



# Matthews Asia

## RATINGS\*

Overall Morningstar Rating™ ★★★★★

## FUND FACTS (USD)

Total Fund Assets	\$10.6 million
Total # of Positions	45
Weighted Average Market Cap	\$56.6 billion
Benchmark	MSCI China Index
Management Fee	1.25%
Minimum Initial Investment	\$1,000, or equivalent/£500
Minimum Subsequent Investment	\$500, or equivalent/£250
Fund Domicile	Luxembourg
Available Share Classes	A, I
Base Currency	USD
Net Asset Value	
A Acc (USD)	\$14.41
A Dist (USD)	\$12.90

## PORTFOLIO MANAGEMENT

**Yu Zhang, CFA**  
Lead Manager

**Sherwood Zhang, CFA**  
Co-Manager

## MATTHEWS ASIA

Matthews International Capital Management, LLC ("Matthews Asia"), the Fund Manager to Matthews Asia Funds, 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 employs a bottomup, fundamental investment philosophy with a focus on long-term investment performance. As of 30 June 2017, Matthews Asia had US\$30.2 billion in assets under management.

## CONTACT INFORMATION\*\*

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# China Dividend Fund

Class A Shares

Matthews Asia Funds

30 June 2017

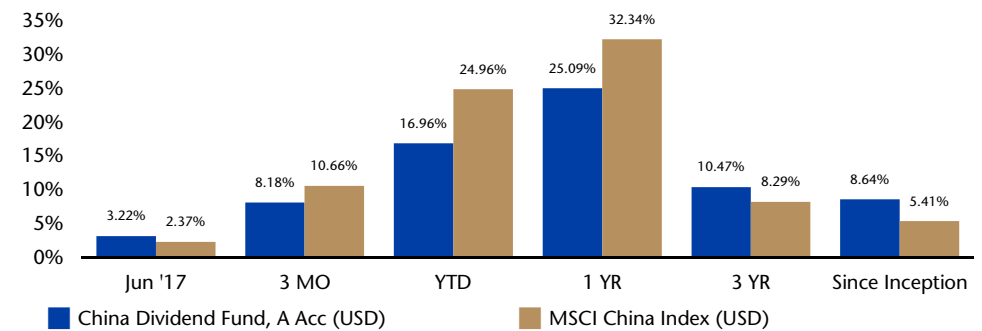
## Investment Objective

Seeks to provide a level of current income that is higher than the yield generally available in China's equity markets over the long term.

## Risk Considerations

- ✳ Investment involves risk. It is possible to lose the principal capital of your investment.
- ✳ The Fund invests primarily in Mainland China-related companies. Investment in such companies may be subject to increased risks such as political, tax, economic, market, liquidity, custody and settlement, currency, legal and regulatory risks.
- ✳ The Fund may, at its discretion, pay dividends out of the capital or effectively out of capital in respect of the distribution shares. Payment of dividends out of capital and/or effectively out of capital represents a return or withdrawal of part of an investor's original investment, or from any capital gains attributable to that original investment. Such dividends may result in an immediate reduction of the net asset value per share of the Fund.
- ✳ The Fund invests primarily in equity securities, concentrated in China, which may result in increased volatility.
- ✳ The Fund may invest in smaller companies which are likely to carry higher risks than larger companies.
- ✳ The Fund does not hedge to attempt to offset certain market risks. This may expose the Fund to the risk of full losses resulting from a decline in a security's value.
- ✳ Investors should not invest in the Fund solely based on the information in this document.

## Performance as of 30 June 2017†



China Dividend Fund	June '17	3 MO	YTD	1 YR	3 YR	5 YR	Since Inception	Inception
A Acc (USD)	3.22%	8.18%	16.96%	25.09%	10.47%	n.a.	8.64%	31 Jan 2013
A Dist (USD)	3.26%	8.21%	17.01%	25.09%	10.47%	n.a.	8.65%	31 Jan 2013
MSCI China Index (USD)	2.37%	10.66%	24.96%	32.34%	8.29%	n.a.	5.41% <sup>1</sup>	n.a.

## Annual Returns (For the Years Ended 31 December)

China Dividend Fund	2016	2015	2014	2013	2012
A Acc (USD)	5.66%	7.37%	0.46%	8.10%‡	n.a.
A Dist (USD)	5.59%	7.41%	0.51%	8.09%‡	n.a.
MSCI China Index (USD)	1.11%	-7.62%	8.26%	-0.16%‡	n.a.

† All returns over 1 year are annualised

<sup>1</sup> Index calculated from 31 January 2013

‡ Performance shown from share class launch date to calendar year end.

**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 the original cost. Current performance may be lower or higher than performance shown. Investors investing in 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 are based on a NAV-to-NAV basis with any dividends reinvested, and are net of management fees and other expenses. Source: Brown Brothers Harriman (Luxembourg) S.C.A.

# China Dividend Fund

30 June 2017

## TOP TEN HOLDINGS<sup>2</sup>

	Sector	% of Net Assets
Tencent Holdings, Ltd.	Information Technology	6.2%
HSBC Holdings PLC	Financials	4.1%
Midea Group Co., Ltd.	Consumer Discretionary	3.5%
WH Group, Ltd.	Consumer Staples	3.3%
Ping An Insurance Group Co. of China, Ltd.	Financials	3.2%
China Petroleum & Chemical Corp.	Energy	2.9%
China Everbright, Ltd.	Financials	2.9%
Chow Tai Fook Jewellery Group, Ltd.	Consumer Discretionary	2.9%
PICC Property & Casualty Co., Ltd.	Financials	2.9%
Bank of China, Ltd.	Financials	2.8%
<b>% OF ASSETS IN TOP TEN</b>		<b>34.7%</b>

Source: Brown Brothers Harriman (Luxembourg) S.C.A.

## CHINA EXPOSURE (%)<sup>3,6</sup>

SAR (Hong Kong)	33.3
H Shares	21.5
China-affiliated corporations (CAC)	11.6
A Shares	9.9
Overseas Limited Companies (OL)	9.2
B Shares	7.9
Cash and Other Assets, Less Liabilities	6.6

Source: FactSet Research Systems

## MARKET CAP EXPOSURE (%)<sup>3,4</sup>

	Fund	Benchmark	Difference
Mega Cap (over \$25B)	30.3	71.1	-40.8
Large Cap (\$10B-\$25B)	13.0	12.5	0.5
Mid Cap (\$3B-\$10B)	20.5	16.0	4.5
Small Cap (under \$3B)	29.6	0.4	29.2
Cash and Other Assets, Less Liabilities	6.6	0.0	6.6

Source: FactSet Research Systems

## DIVIDEND YIELD<sup>7</sup>

2.89%

Source: Factset Research Systems, Bloomberg, Matthews Asia

## SECTOR ALLOCATION (%)<sup>3</sup>

	Fund	Benchmark	Difference
Financials	18.7	24.0	-5.3
Consumer Discretionary	16.8	10.4	6.4
Information Technology	16.0	37.2	-21.2
Industrials	11.5	5.0	6.5
Telecom Services	7.5	6.3	1.2
Health Care	6.5	2.1	4.4
Consumer Staples	6.4	1.8	4.6
Energy	2.9	5.1	-2.2
Real Estate	2.8	4.2	-1.4
Materials	2.3	1.2	1.1
Utilities	2.0	2.6	-0.6
Cash and Other Assets, Less Liabilities	6.6	0.0	6.6

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

## P/E RATIOS<sup>5</sup>

P/E Using FY1 Estimates	13.7x
P/E Using FY2 Estimates	12.2x

Source: FactSet Research Systems (P/E est. as of 30/06/17)

## DISCLOSURES

The Fund is a sub-fund of Matthews Asia Funds, an open end umbrella fund with variable capital and incorporated with limited liability under the laws of Luxembourg. NOT FOR SALE IN THE U.S. OR TO U.S. PERSONS. This document does not constitute or contain an offer, solicitation or investment advice with respect to the purchase of the Fund described herein or any security. This information is not to be construed as a prospectus, a public offering or an offering memorandum as defined under applicable securities legislation.

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Investments involve risk. Past performance is not a guide to future performance. The value of an investment in the Fund can go down as well as up. Investors should consider the Fund's investment objectives, risks, charges and expenses carefully. Investors should not invest in the Fund solely based on the information in this document. Please read the Hong Kong Offering Document for further details including risk factors before investing and consult professional legal, tax and financial advisers as to the suitability of any investment in light of your particular circumstances and applicable citizenship, residence or domicile. Fees and expenses vary among Funds and share classes. 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.

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

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\*\* You are invited to contact Matthews Global Investors (Hong Kong) Limited at (852)-3901-0880, Email: [globalfunds@matthewsasia.com](mailto:globalfunds@matthewsasia.com) directly for more information relating to the Fund only if you are categorized as a professional investor in Hong Kong.

This document is issued by Matthews Global Investors (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission.

## Available Share Classes

Share Class	ISIN	SEDOL	CUSIP
A Acc (USD)	LU0871673132	B72X7Q0	L6263Q660
A Dist (USD)	LU0875300609	B7R57P0	L6263Q686

2 Holdings may combine more than one security from the same issuer and related depository receipts.

3 Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding.

4 Equity market cap of issuer.

5 The P/E Ratio is the share price of a stock as of the report date, divided by the forecasted earnings per share for a 12-month period (FY1) and 24 month period (FY2). For the Fund, this is the weighted harmonic average estimated P/E ratio of all the underlying stocks in the Fund, excluding negative earners. There is no guarantee that the composition of the Fund will remain unchanged, or that forecasted earnings of a stock will be realized. Information provided is for illustrative purposes only.

6 SAR (Hong Kong) companies are companies that conduct business in Hong Kong and/or mainland China. **China affiliated Corporations [CAC]**, also known as "Red Chips," are mainland China companies with partial state ownership listed in Hong Kong, and incorporated in Hong Kong. **China A Shares** are Mainland Chinese companies incorporated in China and listed on the Shanghai or Shenzhen exchanges, available mostly to local Chinese investors and qualified institutional investors. **H Shares** are mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China. **B Shares** are mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors. **Overseas Listed [OL]** companies are companies that conduct business in mainland China but listed in overseas markets such as Japan, Singapore, Taiwan and the United States.

7 The Dividend Yield (trailing) for the portfolio is the weighted average sum of the dividends paid by each equity security held by the Fund over the last 12 months divided by the current price as of report date. The annualised dividend yield for the Fund is for the equity-only portion of the portfolio. Please note that this is based on gross equity portfolio holdings and does not reflect the actual yield an investor in the Fund would receive. A positive distribution yield does not imply positive return, and past yields are no guarantee of future yields. Information provided is unaudited.