Matthews Asia

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Matthews Asia

5 Benefits of Active ETFs

Matthews Asia has a rich history of offering active management expertise to investors, traditionally through mutual fund and separately managed account wrappers. Now, we are excited to offer several of our active strategies as exchange-traded funds (ETFs). Active ETFs provide investors the same active management expertise they are accustomed to, with additional benefits:

1. **Increased Tax Efficiency:** The creation/redemption mechanism at the heart of the ETF structure affords the vehicle the potential for better tax efficiency, as there are less capital gains distributions. Active ETFs can leverage this for markets that are 'in-kind'[1], for daily inflows and outflows, and for portfolio rebalancing.
2. **Transparency:** ETFs publish their portfolio holdings that will comprise that day's net asset value (NAV). Investors will always know "what they own" in the strategies they hold.
3. **Intra-day Liquidity:** ETFs trade on exchanges throughout the U.S. trading day. This allows investors to buy and sell funds at a time of their choosing versus just at the end of the day. Some investors may appreciate the ability to take advantage of intraday pricing and volatility that occurs throughout the trading day.
4. **Isolated Trading Costs:** Because ETFs trade on exchange and investors interact with an intermediary and not the fund directly, each investor's buy or sell trading costs are represented in the bid/ask spread at which they execute. Primary market activity, or creations and redemptions, occur at NAV + trading costs. As such, current fund shareholders are not impacted by the trading activity of others.
5. **Low Minimum Investment:** There is no minimum to invest in ETFs. Investors may purchase as little as one share, accessing the full, diversified portfolio exposure. Some brokerage platforms offer the ability to buy fractional shares, check with your broker.

Learn more about investing in
Matthews Asia ETFs at matthewsasia.com/ETFs

1. In-kind: ETFs creations and redemptions use what is called an 'in-kind' transaction, meaning that the authorized participants create and redeem shares using a 'basket' of securities, rather than cash. This means that the fund doesn't need to sell securities to return investors' funds and prevents capital gains distributions.

Important Information

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.

The value of an investment in the Fund can go down as well as up and possible loss of principal is a risk of investing. Investments in international, emerging and frontier markets involve risks such as economic, social and political instability, market illiquidity, currency fluctuations, high levels of volatility, and limited regulation. Additionally, investing in emerging and frontier securities involves greater risks than investing in securities of developed markets, as issuers in these countries generally disclose less financial and other information publicly or restrict access to certain information from review by non-domestic authorities. Emerging and frontier markets tend to have less stringent and less uniform accounting, auditing and financial reporting standards, limited regulatory or governmental oversight, and limited investor protection or rights to take action against issuers, resulting in potential material risks to investors. Investing in small- and mid-size companies is more risky than investing in larger companies as they may be more volatile and less liquid than large companies. In addition, single-country and sector funds may be subject to a higher degree of market risk than diversified funds because of concentration in a specific industry, sector or geographic location. Pandemics and other public health emergencies can result in market volatility and disruption.

ETFs may trade at a premium of discount to NAV. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

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 F113

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