

ASIA FIXED INCOME STRATEGIES



FUND FACTS

	Investor Class	Institutional Class
Ticker	MCRDX	MICPX
CUSIP	577130677	577130669
Inception	04/29/16	04/29/16
NAV	\$9.93	\$9.93
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio*	1.76%	1.52%
Net Expense Ratio <sup>1,*</sup>	1.15%	0.90%

\*Effective October 1, 2018

Portfolio Statistics

Total # of Positions	34
Net Assets	\$42.7 million
Modified Duration <sup>2</sup>	2.9
Portfolio Turnover	27.86% <sup>3</sup>

Benchmark

J.P. Morgan Asia Credit Index

RISKS

An investment in the Fund is subject to credit, interest rate and currency risks. Credit risk is the change in the value of debt securities reflecting the ability and willingness of issuers to make principal and interest payments. Interest rate risk is the possibility that a Fund's yield will decline due to falling interest rates and the potential for bond prices to fall as interest rates rise. Currency risk is a decline in value of a foreign currency relative to the Fund's base currency which reduces the value of the foreign currency and investments denominated in that currency. The Fund may invest in the following: derivatives which can be volatile and affect Fund performance; high yield bonds (junk bonds) which can subject the Fund to substantial risk of loss; and structured investments which can change the risk or return, or replicate the risk or return of an underlying asset. The Fund is non-diversified and may invest a larger portion of its assets in a single issuer and may entail greater risk than a diversified fund.

# Matthews Asia Credit Opportunities Fund

September 30, 2018

## Investment Objective

Seeks total return over the long term.

## Strategy

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in debt and debt-related instruments issued by companies as well as governments, quasigovernmental entities, and supranational institutions in Asia. Debt and debt-related instruments typically include bonds, debentures, bills, securitized instruments (which are vehicles backed by pools of assets such as loans or other receivables), notes, certificates of deposit and other bank obligations, bank loans, senior secured bank debt, convertible debt securities, credit-linked notes, inflation-linked instruments, repurchase agreements, payment-in-kind securities and derivative instruments with fixed income characteristics.

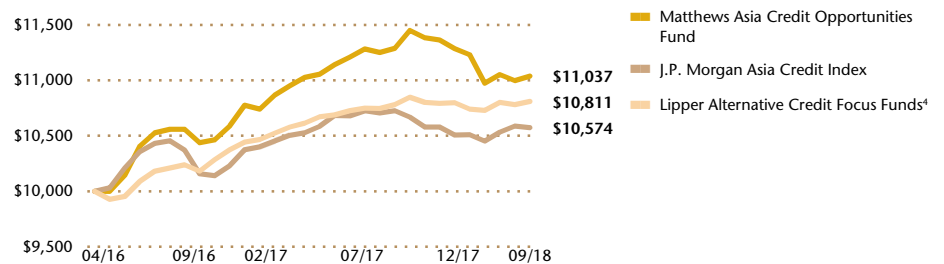
## Risks

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

### PERFORMANCE AS OF SEPTEMBER 30, 2018

	Average Annual Total Returns							Since Inception	Since Inception
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years			
Investor Class	0.56%	-2.22%	-1.54%	n.a.	n.a.	n.a.	4.16%	04/29/16	
Institutional Class	0.73%	-2.05%	-1.33%	n.a.	n.a.	n.a.	4.42%	04/29/16	
J.P. Morgan Asia Credit Index	1.17%	-1.41%	-1.01%	n.a.	n.a.	n.a.	2.34%	n.a.	

### GROWTH OF A \$10,000 INVESTMENT SINCE INCEPTION — INVESTOR



The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gain distributions or redemption of fund shares. Values are in US\$. Source: BNY Mellon Investment Servicing (US) Inc., Index data from J.P. Morgan.

- 1 After contractual fee waiver, expense reimbursement and/or recoupment effective through April 30, 2019.
- 2 Modified duration measures the percent change in value of the fixed income portion of the portfolio in response to a 1% change in interest rates. In a multi-currency denominated portfolio with sensitivities to different interest rate regimes, modified duration will not accurately reflect the change in value of the overall portfolio from a change in any one interest rate regime. Source: FactSet Research Systems, Bloomberg. For detailed modified duration exposures by currency, please see the next page.
- 3 The lesser of fiscal year 2017 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.
- 4 The Lipper Category Average does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated period.

Performance assumes reinvestment of all dividends and/or distributions before taxes. All performance quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the return figures quoted. Returns would have been lower if certain of the Fund's fees and expenses had not been waived. For the Fund's most recent month-end performance visit [matthewsasia.com](http://matthewsasia.com).

# Matthews Asia Credit Opportunities Fund

September 30, 2018

## TOP TEN POSITIONS<sup>5</sup>

	Sector	Currency	% of Net Assets
Zhongsheng Group Holdings, Ltd., Cnv., 0.000%, 05/23/2023	Consumer Discretionary	HKD	4.9%
Standard Chartered PLC, 6.500%, 12/29/2049	Financials	USD	4.3%
Debt and Asset Trading Corp., 1.000%, 10/10/2025	Financials	USD	4.3%
West China Cement, Ltd., 6.500%, 09/11/2019	Materials	USD	4.3%
Ctrip.com Int'l, Ltd., Cnv., 1.250%, 09/15/2022	Consumer Discretionary	USD	4.2%
China Overseas Finance Invnt Cayman V, Ltd., Cnv., 0.000%, 01/05/2023	Real Estate	USD	4.0%
Chinalco Capital Holdings, Ltd., 4.000%, 08/25/2021	Materials	USD	3.5%
Olam Int'l, Ltd., 4.500%, 04/12/2021	Consumer Staples	USD	3.4%
Wanda Properties Int'l Co., Ltd., 7.250%, 01/29/2024	Real Estate	USD	3.4%
Socialist Republic of Vietnam, 5.500%, 03/12/2028	Foreign Govt Bonds	USD	3.3%
<b>% OF ASSETS IN TOP TEN</b>			<b>39.6%</b>

## COUNTRY ALLOCATION (%)<sup>6,7\*</sup>

By Issuer's country of risk	
China/Hong Kong	49.0
Indonesia	13.0
Vietnam	8.5
Philippines	5.0
Thailand	5.0
Sri Lanka	4.8
Singapore	3.4
Japan	3.2
United States	1.0
Cash and Other Assets, Less Liabilities	7.0

\*A supranational is an international organization in which member states transcend national boundaries, (ex. IMF). Not all countries are included in the benchmark index.  
Source: FactSet Research Systems

## QUALITY DISTRIBUTION (%)<sup>8</sup>

Rating	
A-	2.0
BBB-	2.6
BB+	4.3
BB	4.0
BB-	15.2
B+	10.6
B	13.7
B-	2.7
Not Rated	37.9

Source: FactSet Research Systems, Moody's, S&P and Fitch

- <sup>5</sup> Holdings may combine more than one security from the same issuer and related depositary receipts.  
<sup>6</sup> Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding.  
<sup>7</sup> Percentage values may be derived from different data sources and may not be consistent with other Fund literature.  
<sup>8</sup> Credit quality is provided for the underlying bond holdings of the Fund and does not include common equities, cash and other assets and percentage values will not total 100%. Credit quality rating symbols reflect that of S&P and generally credit ratings range from AAA (highest) to D (lowest). When ratings from Moody's, S&P and Fitch are available for a bond in the Fund, the middle rating of the three is used. When two ratings are available, the lowest rating is used. When only one rating is provided, that one is used. Foreign government bonds without a specific rating are assigned the country rating provided by one of the three agencies. Securities that are not rated by any one of the three agencies are reflected as such.

## CURRENCY (%)<sup>2,6,7</sup>

	Weight	Modified Duration <sup>7</sup>
US Dollar	86.1	3.0
Hong Kong Dollar	4.9	2.6
China Renminbi	2.0	1.2
Cash and Other Assets, Less	7.0	0.0

<sup>7</sup>Fixed income portion of the portfolio  
Source: FactSet Research Systems

## SECTOR ALLOCATION (%)<sup>6,7</sup>

Real Estate	24.1
Financials	17.1
Consumer Discretionary	11.6
Industrials	8.8
Materials	7.7
Consumer Staples	7.7
Telecom Services	7.5
Foreign Government Bonds*	6.2
Utilities	2.2
Cash and Other Assets, Less Liabilities	7.0

\*Foreign Government Bonds includes supranationals Sector data (excluding Government Bonds) based on MSCI's revised Global Industry Classification Standards. For more details, visit [www.msci.com](http://www.msci.com).  
Source: FactSet Research Systems

## ASSET TYPE BREAKDOWN (%)<sup>6,7</sup>

Corporate Bonds	58.7
Convertible Bonds	23.7
Government Bonds	10.5
Cash and Other Assets, Less Liabilities	7.0

Source: FactSet Research Systems

## PORTFOLIO MANAGEMENT

**Teresa Kong, CFA**

Lead Manager

**Satya Patel**

Lead Manager

## INVESTMENT APPROACH

Matthews Asia believes in the long-term growth of Asia, one of the world's fastest-growing regions. Since 1991, we have focused our efforts and expertise in these countries, investing through a variety of market environments. Matthews Asia is the largest dedicated Asia-only investment specialist in the United States. With \$32.5 billion in assets under management as of September 30, 2018 Matthews Asia employs a bottom-up, fundamental investment philosophy with a focus on long-term investment performance.

Portfolio characteristics for the Fund may vary from time to time from what is shown. It should not be assumed that any investment in the securities listed was or will be profitable.

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

## INDEX DEFINITION

The J.P. Morgan Asia Credit Index (JACI) tracks the total return performance of the Asia fixed-rate dollar bond market. JACI is a market cap-weighted index comprising sovereign, quasi-sovereign and corporate bonds and is partitioned by country, sector and credit rating. JACI includes bonds from the following countries: China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Thailand and Singapore. Index is for comparative purposes only it is not possible to invest directly in an index. Source: BNY Mellon Investment Servicing (US) Inc., Index data from J.P. Morgan.

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