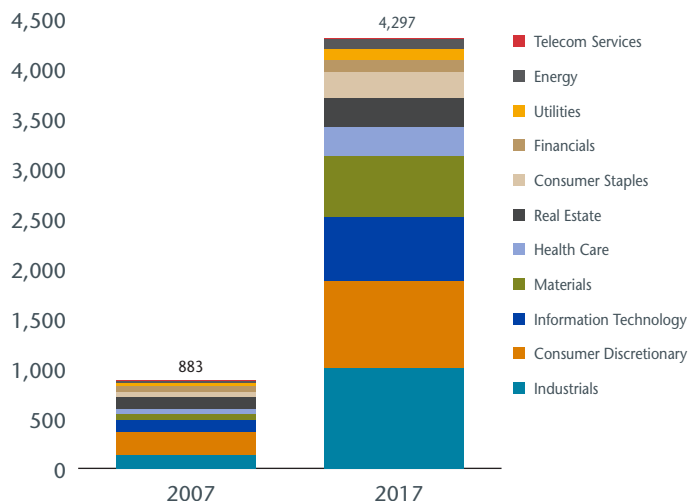




Why Invest in the Matthews China Small Companies Fund?

1. China's Small Company Universe is Expanding for Foreign Investors

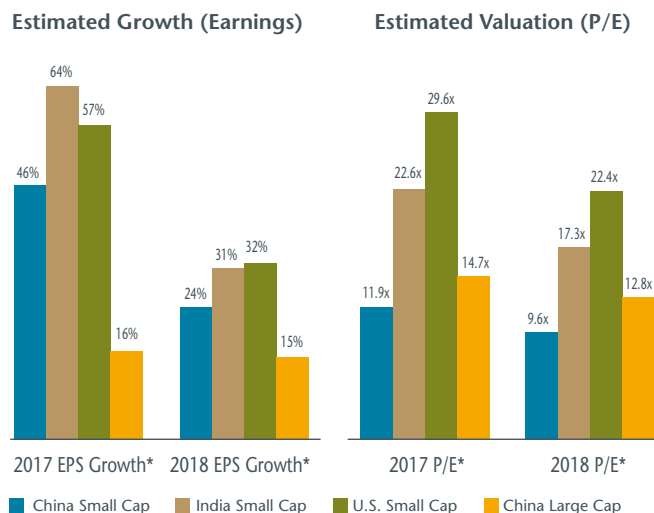
The investable universe of China small caps has expanded five-fold in the past decade, and most are not widely known or covered by sell-side analysts.



Includes all companies domiciled in Hong Kong, Macau and mainland China with market cap of US\$50MN to US\$3BN. 2007 figures do not include companies listed on the Shanghai or Shenzhen exchanges as they were generally not available to foreign investors at that time. Sources: FactSet Research Systems and Bloomberg as of August 31, 2017

2. Growth and Valuations

China's smaller firms may offer high quality growth at more attractive valuations



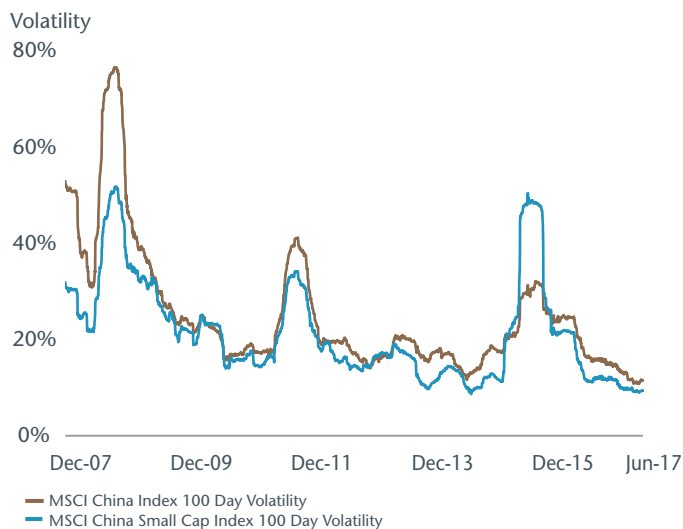
*Estimates as of August 23, 2017 for China Small Cap (MSCI China Small Cap Index), India Small Cap (MSCI India Small cap Index), U.S. Small Cap (Russell 2000 Index), China Large Cap (MSCI China Index) companies that provided forward looking EPS and P/E. There is no guarantee that forecasted EPS growth and/or P/E will be achieved.

Source: Bloomberg

Return on Assets (ROA), Earnings per share (EPS) and Price-to-Earnings ratio (P/E) are used as measures for analyzing companies and the underlying securities of a portfolio. These characteristics do not represent or predict the performance of any fund.

3. A Look at 100-day Volatility among China Small Caps

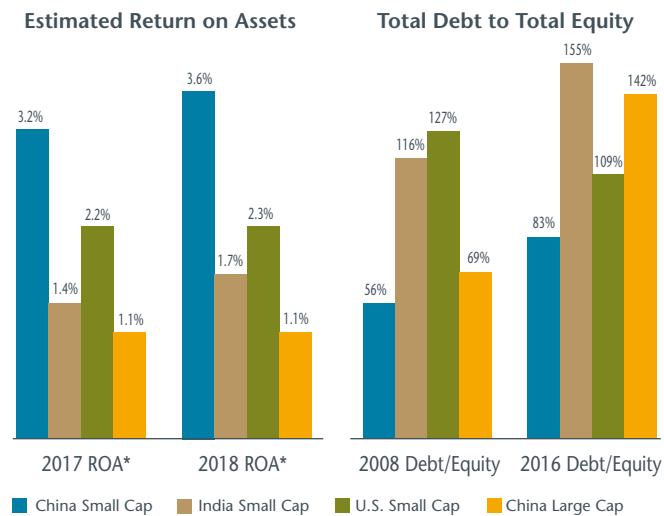
Small Caps Have Historically Been Less Volatile Over the Long Run



Volatility is the standard deviation of returns. Past performance is no guarantee of future results. Source: Bloomberg, data as of June 30, 2017

4. China small companies do not depend on leverage for returns

China's smaller firms may offer high returns at low leverage



*Estimates as of August 23, 2017 for China Small Cap (MSCI China Small Cap Index), India Small Cap (MSCI India Small cap Index), U.S. Small Cap (Russell 2000 Index), China Large Cap (MSCI China Index) companies that provided forward looking ROA and P/E. There is no guarantee that estimated ROA will be realized.

Source: Bloomberg

MATTHEWS CHINA SMALL COMPANIES FUND

Strategy Highlights

- ✿ **China's smaller companies:**
 - are poised to benefit from China's shift toward a consumption-driven market-based "new economy" that is less capital intensive
 - can drive strong return on invested capital
- ✿ **Smaller companies provide opportunities:**
 - for the potential for higher growth at lower valuations as they are less well-known
 - the historical volatility of small-cap stocks in China has trended lower than the overall China market*
- ✿ **Small companies in China may lack access to capital and, thus, must be more:**
 - competitive
 - innovative
 - capital-efficient than their larger peers to survive and thrive
- ✿ **Rigorous due diligence**
 - Our investment team maintains a rigorous due diligence process, including on-the-ground assessments of both business and management team quality

*MSCI China Index

Why Matthews Asia†?

- ✿ **25 years of Experience Investing in Asian Equity Markets**

We have invested in Asian equity markets, including small caps, since 1991 through multi-year market cycles.
- ✿ **Specialist Firm Focused Solely on Investing in Asia**

Independent and privately owned, Matthews Asia has a 40+ person investment team dedicated to investing in Asia.
- ✿ **Clear Investment Philosophy**

We believe that a long-term investment horizon and benchmark-agnostic approach provides value creation opportunities for our clients. This is reflected in a portfolio with low turnover and high active share.
- ✿ **Research-driven, Bottom-up Approach**

Our disciplined process is anchored in an active, bottom up approach to stock picking. Our dedicated investment team holds over 2,500 company meetings per year.

FUND FACTS

Total Fund Assets	\$25.7 million
Total # of Positions	59
Inception	May 31, 2011 (Investor Class) November 30, 2017 (Institutional Class)
Ticker	MCSMX (Investor Class) MICHX (Institutional Class)
Benchmark	MSCI China Small Cap Index

PORTFOLIO MANAGERS



Tiffany Hsiao, CFA
Lead Manager

Tiffany Hsiao is a Portfolio Manager at Matthews Asia, and manages the firm's China Small Companies Strategy. Prior to joining the firm in 2014, she was a Vice President and Research Analyst at Goldman Sachs Investment Partners in Hong Kong and Tokyo from 2007 to 2013. She was responsible for researching Asia Pacific investments, with an emphasis on equities in China. Previously, she spent six years at Franklin Templeton Investments, where she managed the firm's global communications fund. Tiffany earned her Masters of Science and Information Technology from Carnegie Mellon University and received a B.A. in Economics from the University of California, Berkeley. She is fluent in Mandarin and Taiwanese, and conversational in Cantonese.



Kenichi Amaki
Co-Manager

Kenichi Amaki is a Portfolio Manager at Matthews Asia. He manages the firm's Japan strategy and co-manages the Asia Small Companies and China Small Companies strategies. Prior to joining the firm in 2008 as a Research Analyst, he was an investment officer for a family trust based in Monaco, researching investment opportunities primarily in Japan. From 2001 to 2004, he worked on the International Pension Fund Team at Nomura Asset Management in Tokyo, Japan. Kenichi received a B.A. in Law from Keio University in Japan and an M.B.A. from the University of California, Berkeley, and is fluent in Japanese.

Disclosure and Notes

Investment team members in this report include employees of Matthews Asia and its subsidiaries.

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.

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 International Capital Management, LLC ("Matthews Asia") does not accept any liability for losses either direct or consequential caused by the use of this information.

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 MSCI China Index is a free float-adjusted market capitalization-weighted index of Chinese equities that include China-affiliated corporations and H shares listed on the Hong Kong exchange, and B shares listed on the Shanghai and Shenzhen exchanges.

The MSCI India Small Cap Index is a free float-adjusted market capitalization-weighted small cap index of the India market. With 255 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the Indian equity universe.

The Russell 2000 Index measures the performance of the small-capitalization segment of the U.S. stock market.

Index is for comparative purposes only and it is not possible to invest directly in an index.

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