Supalai Public Co., Ltd.	1,559,800	786,003	1.04
Tisco Financial Group Public Co., Ltd.	697,100	681,261	0.90
		3,094,046	4.09
VIETNAM			
DHG Pharmaceutical JSC	128,480	380,508	0.50
		380,508	0.50

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
TOTAL EQUITIES		71,363,053	94.13
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		71,363,053	94.13
TOTAL INVESTMENTS		71,363,053	94.13
CASH AND OTHER ASSETS, LESS LIABILITIES		4,447,277	5.87
TOTAL NET ASSETS		75,810,330	100.00

ADR: American Depositary Receipt

BHD: Berhad

H Shares: Mainland Chinese companies listed on The Hong Kong Stock Exchange but incorporated in mainland China

NVDR: Non-Voting Depositary Receipt

Schedule of Investments (continued)

Country Allocation	% of Net Assets
China/Hong Kong	28.10
Taiwan	16.43
India	15.41
South Korea	9.64
Indonesia	6.34
Singapore	6.19
Philippines	4.13
Thailand	4.09
Malaysia	3.30
Vietnam	0.50
Total Investments	94.13
Cash and Other Assets, Less Liabilities	5.87
Total	100.00



PORTFOLIO MANAGERS*

Richard Gao

Lead Manager

Tiffany Hsiao, CFA

Lead Manager

Henry Zhang, CFA

Co-Manager

Kenichi Amaki

Co-Manager

* Effective July 1, 2015, Tiffany Hsiao, CFA, replaced Richard Gao as Lead Manager of this Fund and Kenichi Amaki became a Co-Manager of this Fund.

China Small Companies Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2015, the Matthews China Small Companies Fund returned -8.56%, while its benchmark, the MSCI China Small Cap Index, returned -12.02%.

Market Environment:

The quarters ending in June and September of 2015 were among the most volatile in the history of the MSCI China Small Cap Index. Following the “irrational exuberance” early in the six-month period, small-cap stocks in China fell precipitously during the latter months due to a confluence of factors. Fundamentally, as generally disappointing first half earnings were released, the lofty valuations were quickly brought back down. China’s official manufacturing purchasing managers’ index (PMI) for July and August deteriorated month-to-month, which added to fears of a global growth slump. On top of weak earnings and economic indicators, the Chinese government intervention in the stock and currency markets also created policy confusion that led to market volatility.

Performance Contributors and Detractors:

During the six-month period, the biggest contributors to the Fund’s relative outperformance versus the benchmark were the materials and industrials sectors due to good stock selection and allocation. Our biggest drag on Fund performance relative to the benchmark was the financials sector as certain companies that we believed were of lower quality significantly benefited from market volatility.

Two of our best-performing stocks were Voltronic Power Technology, a Taiwanese manufacturer of uninterruptible power supply (UPS) systems, and Sunny Optical Technology, a leading camera module maker—both of which exemplify firms that have strong secular growth trends that should be able to weather lackluster macro environments. For Voltronic Power, the proliferation of wireless Internet, data centers and urbanisation are key business drivers. Sunny Optical designs and manufactures camera modules for Smartphones and automobiles. The fierce competition amongst the Smartphone brands and strong adoption of automobile safety cameras are key drivers for its business.

Our top detractors of Fund performance were Chanjet and CIMC Enric Holdings. Chanjet is a provider of resource management software to small businesses in China. Early in 2015, the company announced significant plans to make its software available online, which will have a negative near term financial impact. Our positive thesis on Chanjet remains unchanged, however, as we are strong believers of work force productivity and the growth potential of small private businesses in China. We agree with the company’s vision of making software more easily accessible via the Internet, and thus are comfortable with the company’s long-term prospects. CIMC Enric’s share price was hurt by weak oil prices in the second half of 2014 impacting its first half 2015 results. Longer term, we are still confident in the fundamentals of CIMC Enric given our positive view on natural gas adoption in China.

Notable Portfolio Changes:

During the semi-annual period, our bottom-up stock selection process resulted in shifts in our sector weightings, namely a reduction in our exposure to the health care and financials sectors, and increase to the industrials and consumer staples sectors. We exited our positions in New Oriental Education, CSPC Pharmaceutical Group and Sino Biopharmaceutical, given their relatively large market capitalisations. We also exited Shenzhen Chiwan



Petroleum amid growing uncertainty over its Hong Kong relisting plans. We initiated positions in some logistics and consumer staples firms as we see favourable long-term secular growth prospects in these areas.

Outlook:

As more reasonable earnings expectations and valuation multiples have been reflected in share prices during the latter months of the six-month period, we expect less share price volatility for the remainder of the year. We continue to focus on companies with sustainable quality earnings growth and have seen valuations become more favourable, especially in Hong Kong and U.S.-traded Chinese small-cap shares. As the economy continues to struggle, we expect ongoing government policy support toward year-end. However, we seek to own companies that are not dependent on such policy measures. We still find sectors, such as industrial automation and health care, to be among the most attractive from a secular growth perspective.

Investing in small- and mid-size companies is more risky than investing in large companies as they may be more volatile and less liquid than larger companies.

*Schedule of Investments***EQUITIES**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market Instruments admitted to an official exchange listing			
CONSUMER DISCRETIONARY			
Auto Components			
Minth Group, Ltd.	44,000	78,588	2.60
		78,588	2.60
Diversified Consumer Services			
China Distance Education Holdings, Ltd. ADR	7,300	95,205	3.15
TAL Education Group ADR	1,600	49,493	1.63
		144,698	4.78
Hotels, Restaurants & Leisure			
Fairwood Holdings, Ltd.	24,500	69,232	2.28
Homeinns Hotel Group ADR	600	17,503	0.58
		86,735	2.86
Media			
Clear Media, Ltd.	51,000	50,868	1.68
		50,868	1.68
Total Consumer Discretionary		360,889	11.92

CONSUMER STAPLES

Food Products			
China Modern Dairy Holdings, Ltd.	130,000	39,664	1.31
Tenwow International Holdings, Ltd.	151,000	48,260	1.59
Vitasoy International Holdings, Ltd.	44,000	65,063	2.15
		152,987	5.05
Total Consumer Staples		152,987	5.05

FINANCIALS

Capital Markets			
Value Partners Group, Ltd.	49,000	45,959	1.52
		45,959	1.52
Diversified Financial Services			
China Merchants China Direct Investments, Ltd.	26,000	40,209	1.33
		40,209	1.33
Real Estate Management & Development			
Beijing Properties Holdings, Ltd.	708,000	42,119	1.39
China Jinmao Holdings Group	160,000	40,349	1.33
KWG Property Holding, Ltd.	156,000	102,694	3.39
		185,162	6.11
Total Financials		271,330	8.96

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
HEALTH CARE			
Biotechnology			
China Biologic Products, Inc.	1,600	134,782	4.45
Shanghai Haohai Biological Technology Co., Ltd. H Shares	2,700	15,741	0.52
		150,523	4.97
Health Care Equipment & Supplies			
Lifetech Scientific Corp.	294,000	42,409	1.40
		42,409	1.40
Life Sciences Tools & Services			
WuXi PharmaTech Cayman, Inc. ADR	2,200	95,774	3.17
		95,774	3.17
Pharmaceuticals			
Lee's Pharmaceutical Holdings, Ltd.	123,000	158,510	5.24
SSY Group, Ltd.	224,599	53,126	1.75
		211,636	6.99
Total Health Care		500,342	16.53

INDUSTRIALS

Air Freight & Logistics			
Kerry Logistics Network, Ltd.	48,000	68,261	2.26
		68,261	2.26
Electrical Equipment			
Boer Power Holdings, Ltd.	75,000	126,884	4.19
Finetek Co., Ltd.	11,220	28,246	0.93
Voltronic Power Technology Corp.	9,712	126,386	4.18
		281,516	9.30
Machinery			
CIMC Enric Holdings, Ltd.	92,000	52,574	1.73
TK Group Holdings, Ltd.	244,000	76,201	2.52
		128,775	4.25
Marine			
SITC International Holdings Co., Ltd.	248,000	119,563	3.95
		119,563	3.95
Professional Services			
51job, Inc. ADR	3,000	80,931	2.67
Sporton International, Inc.	14,556	84,704	2.80
		165,635	5.47
Road & Rail			
eHi Car Services, Ltd. ADR	5,700	65,942	2.18
		65,942	2.18
Transportation Infrastructure			
Qingdao Port International Co., Ltd. H Shares	112,000	50,288	1.66
Shenzhen International Holdings, Ltd.	35,000	48,035	1.59
Yuexiu Transport Infrastructure, Ltd.	174,000	109,219	3.61
		207,542	6.86
Total Industrials		1,037,234	34.27

China Small Companies Fund

30 September 2015

Schedule of Investments (continued)

EQUITIES (continued)

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
INFORMATION TECHNOLOGY			
Electronic Equipment, Instruments & Components			
PAX Global Technology, Ltd.	89,000	92,348	3.05
Sunny Optical Technology Group Co., Ltd.	52,000	103,509	3.42
Technovator International, Ltd.	76,000	48,546	1.60
		244,403	8.07
Internet Software & Services			
Phoenix New Media, Ltd. ADR	6,100	26,430	0.87
		26,430	0.87
Software			
Chanjet Information Technology Co., Ltd. H Shares	22,800	39,363	1.30
		39,363	1.30
Technology Hardware, Storage & Peripherals			
Adlink Technology, Inc.	35,342	98,221	3.25
		98,221	3.25
Total Information Technology		408,417	13.49

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
UTILITIES			
Gas Utilities			
Towngas China Co., Ltd.	140,000	86,013	2.84
		86,013	2.84
Total Utilities		86,013	2.84
TOTAL EQUITIES			
		2,817,212	93.06
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		2,817,212	93.06
TOTAL INVESTMENTS			
		2,817,212	93.06
CASH AND OTHER ASSETS, LESS LIABILITIES			
		209,981	6.94
TOTAL NET ASSETS			
		3,027,193	100.00

ADR: American Depositary Receipt

H Shares: Mainland China companies listed on The Hong Kong Stock Exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.

Schedule of Investments (continued)

Sector Allocation	% of Net Assets
Industrials	34.27
Health Care	16.53
Information Technology	13.49
Consumer Discretionary	11.92
Financials	8.96
Consumer Staples	5.05
Utilities	2.84
Total Investments	93.06
Cash and Other Assets, Less Liabilities	6.94
Total	100.00

Statement of Assets and Liabilities

As at 30 September 2015

	Asia Dividend Fund (USD)	Pacific Tiger Fund (USD)	China Fund (USD)	India Fund (USD)
ASSETS				
Investment in securities at value (note 2C)	388,818,895	336,196,612	39,778,839	78,895,658
At cost	468,250,763	390,839,914	44,290,332	86,575,803
Cash and cash equivalent at bank	16,991,687	22,218	462,353	1,946,466
Amount receivable on sales of investments	978,030	2,349,815	6,415	352,551
Interests and dividends receivable	1,395,703	4,440,314	55,741	46,306
Subscriptions receivable	532	84,471	–	55,461
Formation expenses (note 2I)	–	–	–	5,865
Prepaid expenses and other receivables	253,237	240,809	19,035	14,156
TOTAL ASSETS	408,438,084	343,334,239	40,322,383	81,316,463
LIABILITIES				
Bank overdraft	–	1,492,393	304	2,005,433
Amounts payable on purchases of investments	191,173	281	–	59
Redemptions payable	1,986,091	1,890,479	–	20,565
Management fees and administration fees (note 4)	915,268	935,944	66,176	143,539
Payable for foreign taxes (note 7B)	–	747,457	–	556,330
Accrued expenses and other payables	1,050,832	320,955	122,591	109,889
TOTAL LIABILITIES	4,143,364	5,387,509	189,071	2,835,815
TOTAL NET ASSETS	404,294,720	337,946,730	40,133,312	78,480,648

The accompanying notes form an integral part of these financial statements.

Statement of Assets and Liabilities *(Continued)*

As at 30 September 2015

Japan Fund (USD)	Asia Small Companies Fund (USD)	China Small Companies Fund (USD)	China Dividend Fund (USD)	Asia Focus Fund (USD)	Asia Strategic Income Fund (USD)	Combined (USD)
3,113,778	71,363,053	2,817,212	3,186,673	772,582	9,046,702	933,990,004
3,419,590	85,759,098	3,248,788	3,339,642	940,225	9,691,603	1,096,355,758
94,384	4,096,401	216,476	325,740	38,565	545,371	24,739,661
–	460,705	49	2	–	–	4,147,567
15,454	194,145	6,990	11,480	2,216	125,463	6,293,812
–	–	13,765	470	–	–	154,699
–	–	–	–	–	–	5,865
12,982	42,066	30,697	34,950	49,010	33,249	730,191
3,236,598	76,156,370	3,085,189	3,559,315	862,373	9,750,785	970,061,799
–	509	7	–	–	–	3,498,646
8,926	–	–	–	–	–	200,439
–	–	–	–	–	–	3,897,135
5,919	172,206	7,332	8,197	1,819	19,115	2,275,515
2,578	95,205	–	–	4,735	7,614	1,413,919
20,130	78,120	50,657	64,587	35,463	42,115	1,895,339
37,553	346,040	57,996	72,784	42,017	68,844	13,180,993
3,199,045	75,810,330	3,027,193	3,486,531	820,356	9,681,941	956,880,806

This table follows the same sequence of financial captions on the previous page.

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets

For the period ended 30 September 2015

	Asia Dividend Fund (USD)	Pacific Tiger Fund (USD)	China Fund (USD)	India Fund (USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	630,825,705	750,629,033	61,484,764	69,551,732
INCOME				
Dividends income, net (foreign tax withholding) (note 2G)	10,968,918	12,854,521	795,152	520,253
Interest income, net (note 2G)	1,331	1,335	96	197
TOTAL INCOME	10,970,249	12,855,856	795,248	520,450
EXPENSES				
Overdraft interest on bank accounts	–	42	–	1,672
Management fees and administration fees (note 4)	3,411,269	3,945,451	253,995	401,597
Domiciliation, Administration and Transfer agency fees	119,471	86,473	30,575	31,428
Professional fees	46,299	51,023	8,839	31,451
Printing fees	69,222	61,909	6,355	4,225
Custodian fees	105,216	66,680	10,579	10,321
Amortization of formation expenses (note 2I)	647	647	–	3,945
Taxe d'abonnement (note 7A)	126,130	187,182	12,575	19,247
Transaction costs (note 8)	634,098	1,156,474	140,511	98,371
Other expenses	291,933	165,292	30,529	21,090
TOTAL EXPENSES	4,804,285	5,721,173	493,958	623,347
Fee waiver (note 2H)	144,978	–	167	–
NET INVESTMENT INCOME/(LOSS)	6,310,942	7,134,683	301,457	(102,897)
Net realised gain/(loss) on investments	89,703,733	(19,041,248)	8,538,207	203,599
Net realised gain/(loss) on forward currency exchange contracts	628,216	(110,664)	88	(16,050)
Net realised gain/(loss) on foreign exchanges	(613,219)	(326,570)	(680)	(6,659)
Net realised gain/(loss) for the period	89,718,730	(19,478,482)	8,537,615	180,890
Net change in unrealised gain/(loss) on investments	(144,468,338)	(125,535,283)	(11,335,453)	(7,877,574)
Net change in unrealised gain/(loss) on foreign tax provision (note 7B)	92,360	273,986	–	(188,245)
Net change in unrealised gain/(loss) on foreign exchanges	14,295	100,740	(5)	46,492
Net change in unrealised gain/(loss) for the period	(144,361,683)	(125,160,557)	(11,335,458)	(8,019,327)
Increase/(decrease) in net assets as a result of operations	(48,332,011)	(137,504,356)	(2,496,386)	(7,941,334)
Subscriptions	86,583,845	222,467,430	20,853,989	36,934,335
Redemptions	(263,094,679)	(497,645,377)	(39,709,055)	(20,064,085)
Dividend distributions (note 10)	(1,688,140)	–	–	–
NET ASSETS AT THE END OF THE PERIOD	404,294,720	337,946,730	40,133,312	78,480,648

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets *(Continued)*

For the period ended 30 September 2015

Japan Fund* (USD)	Asia Small Companies Fund (USD)	China Small Companies Fund (USD)	China Dividend Fund (USD)	Asia Focus Fund (USD)	Asia Strategic Income Fund (USD)	Combined (USD)
–	20,524,224	2,574,907	5,874,921	1,018,260	10,034,929	1,552,518,475
17,078	1,150,658	64,778	139,383	13,740	2,137	26,526,618
4	184	6	390	2	249,710	253,255
17,082	1,150,842	64,784	139,773	13,742	251,847	26,779,873
–	22	–	55	–	–	1,791
13,586	547,958	26,229	33,869	6,031	58,275	8,698,260
6,391	27,002	24,425	29,181	16,598	11,788	383,332
4,682	29,511	14,744	18,645	5,079	5,624	215,897
57	5,919	450	1,451	83	692	150,363
2,096	10,610	10,328	10,579	2,807	10,455	239,671
–	–	–	–	–	–	5,239
654	21,689	925	1,514	241	2,497	372,654
2,103	214,112	14,028	30,781	4,800	8,082	2,303,360
9,829	30,888	25,133	20,525	10,534	15,353	621,106
39,398	887,711	116,262	146,600	46,173	112,766	12,991,673
19,435	–	69,854	79,648	39,344	41,668	395,094
(2,881)	263,131	18,376	72,821	6,913	180,749	14,183,294
14,614	(3,018,514)	256,954	506,255	(32,446)	(89,996)	77,041,158
(17,971)	(12,960)	15	217	(683)	(193)	470,015
21,245	(40,285)	(75)	(1,420)	700	(7,662)	(974,625)
17,888	(3,071,759)	256,894	505,052	(32,429)	(97,851)	76,536,548
(305,812)	(15,047,244)	(645,454)	(868,018)	(170,420)	(432,082)	(306,685,678)
(2,578)	2,954	–	–	(2,006)	(3,510)	172,961
16	7,086	(33)	5	38	97	168,731
(308,374)	(15,037,204)	(645,487)	(868,013)	(172,388)	(435,495)	(306,343,986)
(293,367)	(17,845,832)	(370,217)	(290,140)	(197,904)	(352,597)	(215,624,144)
3,492,412	81,470,763	1,779,275	668,680	–	119,752	454,370,481
–	(8,338,825)	(956,772)	(2,685,767)	–	–	(832,494,560)
–	–	–	(81,163)	–	(120,143)	(1,889,446)
3,199,045	75,810,330	3,027,193	3,486,531	820,356	9,681,941	956,880,806

* For the period from 30 April 2015 (date of launch) to 30 September 2015.

This table follows the same sequence of financial captions on the previous page.

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Number of Shares

For the period ended 30 September 2015

	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	C Acc (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)
ASIA DIVIDEND FUND									
Shares outstanding at the beginning of the period	18,032,906	3,604,978	11,133,222	1,035,080	8,004,916	134,537	1,337,065	236,928	113,659
Shares subscribed	2,164,548	847,970	1,139,974	41,791	–	62,735	1,177,870	79,937	1,000
Shares redeemed	11,578,450	1,689,806	4,240,916	83,791	–	40,312	842,872	44,054	26,776
Shares outstanding at the end of the period	8,619,004	2,763,142	8,032,280	993,080	8,004,916	156,960	1,672,063	272,811	87,883
PACIFIC TIGER FUND									
Shares outstanding at the beginning of the period	38,695,240	1,873,349	6,608,570	n.a.	n.a.	1,731,226	951,437	11,496	n.a.
Shares subscribed	6,249,369	4,698,423	780,525	–	–	2,492,788	405,818	20,524	–
Shares redeemed	29,312,827	5,515,718	4,043,777	–	–	330,978	269,163	9,255	–
Shares outstanding at the end of the period	15,631,782	1,056,054	3,345,318	n.a.	n.a.	3,893,036	1,088,092	22,765	n.a.
CHINA FUND									
Shares outstanding at the beginning of the period	4,999,924	n.a.	93,805	n.a.	n.a.	82,171	n.a.	2,706	n.a.
Shares subscribed	1,714,127	–	21,399	–	–	45,896	–	431	–
Shares redeemed	2,953,682	–	24,384	–	–	23,616	–	1,510	–
Shares outstanding at the end of the period	3,760,369	n.a.	90,820	n.a.	n.a.	104,451	n.a.	1,627	n.a.
INDIA FUND									
Shares outstanding at the beginning of the period	3,923,949	n.a.	131,343	n.a.	n.a.	440,068	n.a.	158,280	n.a.
Shares subscribed	1,187,212	–	435,053	–	–	653,808	–	56,561	–
Shares redeemed	331,387	–	348,659	–	–	444,326	–	99,760	–
Shares outstanding at the end of the period	4,779,774	n.a.	217,737	n.a.	n.a.	649,550	n.a.	115,081	n.a.
JAPAN FUND*									
Shares outstanding at the beginning of the period	–	n.a.	–	n.a.	n.a.	–	n.a.	n.a.	n.a.
Shares subscribed	260,989	–	46,800	–	–	23,823	–	–	–
Shares redeemed	–	–	–	–	–	–	–	–	–
Shares outstanding at the end of the period	260,989	n.a.	46,800	n.a.	n.a.	23,823	n.a.	n.a.	n.a.
ASIA SMALL COMPANIES FUND									
Shares outstanding at the beginning of the period	1,168,352	n.a.	197,529	n.a.	n.a.	265,248	n.a.	n.a.	n.a.
Shares subscribed	6,678,046	–	41,375	–	–	68,827	–	–	–
Shares redeemed	256,102	–	44,255	–	–	321,273	–	–	–
Shares outstanding at the end of the period	7,590,296	n.a.	194,649	n.a.	n.a.	12,802	n.a.	n.a.	n.a.
CHINA SMALL COMPANIES FUND									
Shares outstanding at the beginning of the period	112,689	n.a.	92,090	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	119,258	–	7,074	–	–	–	–	–	–
Shares redeemed	57,134	–	9,130	–	–	–	–	–	–
Shares outstanding at the end of the period	174,813	n.a.	90,034	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

* For the period from 30 April 2015 (date of launch) to 30 September 2015.

Statement of Changes in Number of Shares *(Continued)*

For the period ended 30 September 2015

	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	C Acc (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)
CHINA DIVIDEND FUND									
Shares outstanding at the beginning of the period	175,302	227,879	64,919	41,512	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	16,279	6,053	25,472	3,066	–	–	–	–	–
Shares redeemed	9,322	206,484	17,155	1,741	–	–	–	–	–
Shares outstanding at the end of the period	182,259	27,448	73,236	42,837	n.a.	n.a.	n.a.	n.a.	n.a.
ASIA FOCUS FUND									
Shares outstanding at the beginning of the period	50,000	n.a.	50,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	–	–	–	–	–	–	–	–	–
Shares redeemed	–	–	–	–	–	–	–	–	–
Shares outstanding at the end of the period	50,000	n.a.	50,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ASIA STRATEGIC INCOME FUND									
Shares outstanding at the beginning of the period	278,926	256,410	251,146	256,412	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	–	6,523	–	6,528	–	–	–	–	–
Shares redeemed	–	–	–	–	–	–	–	–	–
Shares outstanding at the end of the period	278,926	262,933	251,146	262,940	n.a.	n.a.	n.a.	n.a.	n.a.

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics

Values per share in Share Class currency

	As at 30 September 2015	As at 31 March 2015	As at 31 March 2014
ASIA DIVIDEND FUND			
Net Assets			
I Acc (USD)	113,738,243	261,468,378	292,541,034
I Dist (USD)	32,886,411	48,044,214	72,133,495
A Acc (USD)	103,173,180	157,623,512	203,976,154
A Dist (USD)	11,706,979	13,706,145	20,329,738
C Acc (USD)	102,979,222	112,982,043	102,528,181
I Acc (GBP)	2,052,933	1,985,479	1,976,015
I Dist (GBP)	19,666,839	18,095,897	13,305,599
A Acc (GBP)	3,486,177	3,424,896	1,070,956
A Dist (GBP)	1,025,847	1,531,055	2,952,198
NAV Per Share			
I Acc (USD)	13.20	14.50	13.21
I Dist (USD)	11.90	13.33	12.46
A Acc (USD)	12.84	14.16	12.96
A Dist (USD)	11.79	13.24	12.44
C Acc (USD)	12.86	14.11	12.81
I Acc (GBP)	13.08	14.76	11.93
I Dist (GBP)	11.76	13.53	11.22
A Acc (GBP)	12.78	14.46	11.74
A Dist (GBP)	11.67	13.47	11.23
Shares Outstanding			
I Acc (USD)	8,619,004	18,032,906	22,151,242
I Dist (USD)	2,763,142	3,604,978	5,791,360
A Acc (USD)	8,032,280	11,133,222	15,739,257
A Dist (USD)	993,080	1,035,080	1,633,760
C Acc (USD)	8,004,916	8,004,916	8,004,916
I Acc (GBP)	156,960	134,537	165,589
I Dist (GBP)	1,672,063	1,337,065	1,186,286
A Acc (GBP)	272,811	236,928	91,220
A Dist (GBP)	87,883	113,659	262,802
PACIFIC TIGER FUND			
Net Assets			
I Acc (USD)	198,518,021	582,183,292	188,211,877
I Dist (USD)	9,344,535	19,622,598	n.a
A Acc (USD)	39,804,968	93,410,487	5,324,752
I Acc (GBP)	49,087,138	26,558,467	14,592,549
I Dist (GBP)	10,118,929	10,764,427	n.a
A Acc (GBP)	280,118	172,560	78,634
NAV Per Share			
I Acc (USD)	12.70	15.05	12.93
I Dist (USD)	8.85	10.47	n.a
A Acc (USD)	11.90	14.13	12.22
I Acc (GBP)	12.61	15.34	11.70
I Dist (GBP)	9.30	11.31	n.a
A Acc (GBP)	12.30	15.01	11.53
Shares Outstanding			
I Acc (USD)	15,631,782	38,695,240	14,555,549
I Dist (USD)	1,056,054	1,873,349	n.a
A Acc (USD)	3,345,318	6,608,570	435,745
I Acc (GBP)	3,893,036	1,731,226	1,247,234
I Dist (GBP)	1,088,092	951,437	n.a
A Acc (GBP)	22,765	11,496	6,821

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics *(Continued)*

Values per share in Share Class currency

	As at 30 September 2015	As at 31 March 2015	As at 31 March 2014
CHINA FUND			
Net Assets			
I Acc (USD)	37,770,747	59,030,808	32,841,016
A Acc (USD)	835,508	1,017,559	560,082
I Acc (GBP)	991,118	941,591	6,421
A Acc (GBP)	15,080	30,359	14,791
NAV Per Share			
I Acc (USD)	10.04	11.81	10.61
A Acc (USD)	9.20	10.85	9.80
I Acc (GBP)	9.49	11.46	9.13
A Acc (GBP)	9.27	11.22	8.99
Shares Outstanding			
I Acc (USD)	3,760,369	4,999,924	3,095,344
A Acc (USD)	90,820	93,805	57,176
I Acc (GBP)	104,451	82,171	703
A Acc (GBP)	1,627	2,706	1,645
INDIA FUND			
Net Assets			
I Acc (USD)	60,367,557	54,510,987	14,770,705
A Acc (USD)	2,692,208	1,790,395	83,336
I Acc (GBP)	8,659,486	6,627,218	7,551
A Acc (GBP)	1,501,542	2,338,746	286,500
NAV Per Share			
I Acc (USD)	12.63	13.89	9.25
A Acc (USD)	12.36	13.63	9.12
I Acc (GBP)	13.33	15.06	8.90
A Acc (GBP)	13.05	14.78	8.77
Shares Outstanding			
I Acc (USD)	4,779,774	3,923,949	1,597,210
A Acc (USD)	217,737	131,343	9,137
I Acc (GBP)	649,550	440,068	849
A Acc (GBP)	115,081	158,280	32,654
JAPAN FUND*			
Net Assets			
I Acc (USD)	2,424,023	n.a	n.a
A Acc (USD)	433,856	n.a	n.a
I Acc (GBP)	224,799	n.a	n.a
NAV Per Share			
I Acc (USD)	9.29	n.a	n.a
A Acc (USD)	9.27	n.a	n.a
I Acc (GBP)	9.44	n.a	n.a
Shares Outstanding			
I Acc (USD)	260,989	n.a	n.a
A Acc (USD)	46,800	n.a	n.a
I Acc (GBP)	23,823	n.a	n.a

* For the period from 30 April 2015 (date of launch) to 30 September 2015.

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics *(Continued)*

Values per share in Share Class currency

	As at 30 September 2015	As at 31 March 2015	As at 31 March 2014
ASIA SMALL COMPANIES FUND			
Net Assets			
I Acc (USD)	73,744,380	13,439,603	995,763.00
A Acc (USD)	1,868,864	2,251,112	905,659.00
I Acc (GBP)	129,863	3,270,636	n.a
NAV Per Share			
I Acc (USD)	9.72	11.50	10.62
A Acc (USD)	9.60	11.40	10.57
I Acc (GBP)	10.14	12.33	n.a
Shares Outstanding			
I Acc (USD)	7,590,296	1,168,352	93,769.00
A Acc (USD)	194,649	197,529	85,683.00
I Acc (GBP)	12,802	265,248	n.a
CHINA SMALL COMPANIES FUND			
Net Assets			
I Acc (USD)	2,010,145	1,426,675	977,747
A Acc (USD)	1,017,048	1,148,232	1,311,639
NAV Per Share			
I Acc (USD)	11.50	12.66	12.67
A Acc (USD)	11.30	12.47	12.54
Shares Outstanding			
I Acc (USD)	174,813	112,689	77,171
A Acc (USD)	90,034	92,090	104,603
CHINA DIVIDEND FUND			
Net Assets			
I Acc (USD)	1,982,839	2,059,487	11,741,762
I Dist (USD)	282,867	2,594,658	2,514,536
A Acc (USD)	786,689	754,978	635,031
A Dist (USD)	434,137	465,798	415,005
NAV Per Share			
I Acc (USD)	10.88	11.75	10.40
I Dist (USD)	10.31	11.39	10.30
A Acc (USD)	10.74	11.63	10.33
A Dist (USD)	10.13	11.22	10.19
Shares Outstanding			
I Acc (USD)	182,259	175,302	1,129,534
I Dist (USD)	27,448	227,879	244,024
A Acc (USD)	73,236	64,919	61,452
A Dist (USD)	42,837	41,512	40,714
ASIA FOCUS FUND**			
Net Assets			
I Acc (USD)	411,549	510,193	n.a
A Acc (USD)	408,807	508,067	n.a
NAV Per Share			
I Acc (USD)	8.23	10.20	n.a
A Acc (USD)	8.18	10.16	n.a
Shares Outstanding			
I Acc (USD)	50,000	50,000	n.a
A Acc (USD)	50,000	50,000	n.a

** For the period 30 May 2014 (date of launch) to 30 September 2015.

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics *(Continued)*

Values per share in Share Class currency

	As at 30 September 2015	As at 31 March 2015	As at 31 March 2014
ASIA STRATEGIC INCOME FUND***			
Net Assets			
I Acc (USD)	2,628,893	2,721,268	n.a
I Dist (USD)	2,355,779	2,438,859	n.a
A Acc (USD)	2,354,258	2,443,086	n.a
A Dist (USD)	2,343,011	2,431,716	n.a
NAV Per Share			
I Acc (USD)	9.43	9.76	n.a
I Dist (USD)	8.96	9.51	n.a
A Acc (USD)	9.37	9.73	n.a
A Dist (USD)	8.91	9.48	n.a
Shares Outstanding			
I Acc (USD)	278,926	278,926	n.a
I Dist (USD)	262,933	256,410	n.a
A Acc (USD)	251,146	251,146	n.a
A Dist (USD)	262,940	256,412	n.a

*** For the period 29 August 2014 (date of launch) to 30 September 2015.

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements

As at 30 September 2015

1. GENERAL

MATTHEWS ASIA FUNDS (the “Fund”) is a self-managed investment company organised under the laws of the Grand Duchy of Luxembourg as a “société d’investissement à capital variable” (SICAV) and is authorised under Part I of the amended Luxembourg Law of 17 December 2010 relating to collective investment undertakings, as amended. The Fund was incorporated on 5 February 2010.

The Fund’s articles of incorporation have been deposited with the Luxembourg Registre du Commerce et des Sociétés and were published in the *Mémorial C, Recueil des Sociétés et Associations* (the “Mémorial”) on 25 February 2010 and the last update was published on 12 May 2014.

The Fund has been registered under number B-151275 with the Luxembourg Trade and Companies Register.

The objective of the Fund is to provide investors with access to the markets of the Asia Pacific region, through diversification of investments. Each Sub-Fund will have a specific investment objective.

At the date of the report, ten Sub-Funds were available for investments.

Each Sub-Fund offers the following Classes of Shares:

SHARE CLASS	Asia Dividend Fund	Pacific Tiger Fund	China Fund	India Fund	Japan Fund	Asia Small Companies Fund	China Small Companies Fund	China Dividend Fund	Asia Focus Fund	Asia Strategic Income Fund
I Acc (USD)	X	X	X	X	X	X	X	X	X	X
I Dist (USD)	X	X						X		X
A Acc (USD)	X	X	X	X	X	X	X	X	X	X
A Dist (USD)	X							X		X
I Acc (GBP)	X	X	X	X	X	X				
I Dist (GBP)	X	X								
A Acc (GBP)	X	X	X	X						
A Dist (GBP)	X									
C Acc (USD)	X									

The Sub-Fund may offer both accumulation (“Acc”) and distribution Shares (“Dist”), but in relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the Net Asset Value of such Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to periodically distribute substantially all the income earned on investments. All classes belonging to the same Sub-Fund will be commonly invested in adherence with the specific investment objective of the relevant Sub-Fund but may differ with regard to fee structure, minimum subscription amount, dividend policy or other particular features described in the Fund’s prospectus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Luxembourg law and regulations relating to Undertakings for Collective Investment and generally accepted accounting principles.

B) COMBINED FINANCIAL STATEMENTS

The Combined Statement of Assets and Liabilities and Combined Statements of Operations and Changes in Net Assets are expressed in USD.

C) VALUATION OF THE INVESTMENTS IN SECURITIES AND MONEY MARKET INSTRUMENTS

The Fund’s equity securities are valued based on market quotations or at fair value as determined in good faith by or under the direction of the Board of Directors (the “Board”) when no market quotations are available or when market quotations have become unreliable.

Market values for equity securities are determined based on the last sale price on the principal (or most advantageous) market on which the security is traded. If a reliable last sale price is not available, market values for equity securities are determined using the mean between the last available bid and asked price. Securities are valued through valuations obtained from a commercial pricing service or at the most recent mean of the bid and asked prices provided by investment dealers in accordance with the Fund’s Pricing Policies.

Notes to Financial Statements *(Continued)*

As at 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

C) VALUATION OF THE INVESTMENTS IN SECURITIES AND MONEY MARKET INSTRUMENTS *(Continued)*

Events affecting the value of foreign investments may occur between the time at which they are determined and the Fund's valuation point of 2:00 p.m. Luxembourg time. When such events occur, the Sub-Fund may fair value its securities if the impact of such events can be reasonably determined. Notwithstanding the foregoing, the Fund may determine not to fair value securities where it believes that the impact of doing so would not have a material impact on the calculation of a Sub-Fund's NAV on that day.

The Board has delegated the responsibility of making fair value determinations to the Investment Manager's Valuation Committee (the "Valuation Committee"), subject to the Fund's Pricing Policies. The Fund has retained third-party pricing services that may be utilized by the Valuation Committee under circumstances described in the Pricing Policies to provide fair value prices for certain securities held by the Fund. When fair value pricing is used, the prices of securities used by a Sub-Fund to calculate its Net Asset Value ("NAV") differ from quoted or published prices for the same securities for that day. All fair value determinations are made subject to the Board's oversight.

D) NET REALISED AND UNREALISED GAIN/(LOSS) ON SALES OF INVESTMENTS

Realised and unrealised gains or losses on sales of investments are calculated on the basis of first in first out cost method of the investments sold.

E) CONVERSION OF FOREIGN CURRENCIES

The books and records of the Fund are maintained in USD.

Transactions denominated in foreign currencies are recorded at the current prevailing exchange rates. All assets and liabilities denominated in foreign currencies are translated into USD at the current exchange rate.

Translation gains or losses resulting from changes in the exchange rate during the reporting year and realised gains and losses on the settlement of foreign currency transactions are reported in the results of operations for the current year.

The Fund does not isolate that portion of gains and losses on investments in equity securities that are due to changes in the foreign exchange rate from those that are due to changes in market prices of equity securities.

The accounting records and the financial statements of each Sub-Fund are expressed in USD.

Bank accounts, other net assets and market value of the investments in securities expressed in currencies other than the currency of a Sub-Fund are converted at the exchange rates prevailing on the date of the Statement of Assets and Liabilities. Income and expenses in currencies other than the currency of a Sub-Fund are converted at the rate of exchange prevailing at the transaction date.

Net realised and unrealised gains and losses on foreign exchange transactions represent: (i) foreign exchange gains and losses from the sale and holding of foreign currencies; (ii) gains and losses between trade date and settlement date on securities transactions and (iii) gains and losses arising from the difference between amounts of dividends and interest recorded and the amounts actually received.

F) COST OF INVESTMENTS IN SECURITIES

Cost of investments in securities in currencies other than the currency of a Sub-Fund is converted into the Sub-Fund's currency at the exchange rate applicable at purchase date.

G) INCOME

Interest income is accrued on a daily basis and may include the amortisation of premiums and accretions of discounts. Bank and time deposits interest income are recognised on an accrual basis.

Dividends are credited to income on the date upon which the relevant securities are first listed as 'ex dividend' provided that the amount of a dividend is known with reasonable certainty. This income is shown net of any withholding taxes, except where the withholding tax has been received or is receivable.

H) FEE WAIVER

The Investment Advisor may, for such time as it considers appropriate, choose to waive all or part of the fees that it is entitled to receive, as well as other Sub-Fund expenses, in order to reduce the impact such fees and expenses may have on the performance of the Share Class. The Investment Advisor will reimburse on a monthly basis the amount of the fee waiver to the respective Sub-Fund. Fees that have been previously reimbursed may be recovered by the Investment Advisor.

The amount of such fee waiver is separately disclosed as a "Fee Waiver" in the Statements of Operations and Changes in Net Assets.

I) FORMATION EXPENSES

The cost of establishing the Fund amounted to USD 157,391. The establishment costs are amortised on a straight line basis over five years from the date of which the Fund commenced business.

Notes to Financial Statements *(Continued)*

As at 30 September 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

J) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. EXCHANGE RATES

The exchange rates used in the financial statements as at 30 September 2015 are:

Australian Dollar (AUD)	1.4230	Indian Rupee (INR)	65.590	Thai Bhat (THB)	36.325
Swiss Franc (CHF)	0.9741	Japanese Yen (JPY)	120.23	Taiwan New Dollar (TWD)	32.863
Chinese Yuan (CNY)	6.3560	South Korean Won (KRW)	1,184.8	Vietnamese Dong (VND)	22,454
British Pound (GBP)	0.6589	Malaysian Ringgit (MYR)	4.3985		
Hong Kong Dollar (HKD)	7.7501	Philippines Peso (PHP)	46.720		
Indonesian Rupiah (IDR)	14,653	Singapore Dollar (SGD)	1.4237		

4. MANAGEMENT FEES AND ADMINISTRATION FEES

The Investment Advisor receives an amount corresponding to the Management Fee, which may be up to 1.50% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. The Management fees in the table represent the effective fees paid to the Investment Advisor, which are then paid out to the Investment Manager.

	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	C Acc (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)
Asia Dividend Fund	0.75%	0.75%	1.25%	1.25%	0.75%	0.75%	0.75%	1.25%	1.25%
Pacific Tiger Fund	0.75%	0.75%	1.25%	—	—	0.75%	0.75%	1.25%	—
China Fund	0.75%	—	1.25%	—	—	0.75%	—	1.25%	—
India Fund	0.75%	—	1.25%	—	—	0.75%	—	1.25%	—
Japan Fund	0.75%	—	1.25%	—	—	0.75%	—	—	—
Asia Small Companies Fund	1.00%	—	1.50%	—	—	1.00%	—	—	—
China Small Companies Fund	1.00%	—	1.50%	—	—	—	—	—	—
China Dividend Fund	0.75%	0.75%	1.25%	1.25%	—	—	—	—	—
Asia Focus Fund	0.75%	—	1.25%	—	—	—	—	—	—
Asia Strategic Income Fund	0.65%	0.65%	1.20%	1.20%	—	—	—	—	—

In addition, the Investment Advisor receives an Administration Fee, which may be up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. The Administration Fee is currently 0.25% for each Sub-Fund. The Investment Advisor pays the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

5. CUSTODIAN AND CENTRAL ADMINISTRATION FEES

The Custodian and the Administrative Agent receive from the Fund aggregate fees that amount to a maximum of 2% per annum of the total net assets of each Sub-Fund. Transaction costs are charged separately. The fees effectively charged to each Sub-Fund are disclosed in the annual report of the Fund. The Custodian and Administration Agent fees are payable monthly in arrears.

6. DIRECTOR FEE

The three Directors who are employees of Matthews International Capital Management, LLC do not receive additional compensation in respect of their roles as Directors of the Fund. The Director who is independent of Matthews International Capital Management, LLC is remunerated as a Conducting Officer, and not separately as a Director of the Fund.

Notes to Financial Statements *(Continued)*

As at 30 September 2015

7. TAXATION

A) TAXE D'ABONNEMENT

The subscription tax is payable quarterly and calculated on the total net assets of each Sub-Fund at the end of the relevant quarter at a rate of 0.05% per annum.

This rate is reduced to 0.01% (i) for Sub-Funds or individual classes of shares reserved to one or more institutional investors or (ii) funds or Sub-Funds having the exclusive object to invest in money market instruments as defined by the amended law of 17 December 2010 relating to undertakings of collective investment.

B) PROVISION FOR FOREIGN TAXES

The Sub-Funds may be subject to short-term capital gains tax in India on gains realised upon disposal of Indian securities held for a period of one year or less. The tax is computed on net realised gains; any realised losses in excess of gains may be carried forward for a period of up to eight years to offset future gains. Any net taxes payable must be remitted to the Indian government prior to repatriation of sales proceeds. The Sub-Funds that invest in Indian securities accrue a deferred tax liability for net unrealised short-term gains in excess of available carry forwards on Indian securities. This accrual may reduce a Sub-Fund's net asset value. As at 30 September 2015, the Pacific Tiger Fund has recorded a payable of USD 747,457, the India Fund a payable of USD 556,330 and the Asia Small Companies Fund a payable of USD 95,205 as an estimate for potential future Indian capital gains taxes.

Those amounts have been recorded as a reduction of "Dividend Income, Net".

8. TRANSACTION COSTS

For the period ended 30 September 2015, the Fund incurred transaction costs which have been defined as brokerage fees and custody transaction fees relating to purchase or sale of transferable securities or other eligible assets as follows:

Sub-Fund (USD)	Transaction costs	Custody transaction fees	Brokerage fees and commissions
Asia Dividend Fund	634,098	28,133	605,965
Pacific Tiger Fund	1,156,474	14,671	1,141,803
China Fund	140,511	2,747	137,764
India Fund	98,371	26,182	72,189
Japan Fund	2,103	–	2,103
Asia Small Companies Fund	214,112	11,505	202,607
China Small Companies Fund	14,028	3,003	11,025
China Dividend Fund	30,781	12,757	18,024
Asia Focus Fund	4,800	4,387	413
Asia Strategic Income Fund	8,082	7,810	272

9. SOFT COMMISSION ARRANGEMENTS

The Investment Manager may effect transactions with or through the agency of another person with whom the Investment Manager or an entity affiliated to the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Investment Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assist in the provision of investment services to the Fund. The total monetary value of these arrangements for the period ended 30 September 2015 is USD 89,566.35.

10. DIVIDENDS

The Fund intends to declare and distribute dividends representing substantially all of the investment income attributable to Distributing Shares. Dividends in respect of these Shares will normally be payable quarterly or semi-annually, will be declared in the currency of denomination of the relevant Fund and will be recorded on ex-date. Interim dividends in respect of the Distributing Shares of any particular Fund may be paid from the attributable net investment income and realised capital gains with a frequency and at such intervals as the Board of Directors may decide.

The Securities and Futures Commission of Hong Kong ("SFC") requires disclosure of the composition of dividends distributed by SFC authorized funds. This disclosure should include the amount of the distribution per share as well as the portion of the dividend paid out of capital on a rolling twelve-month period.

Notes to Financial Statements *(Continued)*

As at 30 September 2015

10. DIVIDENDS (Continued)

The following dividend payments were made during the twelve months ended 30 September 2015:

Asia Dividend Fund	Currency	Ex-Date	Date of dividend payment	Dividend per Share	Dividend paid out of distributable income for the period (%)	Dividend paid out of capital (%)
I Dist	USD	12/10/14	12/17/14	0.056103	32.94%	67.06%
I Dist	USD	3/19/15	3/26/15	0.058325	11.97%	88.03%
I Dist	USD	6/18/15	6/25/15	0.183746	77.80%	22.20%
I Dist	USD	9/17/15	9/24/15	0.067328	68.32%	31.68%
A Dist	USD	12/10/14	12/17/14	0.057066	4.11%	95.89%
A Dist	USD	3/19/15	3/26/15	0.048509	0.00%	100.00%
A Dist	USD	6/18/15	6/25/15	0.185727	66.18%	33.82%
A Dist	USD	9/17/15	9/24/15	0.063832	93.01%	6.99%
I Dist	GBP	12/10/14	12/17/14	0.054717	34.64%	65.36%
I Dist	GBP	3/19/15	3/26/15	0.049313	27.62%	72.38%
I Dist	GBP	6/18/15	6/25/15	0.175884	78.08%	21.92%
I Dist	GBP	9/17/15	9/24/15	0.069316	61.97%	38.03%
A Dist	GBP	12/10/14	12/17/14	0.058429	3.24%	96.76%
A Dist	GBP	3/19/15	3/26/15	0.049477	0.00%	100.00%
A Dist	GBP	6/18/15	6/25/15	0.182011	64.40%	35.60%
A Dist	GBP	9/17/15	9/24/15	0.061172	93.96%	6.04%
China Dividend Fund						
I Dist	USD	12/10/14	12/17/14	0.132590	38.21%	61.79%
I Dist	USD	6/18/15	6/25/15	0.301049	83.97%	16.03%
A Dist	USD	12/10/14	12/17/14	0.127794	15.71%	84.29%
A Dist	USD	6/18/15	6/25/15	0.294336	78.69%	21.31%

11. SWING PRICING

The Board of Directors of the Fund implemented a price adjustment policy in order to protect the interests of the Fund's Shareholders. The purpose of the price adjustment policy is to allocate the costs associated with large inflows and outflows to investors transacting that day, thereby protecting the long-term Shareholders from the worst effects of dilution. It achieves this purpose by adjusting the price at which deals in a Sub-Fund are transacted. In other words, Sub-Funds' prices may be adjusted up or down depending on the level and type of investor transactions on a particular day. In this way the existing and remaining Shareholders do not suffer an inappropriate level of dilution. The Fund will only trigger an adjustment in the price when there are net flows. The adjustment will be based on the normal dealing costs for the particular assets in which a Sub-Fund is invested but will not exceed 2% of the price. Once an adjustment is made to the price, that price is the official price for that Sub-Fund for all deals that day.

As at 30 September 2015, swing pricing was applied on the NAV per share of the following Sub-Funds:

Pacific Tiger Fund, Asia Dividend Fund, India Fund, China Small Companies Fund, China Dividend Fund and Asia Small Companies Fund.

Notes to Financial Statements *(Continued)*

As at 30 September 2015

11. SWING PRICING (Continued)

The following table compares the unsprung and the swung NAV per share as at 30 September 2015:

Sub-Fund	Share Class	Unsprung NAV	Swung NAV
Asia Dividend Fund	I Acc (USD)	USD 13.20	USD 13.15
	I Dist (USD)	USD 11.90	USD 11.86
	A Acc (USD)	USD 12.84	USD 12.80
	A Dist (USD)	USD 11.79	USD 11.75
	C Acc (USD)	USD 12.86	USD 12.82
	I Acc (GBP)	GBP 13.08	GBP 13.03
	I Dist (GBP)	GBP 11.76	GBP 11.72
	A Acc (GBP)	GBP 12.78	GBP 12.73
	A Dist (GBP)	GBP 11.67	GBP 11.63
Pacific Tiger Fund	I Acc (USD)	USD 12.70	USD 12.66
	I Dist (USD)	USD 8.85	USD 8.82
	A Acc (USD)	USD 11.90	USD 11.86
	I Acc (GBP)	GBP 12.61	GBP 12.56
	I Dist (GBP)	GBP 9.30	GBP 9.27
	A Acc (GBP)	GBP 12.30	GBP 12.26
India Fund	I Acc (USD)	USD 12.63	USD 12.59
	A Acc (USD)	USD 12.36	USD 12.32
	I Acc (GBP)	GBP 13.33	GBP 13.28
	A Acc (GBP)	GBP 13.05	GBP 13.00
Asia Small Companies Fund	I Acc (USD)	USD 9.72	USD 9.68
	A Acc (USD)	USD 9.60	USD 9.57
	I Acc (GBP)	GBP 10.14	GBP 10.11
China Small Companies Fund	I Acc (USD)	USD 11.50	USD 11.54
	A Acc (USD)	USD 11.30	USD 11.34
China Dividend Fund	I Acc (USD)	USD 10.88	USD 10.92
	I Dist (USD)	USD 10.31	USD 10.34
	A Acc (USD)	USD 10.74	USD 10.78
	A Dist (USD)	USD 10.13	USD 10.17

12. SIGNIFICANT EVENT

The Asia Credit Opportunities Fund was launched on 30 September 2015. There was no activity in the Sub-Fund other than the initial seed capital of USD10,000,000 as of 30 September 2015.

Further Information

STATEMENT OF CHANGES IN PORTFOLIO

A copy of the changes in the securities portfolio for the year is available free of charge at the registered office of the Fund.

Performance and Expenses *(Unaudited)*

As at 30 September 2015

	Average Annual Total Return ¹						Portfolio Turnover Ratio ²	Total Expense Ratio ³
	3 Months	1 year	3 years	5 years	Since Inception	Inception Date		
ASIA DIVIDEND FUND								
I Acc (USD)	-12.62%	-4.99%	4.30%	4.48%	5.18%	30 Apr 2010	14.46%	1.34%
I Dist (USD)	-12.63%	-5.02%	4.29%	4.50%	5.50%	26 Aug 2010	14.46%	1.35%
A Acc (USD)	-12.81%	-5.54%	3.72%	3.98%	4.96%	26 Aug 2010	14.46%	1.87%
A Dist (USD)	-12.76%	-5.52%	3.74%	3.98%	4.96%	26 Aug 2010	14.46%	1.88%
C Acc (USD)	-12.61%	-4.61%	4.64%	4.95%	5.07%	20 Sept 2010	14.46%	0.95%
I Acc (GBP)	-9.64%	1.24%	6.56%	n.a.	5.94%	28 Feb 2011	14.46%	1.34%
I Dist (GBP)	-9.59%	1.35%	6.58%	n.a.	5.94%	28 Feb 2011	14.46%	1.32%
A Acc (GBP)	-9.72%	0.87%	6.03%	n.a.	5.40%	28 Feb 2011	14.46%	1.77%
A Dist (GBP)	-9.79%	0.77%	6.02%	n.a.	5.40%	28 Feb 2011	14.46%	1.85%
MSCI AC Asia Pacific Index (USD)	-14.55%	-9.37%	3.08%	2.39%	2.55% ⁴			
PACIFIC TIGER FUND								
I Acc (USD)	-15.99%	-10.66%	2.75%	1.94%	4.45%	30 Apr 2010	-90.39%	1.19%
I Dist (USD)	-15.92%	n.a.	n.a.	n.a.	-11.80%	31 Oct 2014	-90.39%	1.16%
A Acc (USD)	-16.12%	-11.16%	2.20%	1.41%	3.40%	26 Aug 2010	-90.39%	1.75%
I Acc (GBP)	-13.08%	-4.78%	5.00%	n.a.	5.10%	28 Feb 2011	-90.39%	1.20%
I Dist (GBP)	-13.04%	n.a.	n.a.	n.a.	-7.30%	31 Oct 2014	-90.39%	1.18%
A Acc (GBP)	-13.17%	-5.40%	4.41%	n.a.	4.54%	28 Feb 2011	-90.39%	1.78%
MSCI AC Asia ex Japan Index (USD)	-16.94%	-12.15%	0.23%	0.68%	2.18% ⁴			
CHINA FUND								
I Acc (USD)	-22.11%	-8.14%	0.17%	-3.11%	0.07%	26 Feb 2010	61.74%	1.45%
A Acc (USD)	-22.23%	-8.64%	-0.32%	-3.60%	-1.62%	26 Aug 2010	61.74%	2.00%
I Acc (GBP)	-19.37%	-1.96%	2.43%	n.a.	-1.13%	28 Feb 2011	61.74%	1.45%
A Acc (GBP)	-19.46%	-2.52%	1.90%	n.a.	-1.64%	28 Feb 2011	61.74%	1.97%
MSCI China Index (USD)	-22.67%	-4.83%	4.10%	0.26%	2.20% ⁴			
INDIA FUND								
I Acc (USD)	-4.55%	4.22%	12.72%	n.a.	5.57%	30 June 2011	-89.87%	1.40%
A Acc (USD)	-4.72%	3.70%	12.17%	n.a.	5.03%	30 June 2011	-89.87%	1.90%
I Acc (GBP)	-1.34%	11.04%	15.18%	n.a.	6.90%	30 June 2011	-89.87%	1.42%
A Acc (GBP)	-1.44%	10.54%	14.63%	n.a.	6.36%	30 June 2011	-89.87%	1.94%
S&P BSE 100 Index (USD)	-6.92%	-3.57%	6.12%	n.a.	0.73% ⁴			
JAPAN FUND⁵								
I Acc (USD)	-11.19%	n.a.	n.a.	n.a.	-7.10%	30 Apr 2015	24.54%	1.50%
A Acc (USD)	-11.29%	n.a.	n.a.	n.a.	-7.30%	30 Apr 2015	24.54%	1.99%
I Acc (GBP)	-7.99%	n.a.	n.a.	n.a.	-5.60%	30 Apr 2015	24.54%	1.50%
MSCI Japan Index (USD)	-11.70%	n.a.	n.a.	n.a.	-12.06% ⁴			
ASIA SMALL COMPANIES FUND								
I Acc (USD)	-18.17%	-15.97%	n.a.	n.a.	-1.34%	30 Apr 2013	48.79%	1.58%
A Acc (USD)	-18.27%	-16.42%	n.a.	n.a.	-1.80%	30 Apr 2013	48.79%	2.17%
I Acc (GBP)	-15.26%	-10.37%	n.a.	n.a.	0.77%	30 Apr 2014	48.79%	1.64%
MSCI AC Asia ex Japan Small Cap Index (USD)	-17.16%	-12.39%	n.a.	n.a.	-2.84% ⁴			

¹ Annualised performance for periods of at least one year, otherwise cumulative.

² The Portfolio Turnover Ratio is calculated in accordance with the CSSF Circular 03/122 i.e. the aggregated sales and purchases less aggregated subscriptions and redemptions, divided by average net assets of the period. The portfolio turnover ratio may be negative as a result of shareholder transactions exceeding the investment transactions for the accounting period.

³ The Total Expense Ratio includes such fees as the Management and Administration fee, Domiciliation, Administration and Transfer agency fees, Professional fees, Printing fees, Custodian fee and Taxe d'abonnement. The Total Expense Ratio reported is for the 12 month period ended 30 September 2015 and is annualised for periods of less than 12 months.

⁴ Based on the Inception Date of the I Acc (USD) Share Class.

⁵ Japan Fund and its 3 Share Classes launched on 30 April 2015.

Performance and Expenses *(Unaudited) (Continued)*

As at 30 September 2015

	Average Annual Total Return ¹						Portfolio Turnover Ratio ²	Total Expense Ratio ³
	3 Months	1 year	3 years	5 years	Since Inception	Inception Date		
CHINA SMALL COMPANIES FUND								
I Acc (USD)	-19.58%	-8.41%	9.87%	n.a.	4.07%	29 Feb 2012	65.07%	1.75%
A Acc (USD)	-19.69%	-8.84%	9.36%	n.a.	3.57%	29 Feb 2012	65.07%	2.25%
MSCI China Small Cap Index (USD)	-26.89%	-10.27%	10.12%	n.a.	3.51% ⁴			
CHINA DIVIDEND FUND								
I Acc (USD)	-17.83%	-1.18%	n.a.	n.a.	3.36%	31 Jan 2013	122.17%	1.50%
I Dist (USD)	-17.81%	-1.22%	n.a.	n.a.	3.35%	31 Jan 2013	122.17%	1.50%
A Acc (USD)	-17.90%	-1.64%	n.a.	n.a.	2.86%	31 Jan 2013	122.17%	2.00%
A Dist (USD)	-17.92%	-1.62%	n.a.	n.a.	2.87%	31 Jan 2013	122.17%	2.00%
MSCI China Index (USD)	-22.67%	-4.83%	n.a.	n.a.	-1.53% ⁴			
ASIA FOCUS FUND								
I Acc (USD)	-15.93%	-16.78%	n.a.	n.a.	-13.56%	30 May 2014	47.56%	1.50%
A Acc (USD)	-16.02%	-17.12%	n.a.	n.a.	-13.95%	30 May 2014	47.56%	2.00%
MSCI AC Asia ex Japan Index (USD)	-16.94%	-12.15%	n.a.	n.a.	-8.69% ⁴			
ASIA STRATEGIC INCOME FUND								
I Acc (USD)	-3.18%	-3.38%	n.a.	n.a.	-5.25%	29 Aug 2014	118.27%	1.25%
I Dist (USD)	-3.23%	-3.43%	n.a.	n.a.	-5.30%	29 Aug 2014	118.27%	1.25%
A Acc (USD)	-3.40%	-4.00%	n.a.	n.a.	-5.81%	29 Aug 2014	118.27%	1.75%
A Dist (USD)	-3.35%	-3.96%	n.a.	n.a.	-5.78%	29 Aug 2014	118.27%	1.75%
HSBC Asian Local Bond Index (USD)	-4.95%	-5.45%	n.a.	n.a.	-6.78% ⁴			

¹ Annualised performance for periods of at least one year, otherwise cumulative.

² The Portfolio Turnover Ratio is calculated in accordance with the CSSF Circular 03/122 i.e. the aggregated sales and purchases less aggregated subscriptions and redemptions, divided by average net assets of the period. The portfolio turnover ratio may be negative as a result of shareholder transactions exceeding the investment transactions for the accounting period.

³ The Total Expense Ratio includes such fees as the Management and Administration fee, Domiciliation, Administration and Transfer agency fees, Professional fees, Printing fees, Custodian fee and Taxe d'abonnement. The Total Expense Ratio reported is for the 12 month period ended 30 September 2015 and is annualised for periods of less than 12 months.

⁴ Based on the Inception Date of the I Acc (USD) Share Class.

⁵ Japan Fund and its 3 Share Classes launched on 30 April 2015.

Disclosures and Index Definitions *(Unaudited)*

Investor Disclosure

All performance quoted represents past performance and is no guarantee of future results. The performance data do not take into account the commissions and costs incurred on the issue and redemption of shares. Investment returns and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than the original cost. Current performance may be lower or higher than the return figures quoted. Investors investing in Sub-Funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal.

Performance details provided for the Sub-Funds are based on a NAV to NAV basis, assuming reinvestment of dividends and capital gains, and are net of management fees and other expenses.

Calculation Method of the Risk Exposure

The methodology used in order to calculate the global exposure is the commitment approach in accordance with the CSSF Circular 11/512.

Index Definitions

It is not possible to invest directly in an index.

The **MSCI All Country Asia Pacific Index** is a free float-adjusted market capitalisation-weighted index of the stock markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand.

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

The **MSCI China Index** is a free float-adjusted market capitalisation-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.

The **S&P Bombay Stock Exchange 100 (S&P BSE 100) Index** is a free float-adjusted market capitalisation-weighted index of the 100 stocks listed on the Bombay Stock Exchange.

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.

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).

The **HSBC Asian Local Bond Index (ALBI)** tracks the total return performance of a bond portfolio consisting of local-currency denominated, high quality and liquid bonds in Asia ex-Japan. The ALBI includes bonds from the following countries: Korea, Hong Kong, India, Singapore, Taiwan, Malaysia, Thailand, Philippines, Indonesia and China.

The **MSCI Japan Index** is a free float-adjusted market capitalization-weighted index of Japanese equities listed in Japan.



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