



Matthews Asia Small Companies Fund

September 30, 2018

Investment Objective

Long-term capital appreciation.

Strategy

Under normal market conditions, the Matthews Asia Small Companies Fund seeks to achieve its investment objective by investing at least 80% of its total assets, which include borrowings for investment purposes, in the common and preferred stocks of Small Companies located in Asia Ex Japan, which consists of all countries and markets in Asia excluding Japan but including all other developed, emerging and frontier countries and markets in the Asian region. The Fund seeks to invest in smaller companies capable of sustainable growth based on the fundamental characteristics of those companies, including balance sheet information; number of employees; size and stability of cash flow; management's depth, adaptability and integrity; product lines; marketing strategies; corporate governance; and financial health.

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.

FUND FACTS

	Investor Class	Institutional Class
Ticker	MSMLX	MISMX
CUSIP	577125206	577125867
Inception	09/15/08	04/30/13
NAV	\$20.58	\$20.59
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio	1.49%	1.35%
Net Expense Ratio ¹	1.46%	1.25%

Portfolio Statistics

Total # of Positions	73
Net Assets	\$351.1 million
Weighted Average Market Cap	\$1.3 billion
Portfolio Turnover	67.13% ²

Benchmark

MSCI All Country Asia ex Japan Small Cap Index³

Redemption Fee

2% within first 90 calendar days of purchase

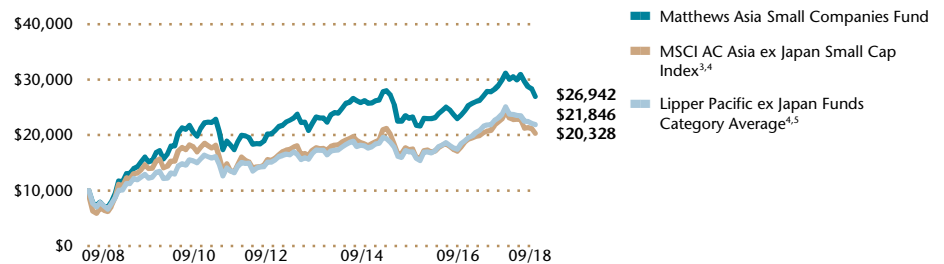
INVESTMENT APPROACH

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.

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	Since Inception		
Investor Class	-9.14%	-10.09%	-3.21%	6.21%	4.06%	10.58%	10.37%	09/15/08	
Institutional Class	-9.10%	-9.93%	-3.03%	6.45%	4.28%	n.a.	3.12%	04/30/13	
MSCI AC Asia ex Japan Small Cap Index	-4.39%	-11.22%	-2.33%	6.85%	3.32%	8.43%	7.32% ⁴	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.

- After contractual fee waiver, expense reimbursement and/or recoupment effective through April 30, 2019.
- The lesser of fiscal year 2017 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.
- 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, Korea, Malaysia, Pakistan, the Philippines, Singapore, Taiwan and Thailand. Index is for comparative purposes only and it is not possible to invest directly in an index.
- Calculated from 9/15/08.
- 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. Calculated from 9/30/08.

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.

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TOP TEN HOLDINGS ⁶		
	Country	% of Net Assets
Vitasoy International Holdings, Ltd.	China/Hong Kong	2.7%
SUNeVision Holdings, Ltd.	China/Hong Kong	2.5%
Silergy Corp.	China/Hong Kong	2.5%
Sunny Friend Environmental Technology Co., Ltd.	Taiwan	2.3%
Shanghai Haohai Biological Technology Co., Ltd.	China/Hong Kong	2.2%
China Aviation Oil Singapore Corp., Ltd.	China/Hong Kong	1.9%
D&O Green Technologies BHD	Malaysia	1.9%
BBI Life Sciences Corp.	China/Hong Kong	1.9%
Merck, Ltd.	India	1.8%
PT Bank Tabungan Pensiunan Nasional	Indonesia	1.8%
% OF ASSETS IN TOP TEN		21.5%

COUNTRY ALLOCATION (%) ⁷				SECTOR ALLOCATION (%) ⁷			
	Fund	Benchmark	Difference		Fund	Benchmark	Difference
China/Hong Kong	33.7	22.0	11.7	Information Technology	22.1	17.8	4.3
Taiwan	12.1	21.2	-9.1	Industrials	15.1	13.3	1.8
South Korea	11.8	22.2	-10.4	Consumer Discretionary	14.1	16.6	-2.5
India	11.3	14.9	-3.6	Health Care	13.5	9.8	3.7
Thailand	6.2	4.8	1.4	Consumer Staples	10.8	5.8	5.0
Vietnam	5.4	0.0	5.4	Financials	7.3	8.9	-1.6
Indonesia	3.8	2.4	1.4	Real Estate	4.4	11.4	-7.0
Malaysia	3.7	3.9	-0.2	Materials	4.1	10.2	-6.1
Japan	2.2	0.0	2.2	Energy	3.4	2.0	1.4
Australia	1.5	0.0	1.5	Utilities	0.0	2.6	-2.6
Philippines	1.1	0.9	0.2	Telecom Services	0.0	1.6	-1.6
United States	1.1	0.0	1.1	Cash and Other Assets, Less Liabilities	5.3	0.0	5.3
Singapore	0.9	6.7	-5.8				
Pakistan	0.0	0.8	-0.8				
Cash and Other Assets, Less Liabilities	5.3	0.0	5.3				

Not all countries are included in the benchmark index.
Source: FactSet Research Systems

Sector data based on MSCI's revised Global Industry Classification Standards. For more details, visit www.msci.com.
Source: FactSet Research Systems

MARKET CAP EXPOSURE (%) ^{7,8}				P/E RATIOS ⁹	
	Fund	Benchmark	Difference		
Mega Cap (over \$25B)	0.0	0.0	0.0	P/E Using FY1 Estimates	15.5x
Large Cap (\$10B-\$25B)	0.0	0.0	0.0	P/E Using FY2 Estimates	13.3x
Mid Cap (\$3B-\$10B)	9.7	4.3	5.4		
Small Cap (under \$3B)	84.9	95.7	-10.8		
Cash and Other Assets, Less Liabilities	5.3	0.0	5.3		

Source: FactSet Research Systems

Source: FactSet Research Systems (P/E est. as of 09/30/18)

- 6 Holdings may combine more than one security from the same issuer and related depositary receipts.
- 7 Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding. Percentage values may be derived from different data sources and may not be consistent with other Fund literature.
- 8 Equity market cap of issuer. The Fund defines Small Companies as companies with market capitalization generally between \$100 million and \$3 billion or the largest company included in the Fund's primary benchmark, the MSCI AC Asia ex Japan Small Cap Index. The Portfolio's market cap exposure breakdown presented is used for comparison purposes and the definition of the capitalization breakdown is from MSCI.
- 9 The P/E figures represent the Weighted Harmonic Average P/E—which measures the price/earnings ratio of the Fund's entire portfolio, excluding negative earners—weighted by the size of the company's position within the portfolio. P/E estimates are forward looking. There is no guarantee that portfolio composition will remain unchanged or P/E estimates will be realized.

PORTFOLIO MANAGEMENT

Lydia So, CFA
Lead Manager

Tiffany Hsiao, CFA
Co-Manager

Beini Zhou, CFA
Co-Manager

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. Please read the prospectus carefully before investing as it explains the risks associated with investing in international and emerging markets.

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