



Matthews Asia

# China Small Companies Fund

Class A Shares

Matthews Asia Funds

31 May 2017

## Investment Objective

Long-term capital appreciation.

## 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. Investments 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 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.

## RATINGS\*

Overall Morningstar Rating™ ★★★★★

## FUND FACTS (USD)

Total Fund Assets	\$4.6 million
Total # of Positions	54
Weighted Average Market Cap	\$1.7 billion
Benchmark	MSCI China Small Cap Index
Management Fee	1.50%
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)	\$14.80

## PORTFOLIO MANAGEMENT

Tiffany Hsiao, CFA

Lead Manager

Kenichi Amaki

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 bottom-up, fundamental investment philosophy with a focus on long-term investment performance. As of 31 May 2017, Matthews Asia had US\$29.6 billion in assets under management.

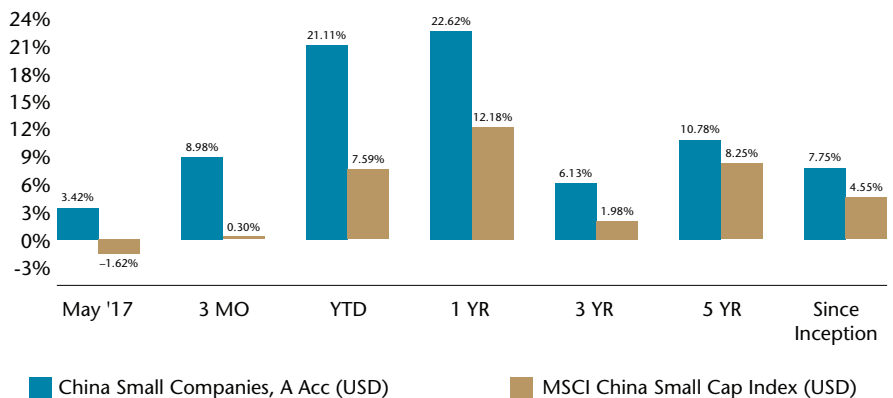
## CONTACT INFORMATION\*\*

Brown Brothers Harriman (Hong Kong) Limited

13/F Man Yee Building  
68 Des Voeux Road Central  
Hong Kong  
Phone: +852 3971 7133

Email: MatthewsAsiaFunds@bbh.com

## Performance as of 31 May 2017†



China Small Companies Fund	May '17	3 MO	YTD	1 YR	3 YR	5 YR	Since Inception	Inception
A Acc (USD)	3.42%	8.98%	21.11%	22.62%	6.13%	10.78%	7.75%	29 Feb 2012
MSCI China Small Cap Index (USD)	-1.62%	0.30%	7.59%	12.18%	1.98%	8.25%	4.55% <sup>1</sup>	n.a.

†All returns over 1 year are annualised

<sup>1</sup> Index calculated from 29 February 2012.

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

China Small Companies Fund	2016	2015	2014	2013	2012‡
A Acc (USD)	-2.47%	2.45%	-3.62%	33.72%	-5.10%
MSCI China Small Cap Index (USD)	-5.95%	3.48%	-0.34%	18.68%	2.03%

‡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 Small Companies Fund

31 May 2017

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

	Sector	% of Net Assets
Silergy Corp.	Information Technology	5.6%
Wuxi Little Swan Co., Ltd.	Consumer Discretionary	3.6%
Sunny Friend Environmental Technology Co., Ltd.	Industrials	3.4%
TK Group Holdings, Ltd.	Industrials	3.4%
SITC Int'l Holdings Co., Ltd.	Industrials	3.2%
China Aviation Oil Singapore Corp., Ltd.	Energy	3.1%
Qingdao Port Int'l Co., Ltd.	Industrials	2.9%
Yuexiu Transport Infrastructure, Ltd.	Industrials	2.8%
Value Partners Group, Ltd.	Financials	2.8%
China Biologic Products, Inc.	Health Care	2.7%
<b>% OF ASSETS IN TOP TEN</b>		<b>33.5%</b>

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

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

	Fund	Benchmark	Difference
Industrials	26.3	15.3	11.0
Consumer Discretionary	21.4	20.4	1.0
Information Technology	16.1	17.1	-1.0
Health Care	12.4	9.3	3.1
Real Estate	5.8	16.8	-11.0
Financials	4.5	3.0	1.5
Materials	3.9	7.8	-3.9
Energy	3.7	2.1	1.6
Consumer Staples	2.7	4.4	-1.7
Utilities	0.0	3.7	-3.7
Telecom Services	0.0	0.1	-0.1
Cash and Other Assets, Less Liabilities	3.1	0.0	3.1

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

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

	Fund	Benchmark	Difference
Mega Cap (over \$25B)	0.0	0.0	0.0
Large Cap (\$10B-\$25B)	0.0	0.0	0.0
Mid Cap (\$3B-\$10B)	16.2	15.4	0.8
Small Cap (under \$3B)	80.7	84.6	-3.9
Cash and Other Assets, Less Liabilities	3.1	0.0	3.1

Source: FactSet Research Systems

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

P/E Using FY1 Estimates	12.8x
P/E Using FY2 Estimates	11.1x

Source: FactSet Research Systems (P/E est. as of 31/05/17)

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

SAR (Hong Kong)	44.8
Overseas Listed Companies (OL)	28.9
H Shares	8.9
China-affiliated corporations (CAC)	6.7
A Shares	4.0
B Shares	3.6
Cash and Other Assets, Less Liabilities	3.1

Source: FactSet Research Systems

- Holdings may combine more than one security from the same issuer and related depositary receipts.
- Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding.
- Equity market cap of issuer. The Fund defines Small Companies as companies with market capitalization generally between US\$100 million and US\$3 billion or the largest company included in the Fund's primary benchmark, the MSCI China 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.
- 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.
- 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. **H Shares** are mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China. **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. **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.

## 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.

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") and its affiliates do not accept any liability for losses either direct or consequential caused by the use of this information. Information contained herein is sourced from Matthews Asia and as of the report date unless otherwise stated.

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 Small Cap Index is a free float-adjusted market capitalisation-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). Index is for comparative purposes only and it is not possible to invest directly in an index.

\*Overall Morningstar Rating™ is reflective of the USD Accumulation Share class. Fund ratings represent an opinion only and are not a recommendation to buy or sell any fund. Copyright ©2017 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is provided for reference purposes only.

\*\* You are invited to contact Matthews Global Investors (Hong Kong) Limited at (852)-3901-0880, Email: [globalfunds@matthewsasiasia.com](mailto:globalfunds@matthewsasiasia.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)	LU0721876364	B6T1MX2	L6263Q645