



Matthews Asia

Matthews Asia ESG Fund

Pursuing Better Environmental and Social Outcomes



Comparison of holdings in the Matthews Asia ESG Fund to its benchmark, the MSCI All Country Asia ex Japan Index, across these environmental, social and governance (ESG) factors, as of December 31, 2019.

Metrics We Find Particularly Relevant for Asia and Emerging Markets

Matthews Asia ESG Fund vs. MSCI All Country Asia ex Japan Index

Carbon Emissions		Fund holdings had 1/5th of the carbon emissions exposure of the benchmark
Sustainable Transportation		Fund holdings had 5.8X the exposure to sustainable transportation
Financial Inclusion		Fund holdings had 3.7X the exposure to microfinance and MSME loans (for micro, small and medium enterprises) of the benchmark
Affordable Health Care		Fund holdings had 3.5X the exposure of generic drugs of the benchmark
Affordable Housing		Fund holdings had 6X the exposure of affordable housing

For a description of how we calculated these figures, please see "Methodology."

Additional Metrics That Some Investors Track Globally

	Alcohol		Fossil Fuels		Gambling
	Tobacco		Weapons		

Matthews Asia ESG Fund holdings had **zero exposure** to alcohol, fossil fuels, gambling, tobacco and weapons

The Matthews Asia Approach to Creating Positive Outcomes

All of our actions have impact, including how we invest for long-term goals. For the Matthews Asia ESG Fund, both active management and active ownership are essential elements of our approach to creating positive change in Asia.

- ✿ On the active management side, the Matthews Asia ESG Fund has a lower carbon footprint than our benchmark, the MSCI All Country Asia ex Japan Index, while also addressing critical areas such as financial inclusion and access to affordable health care.
- ✿ On the active ownership side, our portfolio managers engage with portfolio companies within the Fund to promote greater transparency and disclosure of issues that impact all global citizens, such as carbon emissions, corporate governance standards and track record on sustainability. We also encourage portfolio companies to improve their performance on key material sustainability metrics.

Through our investment process that screens for positive outcomes, the Matthews Asia ESG strategy tends to avoid industries such as fossil fuels, tobacco, alcohol, guns and gambling. We historically have not invested in these types of companies because they don't meet our criteria for positive outcomes. Our bottom-up security selection process make it unlikely for these companies to enter our portfolio, given its focus on sustainability.

Definitions

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

Important Information

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

Investing in international and emerging markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. In addition, single-country and sector strategies may be subject to a higher degree of market risk than diversified strategies because of concentration in a specific industry, sector or geographic location. Investing in small companies is more risky and more volatile than investing in large companies.

ESG factors can vary over different periods and can evolve over time. They may also be difficult to apply consistently across regions, countries or sectors. There can be no guarantee that a company deemed to meet ESG standards will actually conduct its affairs in a manner that is less destructive to the environment, or promote positive social and economic developments.

The views and information discussed herein are as of the date of publication, are subject to change and may not reflect current views. The views expressed represent an assessment of market conditions at a specific point in time, are opinions only and should not be relied upon as investment advice regarding a particular investment or markets in general. Such information does not constitute a recommendation to buy or sell specific securities or investment vehicles. Investment involves risk. Past performance is no guarantee of future results. The value of an investment in the Fund can go down as well as up. The information contained herein has been derived from sources believed to be reliable and accurate at the time of compilation, but no representation or warranty (express or implied) is made as to the accuracy or completeness of any of this information. Matthews Asia and its affiliates do not accept any liability for losses either direct or consequential caused by the use of this information.

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