



# Investing in a World of Emerging Opportunities

Matthews | Q2 2024



# Matthews Capabilities

Independent, private, employee ownership drives long-term investment excellence

## Firm Facts (As of June 30, 2024)

- 120+ employees
- 30+ investment professionals
  - 10 years average firm tenure
  - 18 years average EM & Asia investing
- 4,500+ company meetings in 2023

## Assets Under Management

Total	US\$8.0B
Regional	US\$4.8B
Single-Country	US\$3.2B

## Investment Vehicles

- US Mutual Funds
- Exchange Traded Funds
- UCITS Funds
- Separate Accounts
- Institutional Comingled

## Core Investment Principles

- Active Management
- Emerging Markets Specialist
- Deep Experience
- High Active Share
- Fundamental Research
- Risk Management
- Commitment to Perform & Inform

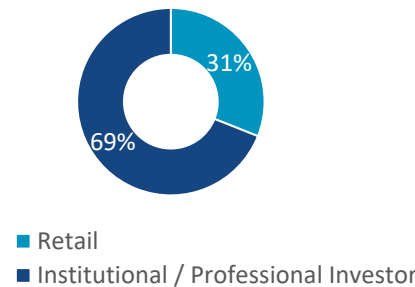
## Office Locations



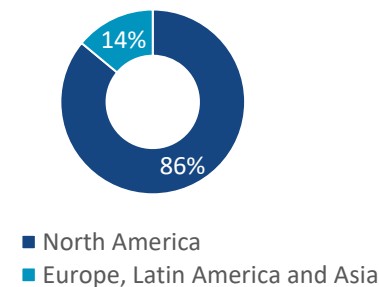
## A History of Innovation

- **1991**—Founded by Paul Matthews
- **1994**—U.S. 40 Act Mutual Fund established
- **2000**—Separate Account offerings
- **2010**—UCITS Fund launched
- **2015**—Sustainable Fund launched
- **2018**—Institutional comingled offerings
- **2022**—Active ETFs launched

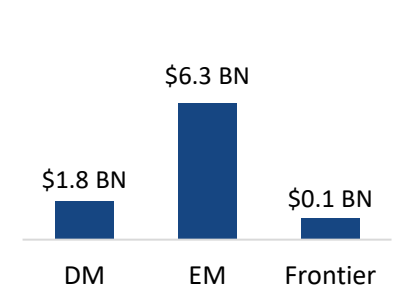
Client AUM by Type, US\$



Client AUM by Domicile, US\$



AUM by Markets Invested, US\$



Note: AUM by type, domicile and markets invested data as of March 31, 2024

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# Why Sophisticated Investors *Actively* Partner with Matthews

## ● A Trusted and Experienced Guide

Pioneer investor in Emerging Markets and Asia, with a proven 33 years track record of generating excess returns in complex markets that demand deep expertise, operational skill and risk acumen

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## ● Proven Active Management

Driven by intellectual curiosity seeking unique insights to build highly differentiated portfolios that capture distinctive alpha for client outcomes

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## ● Holistic Risk Management

Dynamic approach to risk across a range of economic and geopolitical cycles which leverages proprietary insights to identify strong governance and business sustainability in higher risk markets

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## ● Operational Expertise

Comprehensive operational and trading expertise developed over 30+years in opaque and complex public markets

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## ● Aligned With You

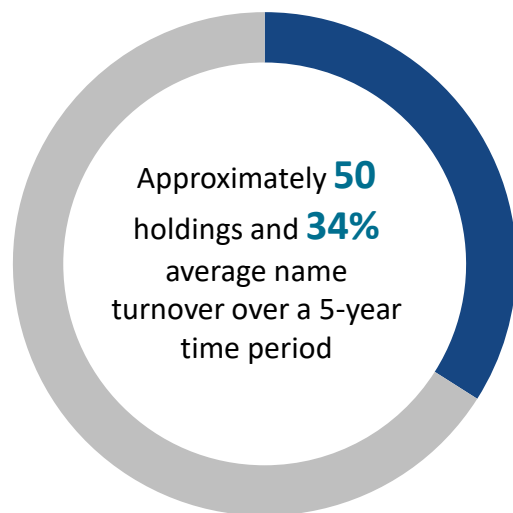
Commitment to achieving investment excellence from investment performance and deep insights to provide investment context

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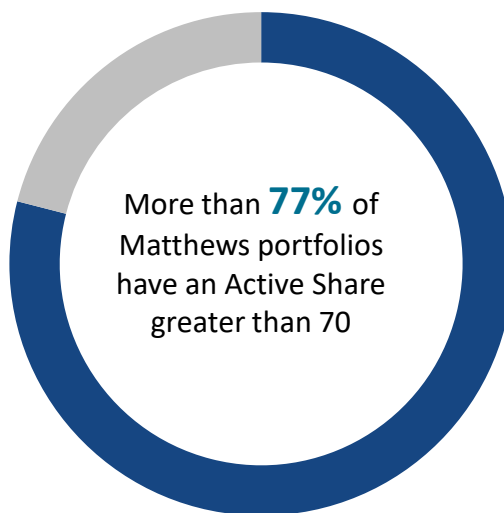


# Proven Active Performance

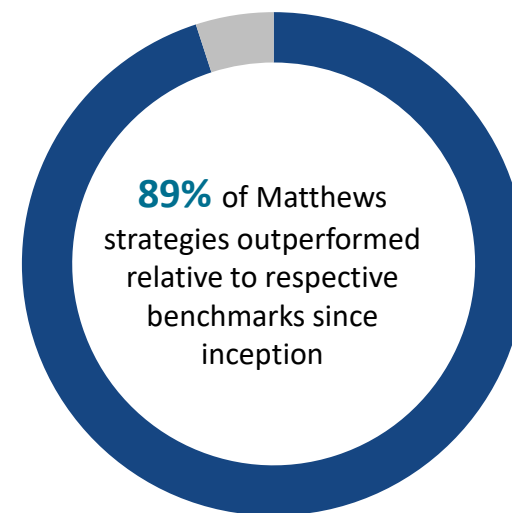
## High Conviction



## Highly Active



## Highly Effective



The performance, active share, and holdings data presented are of a representative portfolio across all composites managed by Matthews. Average name turnover figures represent data for U.S. registered pooled vehicles only. The performance results are net of advisory and other fees. **Past performance is no guarantee of future results, which may vary.** Indices are unmanaged and shown for comparative purposes only. It is not possible to invest directly in an index. Matthews' products and services are publicly registered or available in certain jurisdictions only. A list of composite descriptions, a list of limited distributed pooled fund descriptions, and a list of broad description pooled funds are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Performance, Holdings and Active Share data as of March 31, 2024; Name turnover as of December 31, 2023.

Active Share is calculated by taking the absolute value of the difference between portfolio holdings and benchmark weights, summing all of these differences, and dividing by two. The calculation will result in an active share number between 0%, which indicates the portfolio perfectly replicates the benchmark, and 100%, which indicates there is no overlap whatsoever between the portfolio and the index.

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# Strategies for Investing in Emerging Markets and Asia

Matthews offers a range of public equity strategies across the risk-reward spectrum

Emerging Markets	<b>GLOBAL EMERGING MARKETS</b>	<b>All Cap</b> <ul style="list-style-type: none"><li>— Emerging Markets Equity</li><li>— Emerging Markets Sustainable Future*</li><li>— Emerging Markets ex China</li></ul>	<b>Small and Mid Cap</b> <ul style="list-style-type: none"><li>— Emerging Markets Small Companies</li></ul>
	<b>PAN ASIA</b>	<b>All Cap</b> <ul style="list-style-type: none"><li>— Asia Dividend</li><li>— Asia Growth</li></ul>	
Asia	<b>EMERGING ASIA</b>	<b>All Cap</b> <ul style="list-style-type: none"><li>— Asia ex Japan Total Return Equity**</li><li>— Asian Growth and Income</li><li>— Asia Sustainable Future</li><li>— Asia Innovators</li><li>— Asia ex China</li><li>— Pacific Tiger</li></ul>	<b>Small and Mid Cap</b> <ul style="list-style-type: none"><li>— Asia Small Companies</li></ul>
	<b>SINGLE COUNTRY</b>	<b>All Cap</b> <ul style="list-style-type: none"><li>— China</li><li>— China A-Share</li><li>— China Dividend</li><li>— India</li><li>— Japan</li><li>— Korea</li></ul>	<b>Small and Mid Cap</b> <ul style="list-style-type: none"><li>— China Small Companies</li><li>— Japan Opportunities</li></ul>

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\*Formerly known as Asia ESG \*\*Formerly known as Asia ex Japan Dividend

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# Investment Philosophy

Asian equity markets offer investors attractive long-term growth opportunities but are inherently volatile and idiosyncratic requiring:

- Extensive **on-the-ground research** that results in proven company discovery and core / opportunistic investment opportunities
- An investment framework that combines **country analysis** with **bottom-up research** to generate differentiated and diversified alpha
- A **disciplined** and **repeatable** approach to portfolio construction that can adapt underlying exposure to evolving market conditions
- A deep understanding **performance drivers** in emerging markets: 1) earnings; 2) dividends; 3) valuations; 4) currency
- **Strong risk control** to manage stock, sector and country exposures in the portfolio and make active intentional risk decisions that contribute to generating compelling risk-adjusted returns

Parameters set by Matthews are subject to change. The statements above are based on the beliefs and assumptions of our portfolio management team and on the information currently available to our team at the time of such statements. Although we believe that the expectations reflected in these statements are reasonable, we can give no assurance that these expectations will prove to be correct.

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# Investment Process

Repeatable, disciplined process identifies opportunities, constructs portfolios and manages risk



## Research

1. Top-Down Analysis
  - Macro Assessment
  - Country Considerations
  - Currency
  - Themes
2. Fundamental Analysis
  - Quantitative Financial Analysis
  - Qualitative Business Assessment
  - On-the-ground Research
  - Management Assessment
  - Corporate Governance
3. Valuation Analysis
  - Determine Valuation
  - Set Price Targets

## Portfolio Construction

1. Portfolio Design
2. Security Selection
3. Continuous Assessment
4. Security Selection
5. Adjust Portfolio Exposures

## Risk Management

1. Structural
  - Objectives
  - Guidelines
2. Portfolio
  - Portfolio Management Team
  - Position Sizing/Volatility/Diversification
3. Investment Team
  - Investment Risk
  - Attribution Analysis
4. Independent
  - CIO
  - Executive Risk Committee
  - Compliance

The portfolio risk management process represents an effort to monitor and manage risk but does not imply low risk.

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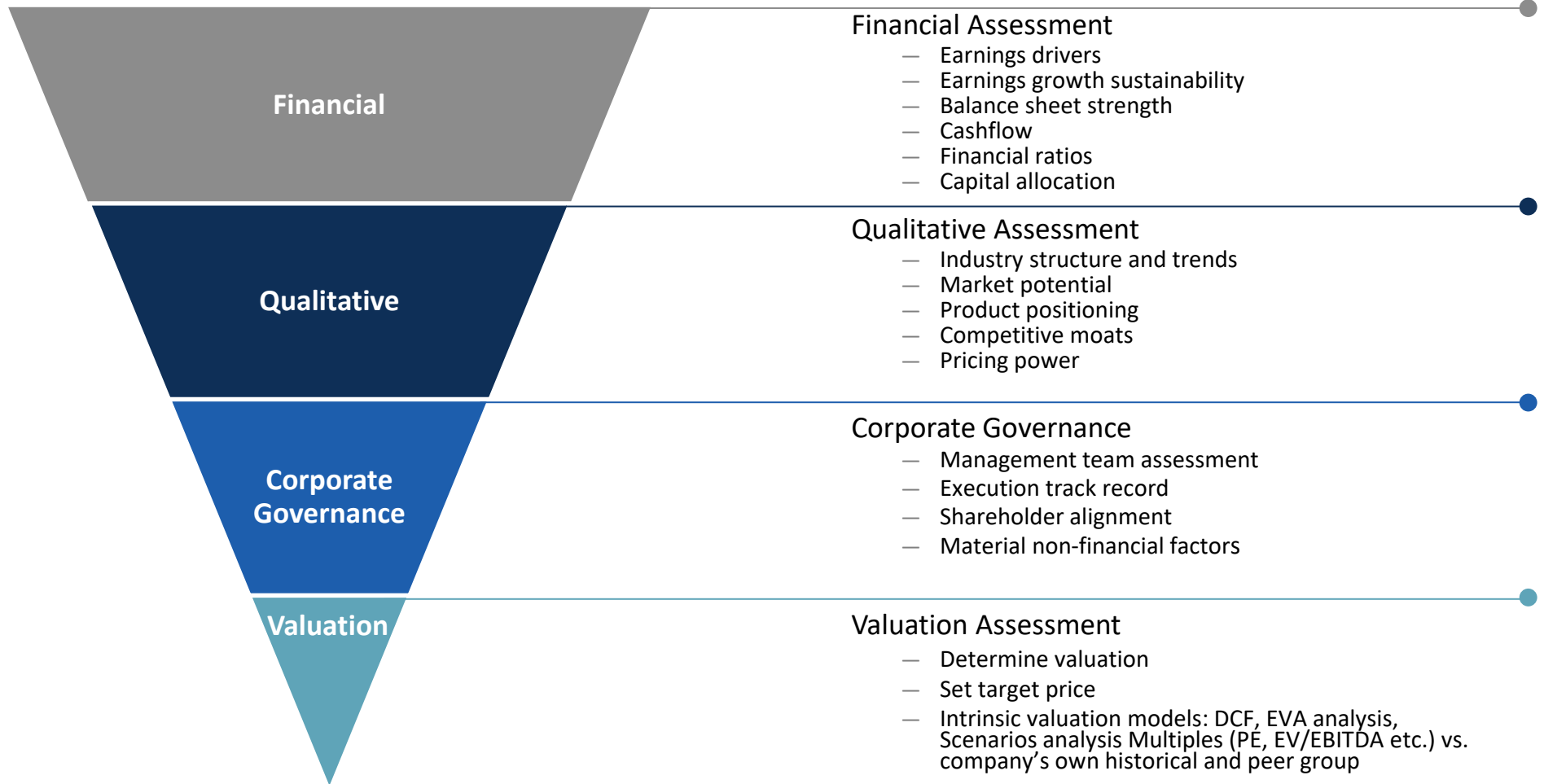
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# Fundamental Analysis Drives Stock Selection

Comprehensive forward-looking quantitative & qualitative assessment





# Disciplined Buy/ Sell Decisions

## DECISION FACTORS

### Buy

#### How does a stock get into a portfolio?

- Bottom-up, fundamental analysis
- Macroeconomic awareness incorporated to fundamental research effort
- Event-driven stock – a stock that has fallen a long way and provides a potential value opportunity

### Sell

#### Why do we sell a stock?

- Fundamental investment thesis played out, target price reached
- Macroeconomics / geopolitics impacts stock fundamentals
- Loss long-term competitive advantage
- Better relative opportunity

### Adjustment

- Intact investment thesis but change in degree of conviction
- Valuation adjustment
- Geopolitical/macroeconomic event

## MAP RECOMMENDATION LISTS (EXAMPLES)

China	Market Value %	Target Price +/-	Buy/Hold Comments	
Security 1	6.1%	15.0%	BUY	Exciting growth outlook
Security 2	5.1%	7.0%	HOLD	Core holding
Security 3	2.8%	9.0%	HOLD	Core holding
Security 4	2.4%	7.5%	HOLD	Thematic exposure
Security 5	2.0%	13.0%	BUY	Preferred thematic exposure
Security 6	2.0%	9.0%	HOLD	Core holding
Security 7	1.5%	7.0%	HOLD	Low beta, value
Security 8	1.1%	8.0%	HOLD	High beta sector exposure
Security 9	1.1%	14.0%	BUY	Thematic exposure
Security 10	1.1%	15.0%	BUY	Preferred thematic play
Security 11	1.0%	15.0%	BUY	Preferred thematic play

### Buy List

China	Target Price +/-	Index %	Comments
Security 1	15.0%	2.0%	Thematic exposure
Security 2	13.0%	1.0%	Positive growth outlook
Security 3	14.0%	1.2%	High beta sector exposure

### Watchlist

China	Target Price +/-	Buy/Sell	Comments
Security 1	5.0%	BUY	Better positioned, sector specific recovery
Security 2	7.0%	SELL	Earnings deterioration
Security 3	7.0%	SELL	Potential funding source

This information is solely to illustrate Matthews Asia's investment process. This information is for illustrative purposes only and is not representative of the results of any particular security or product. The information does not constitute a recommendation to buy or sell any securities mentioned. Parameters set by Matthews Asia are subject to change.

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# Dedicated Investment Risk Management

Combination of dynamic risk management framework and active management

## SECURITY LEVEL RISK MANAGEMENT

- Fundamental research with detailed financial models.
- Monitor essential attributes such as free cash flow, return-on-equity, leverage and liquidity.
- Ongoing engagement with companies and management teams.
- Analyze material sustainability/ESG metrics and compare with third-party data to provide supplemental documentation.
- No limit on idiosyncratic risk within allocated risk budget.

## PORTFOLIO LEVEL RISK MANAGEMENT

- Monitor active risk ; typically, 2-8% active primarily driven from stock selection and secondarily from country and sector allocation.
- Discuss macro risk to capture best risk/reward opportunities by market.
- Closely observe factor and style risks.
- Monitoring country, sector, and industry diversification; allowing up to +/- 10% deviation per country and sector vs index.
- Ensure portfolio level liquidity : 95%+ of portfolio to be liquidated in a day as of September 30, 2023 based on 30% market participation rate.

## INDEPENDENT LEVEL RISK MANAGEMENT

- Independent risk analytics team with detailed monthly risk report looking at risk budgeting, style risk (factor tilts), active weight limits, liquidity, asset level risk, tail risk and ESG risk.
- Set thresholds for acceptable range of risk and requires action if severely out of range.
- Monthly discussions with other quality growth style PMs.
- Toolkit includes FactSet, Axioma Risk Model, Bloomberg Risk Model, and proprietary techniques.

## COMPLIANCE

- Monitors portfolio compliance with client investment guidelines.
- Track regulatory changes that might impact trading, purchase and sales of securities.
- Identify, monitor and mitigate risks including those associated with investments in emerging markets securities/regions as well as other operational, investment and strategic risks.

The portfolio risk management process represents an effort to monitor and manage risk but does not imply low risk.

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# Deep Expertise across Trading, Operations and Compliance

33 years of market understanding, relationships and execution

## Enterprise Risk Management

- Oversight by Matthews Enterprise Risk and Compliance Committee, comprised of members of the executive team
- Maintain a culture of risk awareness and identify/ mitigate risks that impact our business and our clients
  - Reputational
  - Investment
  - Strategic
  - Operational
  - Regulatory
  - Service Provider and Business Partner
  - Business Contingency

## Portfolio Guidelines and Restrictions

- Compliance Technology Platform (CTP) ensures portfolio monitoring and guideline adherence
- CTP includes automated compliance system for pre-trade and batch checks, investment guideline coding, controls for IPO trade approvals, coordination of corrective actions and periodic independent reviews



## Global Compliance Monitoring

- “Tone from the Top” starts at the executive level and flows down and across all employees to help create a positive culture of compliance at the firm
- Strong focus on governance, conflict management and risk identification with compliance policies and procedures spanning multiple jurisdictions and product types

## Deep, Proven Investment Infrastructure

- Straight-through processing from order entry through settlement and reconciliation
- Best-in-Class Technology infrastructure from trading to allocation to reconciliation and reporting

## Trade Execution and Oversight Across Global Markets

- Trade Management Oversight Committee supervises all aspects of our trading activities
- Includes broker selection, best execution, soft dollars, trade aggregation and allocation, and trade error reviews



# Matthews: Emerging Markets, Asia and China Equity Specialist

Global client base spanning institutional, professional, family offices, private banks and high net-worth investors



**Trusted,  
Experienced  
Partner**



**Proven Active  
Performance  
30+ Years**  
invested in  
Emerging Markets & Asia



**Outcomes  
& Tailored  
Solutions**

Customization,  
Sustainability



**Global  
Perspective**

San Francisco, London,  
Hong Kong, New Jersey



**Holistic Risk  
Management  
MCAR**



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# Matthews Emerging Markets Small Companies Fund



Investing in Chinese securities involve risks. Heightened risks related to the regulatory environment and the potential actions by the Chinese government could negatively impact performance. Investments involve risks, including possible loss of principal. 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, which may adversely affect the value of the Fund's assets. 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 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.

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# Fund Profile | Matthews Emerging Markets Small Companies Fund

## FUND FACTS

### Inception Date

Investor Class: 9/15/08

Institutional Class: 4/30/13

### Ticker

Investor Class: MSMLX

Institutional Class: MISMX

### Number of Holdings

40 to 80

### Turnover Range

40% to 80%

### Benchmark\*

MSCI Emerging Markets Small Cap Index

## Investment Objective

Long-term capital appreciation

## Approach

Invest in small companies located in emerging markets countries that are capable of sustainable growth based on the fundamental characteristics of those companies. Focus on quality companies across the market capitalization in emerging markets excluding the U.S., Australia, Canada, Hong Kong, Israel, Japan, New Zealand, Singapore and most of the countries in Western Europe. Certain emerging market countries may also be classified as “frontier” market countries, which are a subset of emerging market countries with newer or even less developed economies and markets, such as Sri Lanka and Vietnam. The list of emerging market countries and frontier market countries may change from time to time.

## Small Companies

Market capitalization no higher than the greater of US\$5 billion or the market capitalization of the largest company included in the Fund’s benchmark.

## Lead Manager



VIVEK TANNEERU

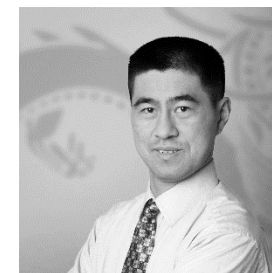
## Co-Managers



JEREMY SUTCH, CFA



ALEX ZARECHNAK



HARDY ZHU



The Fund’s primary benchmark index is the MSCI Emerging Markets Index.

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# Seasoned Small Companies Team with a Long-Term Track Record

Supported by Knowledge Platforms, Strategists, and On-the-Ground Resources

○ Located in Asia  
○ Knowledge Platform Lead

## EMERGING MARKETS SMALL COMPANIES TEAM

### Portfolio Managers



**Vivek Tanneeru**  
Lead Manager  
19 years of exp.



**Jeremy Sutch, CFA**  
Co Manager  
30 years of exp.



**Alex Zarechnak**  
Co Manager  
29 years of exp.



**Hardy Zhu**  
Co Manager  
17 years of exp.

### LatAm/CE/Africa Knowledge Platform



**Alex Zarechnak**  
Portfolio Manager  
29 years of exp.



**Jeremy Sutch, CFA**  
Portfolio Manager  
30 years of exp.

### China Knowledge Platform



**Andrew Mattock, CFA**  
Portfolio Manager  
31 years of exp.



**Winnie Chwang**  
Portfolio Manager  
20 years of exp.



**Hardy Zhu**  
Portfolio Manager  
17 years of exp.



**Sherwood Zhang, CFA**  
Portfolio Manager  
23 years of exp.



**Jason Ng**  
Research Analyst  
13 years of exp.

### India Knowledge Platform



**Peeyush Mittal, CFA**  
Portfolio Manager  
15 years of exp.



**Siddharth Bhargava**  
Portfolio Manager  
19 years of exp.



**Jeremy Sutch, CFA**  
Portfolio Manager  
30 years of exp.



**Swagato Ghosh**  
Portfolio Manager  
11 years of exp.



**Jason Ng**  
Research Analyst  
13 years of exp.

### Taiwan/ ASEAN Knowledge Platform



**InBok Song**  
Portfolio Manager  
20 years of exp.



**Alex Zarechnak**  
Portfolio Manager  
29 years of exp.



**Jeremy Sutch, CFA**  
Portfolio Manager  
30 years of exp.



**Jason Ng**  
Research Analyst  
13 years of exp.

### Korea Knowledge Platform



**Elli Lee**  
Portfolio Manager  
21 years of exp.



**Sojung Park**  
Portfolio Manager  
15 years of exp.

### Innovation Knowledge Platform



**InBok Song**  
Portfolio Manager  
20 years of exp.



**Elli Lee**  
Portfolio Manager  
21 years of exp.



**Sojung Park**  
Portfolio Manager  
15 years of exp.



**Jason Ng**  
Research Analyst  
13 years of exp.



**Michael Oh, CFA**  
Portfolio Manager  
24 years of exp.



**Alex Zarechnak**  
Portfolio Manager  
29 years of exp.



**Donghoon Han**  
Portfolio Manager  
14 years of exp.



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Note: Years of industry experience as of January 2024

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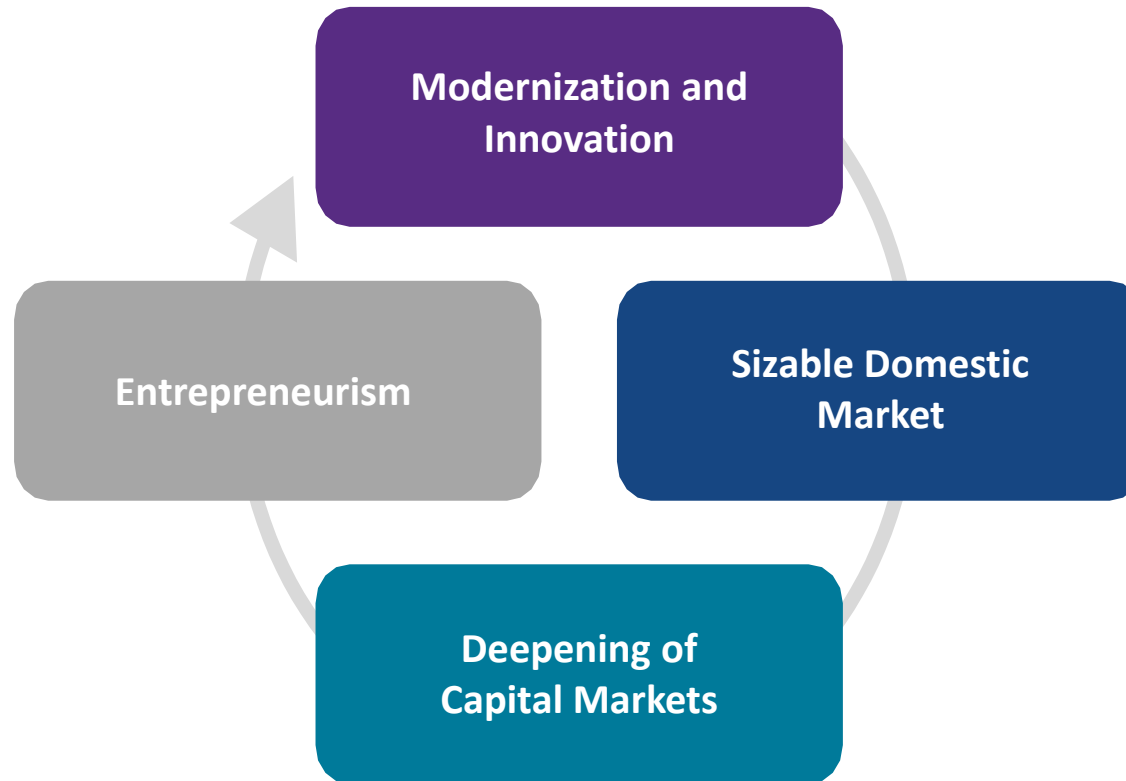
# Small and Mid-caps Present Attractive Long-term Alpha Generation Opportunities in Emerging Markets

- \* Small companies in Emerging Markets (EM) may provide **direct access** to the region's higher-growth domestic consumption sectors that typically cater to fast growing and resilient middle class
- \* Small companies can provide an opportunity to invest in **EM's innovation edge** and partner with minority shareholder-friendly **entrepreneurs** at early stages by
  - Tapping innovative companies with an ability to **compound growth** over the long term
  - Researching and investing in high quality companies (including at IPO and also pre-IPO stages, where possible) with particular focus on IP-driven sectors such as technology and healthcare
- \* Focus on identifying **inefficiently priced opportunities and P/E expansion potential**

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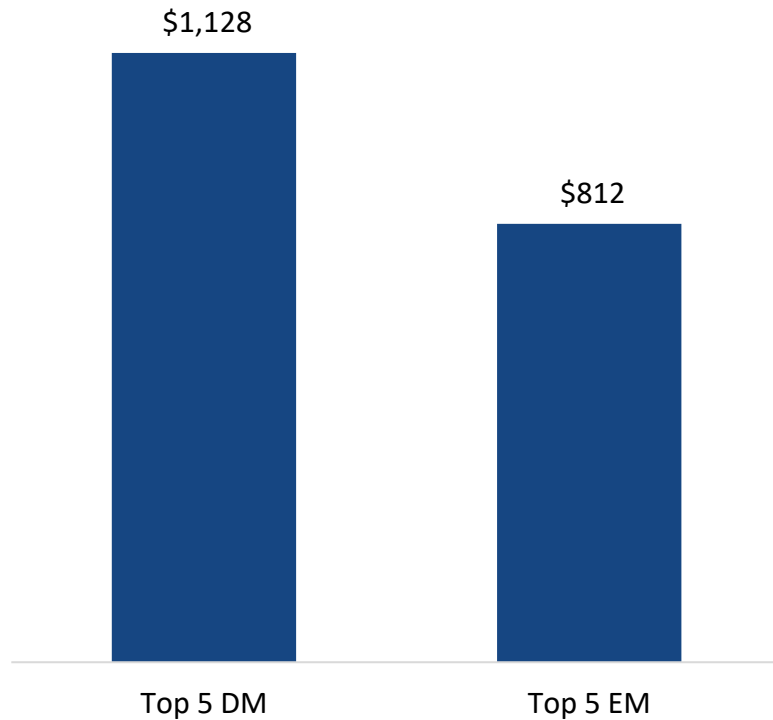
# Small and Mid-Caps May Present Attractive Long-Term Alpha Generation Opportunities in Emerging Markets

Driven by four key structural growth drivers

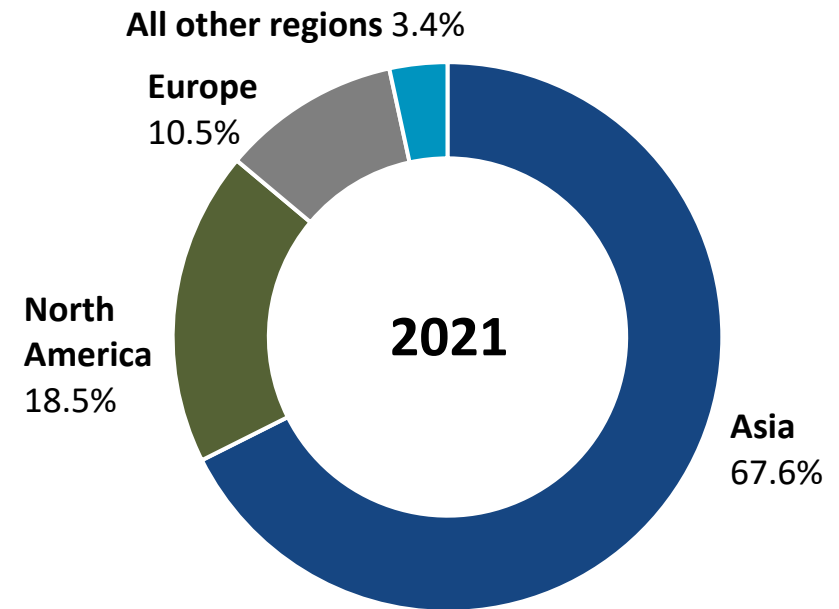


# Not Your Older Sibling's Emerging Markets: Strong R&D Spend Drives a Robust Innovation Ecosystem in Emerging Markets

2022 R&D SPEND – US\$ BILLIONS



PATENT APPLICATION BY REGION

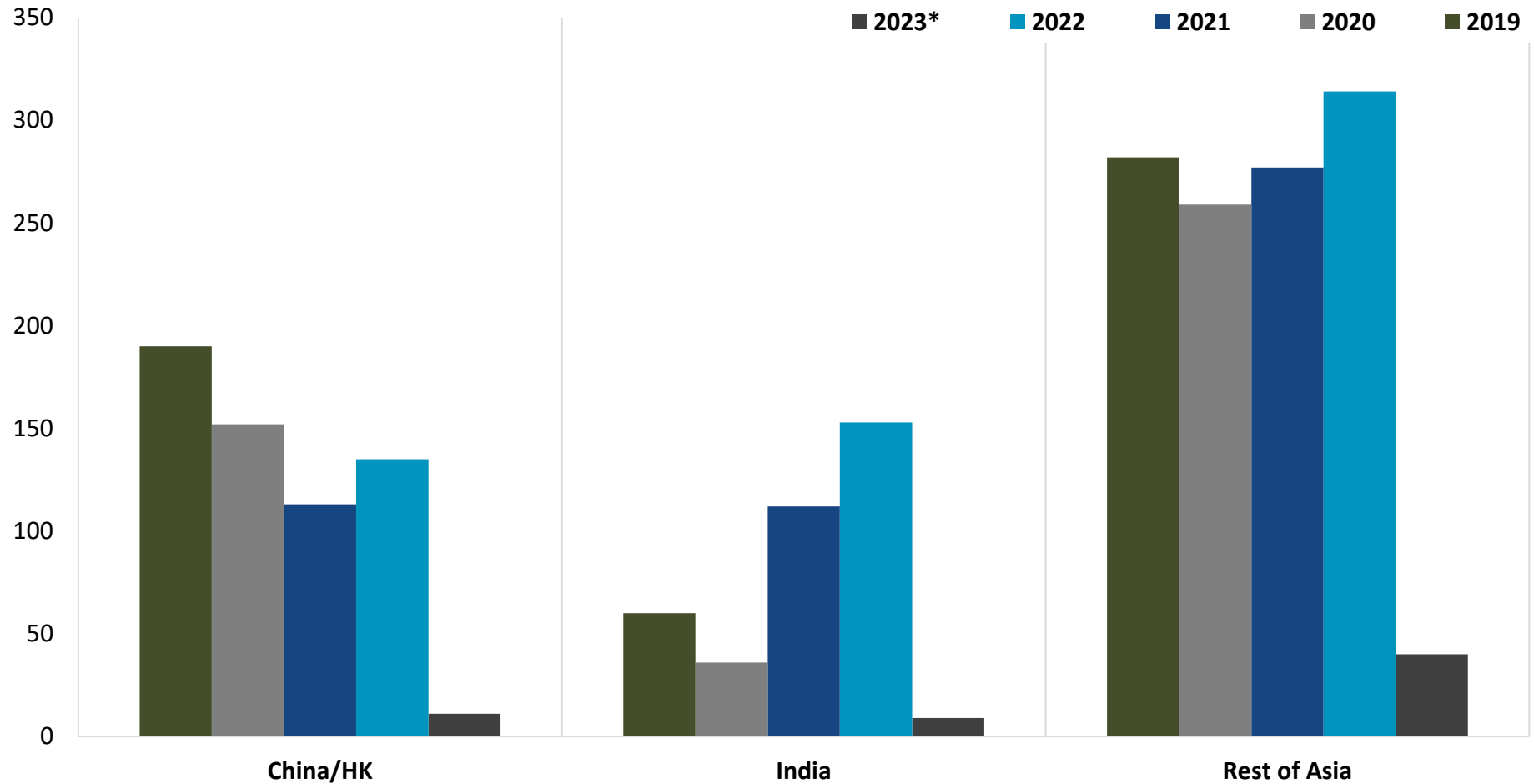


Note: R&D Chart: Developed Markets (DM) includes U.S., Japan, Germany, France and U.K. Emerging Markets (EM) includes China, India, South Korea, Russia and Brazil.

Sources: Statista; data as of December 2020. Patent Application from World Intellectual Property Organization (WIPO) Database, December 2022

# IPOs Feed Asia's Growing Small-Cap Universe

IPOs from companies with under US\$3 billion market cap, excluding China A-Shares



\*Note: 2023 data for the January 1, 2023 through February 20, 2023 time period

Source: Bloomberg, data as of February 2023

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# Semiconductor Supply Chain Localization is a Secular Trend

China's integrated circuits Imports were 2x Its Crude Imports in 2020

Rank	China's Import Product	2020 Value (US\$)	Change from 2019
1	Integrated circuits/microassemblies	\$350.8 billion	+14.7%
2	Crude oil	\$176.3 billion	-26.1%
3	Iron ores, concentrates	\$118.9 billion	+19.1%
4	Cars	\$44.9 billion	-4.5%
5	Phone system devices, including smartphones	\$43.5 billion	+2.3%

Source: World's Top Exports using data from CIA The World FactBook and International Monetary Fund, World Economic Outlook Database, data accessed April 2021

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# Emerging Markets Health Care Takes an Innovation Leap



Source: CHINA PLUS

Article "Jiangsu hospital cures US man's cancer with experimental cell therapy" as of on September 3, 2017

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# Emerging Markets Lead the World in Scaling Up Financial Inclusion

## THE GLOBAL CHALLENGE

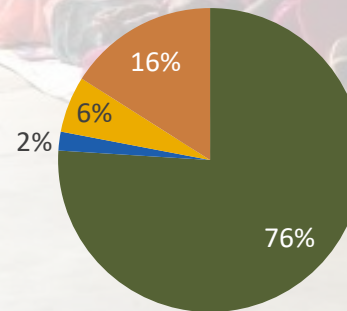
**3.4 Billion**

people in EM have never borrowed from formal sources

## THE EMERGING MARKETS SOLUTION

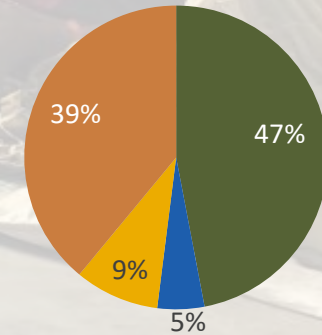
### MICRO FINANCE BORROWERS

Number of Borrowers, Millions



■ Asia  
■ Middle East / Africa

Portfolio Size



■ Eastern Europe & Central Asia  
■ Latam & Caribbean

# Small Caps: Lack of Analyst Coverage Enables Potential Alpha Generation

## ANALYST COVERAGE OF EMERGING MARKET SMALL CAP STOCKS

	# Companies	% Uncovered
Middle East Northern Africa	454	50%
Central & Eastern Europe	603	50%
Latin America	477	28%
Asia	9,958	47%
<b>Total</b>	<b>11,492</b>	<b>47%</b>

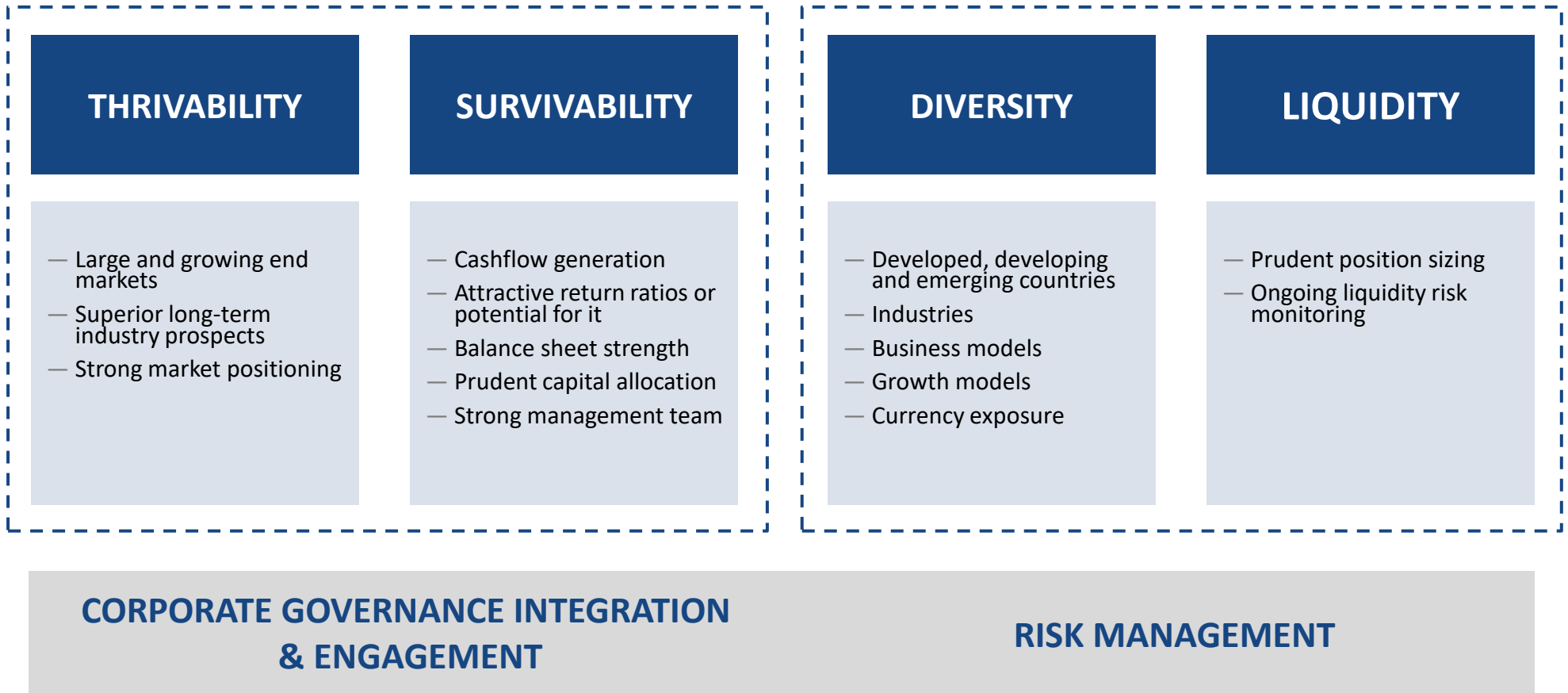
Criteria used includes stocks in Emerging Markets small companies universe with a market cap from \$100MN to \$6.2BN.  
Source: FactSet Research Systems; Data as of December 29, 2022

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# Emerging Markets Small Companies Investing Framework



Parameters set by Matthews Asia are subject to change and may differ from the fundamental policy of the Fund.

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# What Types of Companies Do We Look For?

## Actionable investment universe

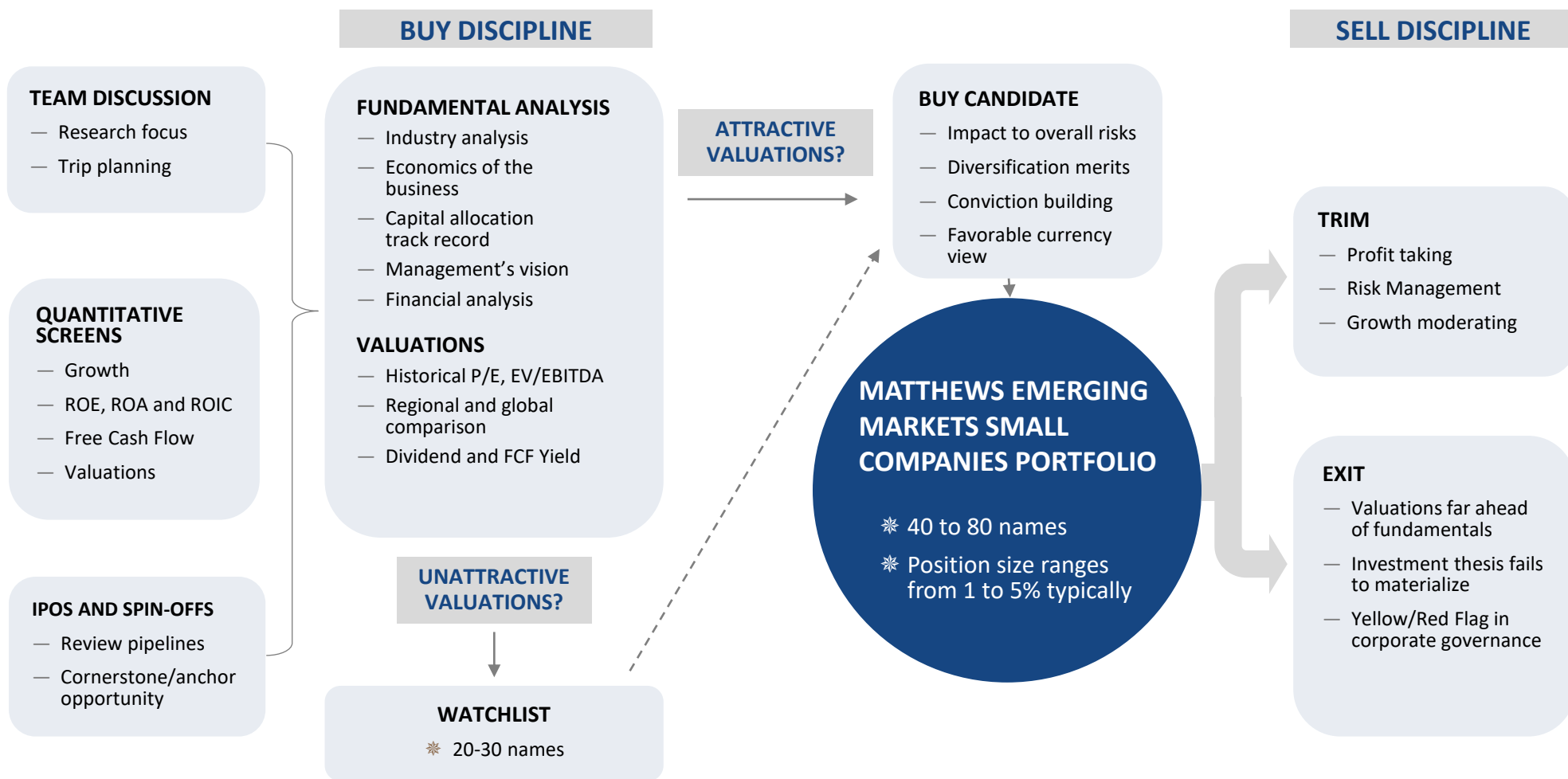


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# How Do We Make Investment Decisions?



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# Case Study | Andes: Emerging Asian Processor IP Leadership

A leading global processor IP licensing company for RISC-V\* architecture

- ✦ We believe Andes (Taiwan) is a leader in the emerging RISC-V ecosystem, an open-sourced ARM competitor
- ✦ RISC-V is the Linux of hardware
- ✦ Already installed in 5B+ devices. Applications include IoT, peripheral devices. Strong traction in networking, AI and Machine Learning
- ✦ Benefits from increasing uptake of open source standards and China's semiconductor localization efforts



## Andes Embedded in Various Applications



- ✦ In leading **machine learning computers** for datacenter
- ✦ In tier-one **switch routers** for datacenter
- ✦ Recent applications: **5G networking, 802.11ax, AI processors** (using Andes Custom Extension, ACE)

\*RISC-V is an open standard instruction set architecture based on established reduced instruction set computer principles. The information in this case study is presented solely to illustrate Matthews Asia's investment process. It should not be considered a recommendation of the security discussed (the "Security"), nor a representation as to whether the Security is currently held by the Fund. The results of any possible investment in the Security are not representative of the results of other investments by the Fund. Performance of the Fund and a list of current holdings as of a recent date are available at [matthewsasiasia.com](http://matthewsasiasia.com). **Past performance is no guarantee of future results.** The statements above are based on the beliefs and assumptions of our portfolio management team and on the information currently available to our team at the time of such statements. Although we believe that the expectations reflected in these statements are reasonable, we can give no assurance that these expectations will prove to be correct.

Source: Company data

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# Case Study | Phoenix Mills: A COVID-19 Survivor and a Likely Consolidator in the Aftermath

- ✦ India's largest retail mall developer and operator
- ✦ Traffic adversely impacted by COVID-19; leading to stock sell-off
- ✦ Strengthened the balance sheet through a follow-on capital raise
- ✦ Demonstrated ability to partner with leading investors like Canada Pension Plan Investment Board (CPPIB) and GIC\*
- ✦ Track record of acquiring high quality but distressed assets cheaply



\*GIC is a sovereign wealth fund established by the Government of Singapore

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# Case Study | InPost: Poland's Dominant Automated Parcel Machine (APM) Operator with Growth Optionality in Western Europe

- \* Poland's dominant Automated Parcel Machine (APM) operator (with c95% locker market share) and Europe's largest
- \* 59% of Polish population can reach an InPost APM within 7 minutes
- \* APMs are more convenient, efficient and greener way to deliver parcels
- \* Strong flywheel effect enables operating leverage
- \* Strong growth potential in France and U.K.



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# Portfolio Construction

## \* COUNTRY BIASES:

- **China + India** holdings will continue to be the bedrock of the portfolio due to large opportunities sets
- Weighting **in frontier markets** such as Vietnam and Bangladesh
- Very diversified country exposure

## \* SECTOR BIASES:

- **Information technology and health care** companies will be of **strategic importance** due to their domestic, secular growth nature
- **Underweight in capital intensive sectors** such as energy and commodity/basic materials

## \* OTHER PORTFOLIO CHARACTERISTICS

- 40 to 80 names
- Position size: between 1% to 5% but dynamic due to a) valuations b) fundamentals c) trading liquidity
- Cash position: <10%

## \* MARKET CAPITALIZATION

- Minimum US\$100 million market cap and a maximum US\$5 billion market cap, or a maximum of the market cap of the largest company included in the Fund's benchmark

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# Emerging Markets Small Companies Fund: Risks and Mitigating Steps

Kissing frogs and kicking tires—no shortcuts

✧ **Style rotation:**

- Growth style outperformance reverses sharply
- Diversifying alpha sources by buying into beaten down consumer cyclicals and financials; in addition to secular growth names. Also, diversifying geographically

✧ **A second wave of COVID-19 in emerging markets:** Health care and consumer names, alongside work-from-home names should provide some cover

✧ **General risk of significant capital loss:**

- Due diligence:
  - Investigate management background and incentives
  - Always validate the product
  - Check with upstream suppliers and downstream customers
  - Check corporate governance activist sites/Understand the short seller's side of the story

✧ **Culture:** Avoid serial acquirers and companies with material related-party transactions

✧ **Liquidity:** Actively monitoring liquidity risk in frontier markets holdings

✧ **Correlations:** Periodic reports



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# Positioning

Correlation of returns, in USD

Since Inception: 09/15/2008 to 6/30/2024	Matthews Emerging Markets Small Companies Fund, Investor	MSCI AC Asia ex JP Small Cap Index	MSCI EAFE Index	MSCI EM Small Cap Index	MSCI EM Index
<b>Matthews Emerging Markets Small Companies Fund, Investor</b>	<b>1.00</b>	--	--	--	--
MSCI AC Asia ex JP Small Cap – Gross Return	0.66	1.00	--	--	--
MSCI EAFE – Gross Return	0.55	0.62	1.00	--	--
MSCI EM (Emerging Markets) Small Cap – Gross Return	0.71	0.97	0.73	1.00	--
MSCI EM (Emerging Markets) – Gross Return	0.70	0.85	0.77	0.91	1.00

5-Year: 6/30/2019 to 6/30/2024	Matthews Emerging Markets Small Companies Fund, Investor	MSCI AC Asia ex JP Small Cap Index	MSCI EAFE Index	MSCI EM Small Cap Index	MSCI EM Index
<b>Matthews Emerging Markets Small Companies Fund, Investor</b>	<b>1.00</b>	--	--	--	--
MSCI AC Asia ex JP Small Cap – Gross Return	0.64	1.00	--	--	--
MSCI EAFE – Gross Return	0.55	0.61	1.00	--	--
MSCI EM (Emerging Markets) Small Cap – Gross Return	0.70	0.96	0.70	1.00	--
MSCI EM (Emerging Markets) – Gross Return	0.70	0.86	0.68	0.89	1.00

3-Year: 6/30/2021 to 6/30/2024	Matthews Emerging Markets Small Companies Fund, Investor	MSCI AC Asia ex JP Small Cap Index	MSCI EAFE Index	MSCI EM Small Cap Index	MSCI EM Index
<b>Matthews Emerging Markets Small Companies Fund, Investor</b>	<b>1.00</b>	--	--	--	--
MSCI AC Asia ex JP Small Cap – Gross Return	0.61	1.00	--	--	--
MSCI EAFE – Gross Return	0.53	0.55	1.00	--	--
MSCI EM (Emerging Markets) Small Cap – Gross Return	0.68	0.97	0.63	1.00	--
MSCI EM (Emerging Markets) – Gross Return	0.63	0.86	0.59	0.86	1.00

**Past performance is no guarantee of future results.**

Indexes are unmanaged and it is not possible to invest directly in an index.

Source: FactSet Research Systems; data as of June 30, 2024

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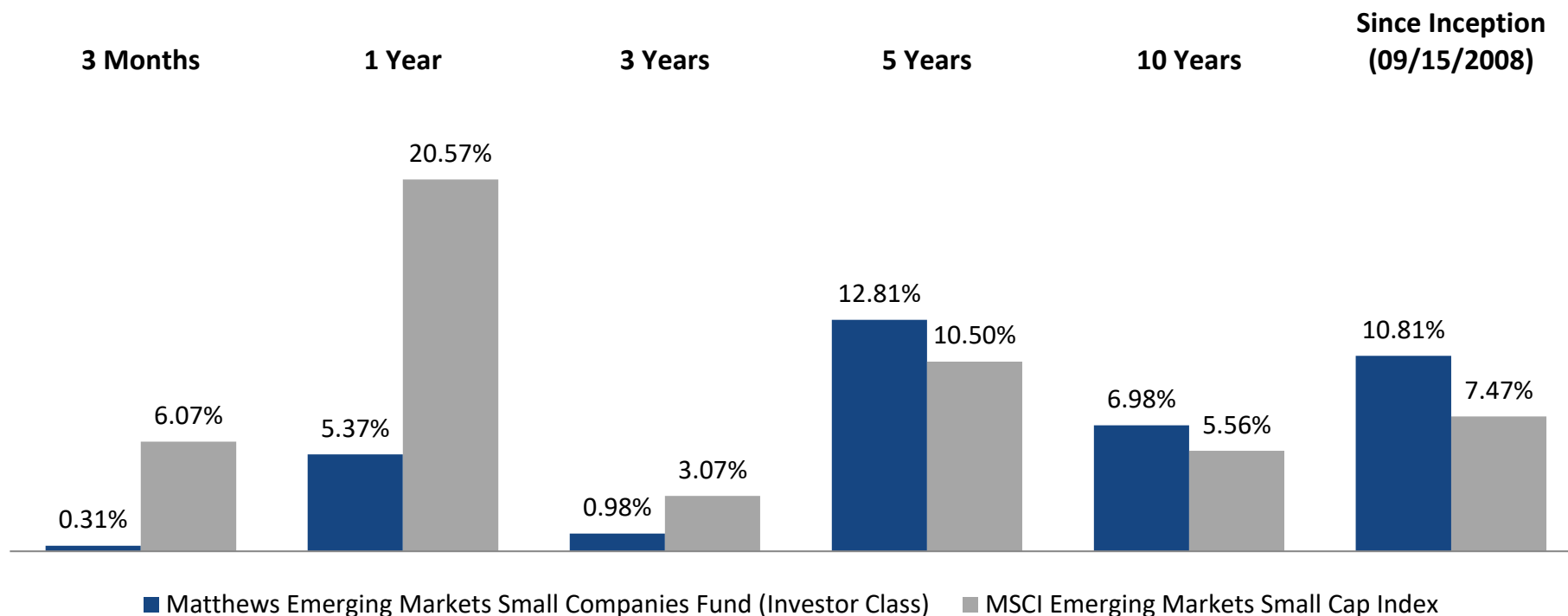
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# Investment Returns | Matthews Emerging Markets Small Companies Fund

As of June 30, 2024

## AVERAGE ANNUAL TOTAL RETURNS



Before April 30, 2021, the Fund was managed with a materially different investment strategy and may have achieved materially different performance results under its current investment strategy from the performance shown for periods before that date. The Fund's primary benchmark is the MSCI Emerging Markets Index.

**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). Indexes are unmanaged and it is not possible to invest directly in an index. Please refer to disclosures for index definition.**

Index since inception value calculated from 9/15/2008  
Sources: BNY Mellon Investment Servicing, Bloomberg, Matthews Asia

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# Competitive Returns | Matthews Emerging Markets Small Companies Fund

As of June 30, 2024

## AVERAGE ANNUAL TOTAL RETURNS

	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Investor Class (MSMLX)	0.20%	5.37%	0.98%	12.81%	6.98%	10.81%	9/15/08
Institutional Class (MISMX)	0.27%	5.56%	1.19%	13.03%	7.20%	7.49%	4/30/13
MSCI Emerging Markets Small Cap Index	7.25%	20.57%	3.07%	10.50%	5.56%	7.47% <sup>1</sup>	
Lipper Emerging Market Funds Category Average	7.15%	11.70%	-4.10%	3.80%	2.65%	4.30% <sup>1</sup>	

Before April 30, 2021, the Fund was managed with a materially different investment strategy and may have achieved materially different performance results under its current investment strategy from the performance shown for periods before that date. The Fund's primary benchmark is the MSCI Emerging Markets Index.

<sup>1</sup> As of 09/15/2008

**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 [matthewsasias.com](http://matthewsasias.com). Indexes are unmanaged and it is not possible to invest directly in an index. Please refer to disclosures for index definition.**

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 periods.

Sources: BNY Mellon Investment Servicing, Bloomberg, Matthews Asia

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# Portfolio Characteristics | Matthews Emerging Markets Small Companies Fund

As of June 30, 2024

## COUNTRY ALLOCATION (%)

	Fund	Benchmark	Difference
India	25.9	28.7	-2.8
China/Hong Kong	24.7	8.3	16.4
Taiwan	14.0	22.7	-8.7
South Korea	7.9	12.3	-4.4
Brazil	7.8	3.6	4.2
Vietnam	4.8	0.0	4.8
Saudi Arabia	2.8	3.9	-1.1
Chile	2.8	0.7	2.1
South Africa	2.7	3.1	-0.4
Turkey	2.0	2.4	-0.4
Poland	1.8	1.4	0.4
Philippines	1.8	0.7	1.1
Indonesia	0.9	1.6	-0.7
Thailand	0.6	2.7	-2.1
Bangladesh	0.4	0.0	0.4
Mexico	0.1	1.6	-1.5
Other	0.0	6.4	-6.4
Liabilities In Excess of Cash and Other Assets	-0.9	0.0	-0.9

## SECTOR ALLOCATION (%)

	Fund	Benchmark	Difference
Industrials	22.1	19.1	3.0
Information Technology	21.4	17.9	3.5
Financials	18.8	10.8	8.0
Consumer Discretionary	17.5	11.9	5.6
Health Care	10.2	8.3	1.9
Real Estate	5.6	5.8	-0.2
Materials	2.2	11.3	-9.1
Consumer Staples	1.5	6.1	-4.6
Communication Services	1.1	3.6	-2.5
Utilities	0.4	3.3	-2.9
Energy	0.0	1.8	-1.8
Liabilities In Excess of Cash and Other Assets	-0.9	0.0	-0.9

**Benchmark: MSCI Emerging Markets Small Cap Index**

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# Portfolio Characteristics | Matthews Emerging Markets Small Companies Fund

As of June 30, 2024

## MARKET CAP EXPOSURE (%)

	Fund	Benchmark	Difference
Mega Cap (over \$25B)	0.0	0.0	0.0
Large Cap (\$10B-\$25B)	9.3	0.1	9.2
Mid Cap (\$3B-\$10B)	42.3	20.6	21.7
Small Cap (under \$3B)	49.3	79.2	-29.9
Liabilities in Excess of Cash and Other Assets	-0.9	0.0	-0.9

## PORTFOLIO CHARACTERISTICS

	Fund
Assets	\$695.6 million
Weighted Average Market Cap	\$4.5 billion
P/E using FY1 Estimates*	15.8x
P/E using FY2 Estimates*	12.7x

**Benchmark: MSCI Emerging Markets Small Cap Index**

\*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.

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# Top Ten Holdings | Matthews Emerging Markets Small Companies Fund

As of June 30, 2024

Company	Sector	Country	%
Shriram Finance, Ltd.	Financials	India	6.4
Bandhan Bank, Ltd.	Financials	India	5.9
Phoenix Mills, Ltd.	Real Estate	India	3.5
Full Truck Alliance Co., Ltd.	Industrials	China/Hong Kong	3.5
Hugel, Inc.	Health Care	South Korea	3.3
Legend Biotech Corp.	Health Care	China/Hong Kong	3.3
M31 Technology Corp.	Information Technology	Taiwan	3.2
Airtac International Group	Industrials	China/Hong Kong	2.2
Silergy Corp.	Information Technology	China/Hong Kong	2.2
Eugene Technology Co., Ltd.	Information Technology	South Korea	2.2
<b>Total for Top 10</b>			<b>35.7%</b>

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# Attribution by Country | Matthews Emerging Markets Small Companies Fund

## Second Quarter 2024

Published Portfolio Return <sup>1</sup>	0.31%
Published Benchmark Return	6.07%
Published Relative Return <sup>2</sup>	-5.76%
Attributable Portfolio Return	0.88%
Attributable Relative Return	-5.19%

- 1 Published portfolio return represents that of the Investor Share Class.
- 2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

**Benchmark: MSCI Emerging Markets Small Cap Index**

The attribution report shows the extent to which the portfolio manager's strategies affect a fund's performance relative to the performance of the fund's benchmark index. Allocation Effect shows the effect on fund performance of either over- or under-weighting a market (a sector, country or region, depending on the type of fund) relative to its benchmark. Selection + Interaction Effect shows how the decision to hold individual securities within the particular sector, country or region performed relative to the benchmark.

Attributed performance is calculated using FactSet Research Systems, Inc. The methodology of calculation is different from the published NAV and will not match performance based on the published NAV. Performance shown is historical and no guarantee of future results. Current performance may be lower or higher. Returns current to the most recent month-end are available at [matthewsasiasia.com](http://matthewsasiasia.com). Investment returns and principal value will fluctuate so that when redeemed, shares may be worth more or less than their original cost. Benchmark performance is unaudited.

Please refer to the disclosures for index definition. Unassigned may include fees, expense accruals, offsets, warrants and rights.

	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-1.58</b>	<b>-3.61</b>	<b>-5.19</b>
<b>Mexico</b>	0.09	1.89	0.47	0.00	0.47
<b>South Korea</b>	8.10	12.86	0.23	0.14	0.37
<b>Thailand</b>	0.76	2.92	0.30	-0.13	0.17
<b>United Arab Emirates</b>	0.00	1.01	0.15	0.00	0.15
<b>Poland</b>	1.79	1.35	0.01	0.10	0.10
<b>Chile</b>	3.87	0.79	0.06	0.02	0.08
<b>Kuwait</b>	0.00	1.12	0.07	0.00	0.07
<b>Greece</b>	0.00	0.59	0.04	0.00	0.04
<b>Vietnam</b>	4.88	0.00	0.02	0.00	0.02
<b>Taiwan</b>	12.77	22.43	0.02	0.00	0.01
<b>Peru</b>	0.00	0.06	0.00	0.00	0.00
<b>Qatar</b>	0.00	0.67	0.00	0.00	0.00
<b>Russia</b>	0.00	0.00	0.00	0.00	0.00
<b>Czech Republic</b>	0.00	0.05	0.00	0.00	0.00
<b>Egypt</b>	0.00	0.26	0.00	0.00	0.00
<b>South Africa</b>	1.19	3.06	-0.19	0.19	-0.01
<b>Hungary</b>	0.00	0.10	-0.01	0.00	-0.01
<b>Indonesia</b>	0.98	1.64	0.09	-0.16	-0.06
<b>Bangladesh</b>	0.38	0.00	-0.07	0.00	-0.07



# Attribution by Country | Matthews Emerging Markets Small Companies Fund

## Second Quarter 2024

Published Portfolio Return <sup>1</sup>	0.31%
Published Benchmark Return	6.07%
Published Relative Return <sup>2</sup>	-5.76%
Attributable Portfolio Return	0.88%
Attributable Relative Return	-5.19%

- 1 Published portfolio return represents that of the Investor Share Class.
- 2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

**Benchmark: MSCI Emerging Markets Small Cap Index**

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	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
Malaysia	0.00	2.54	-0.12	0.00	-0.12
India	23.74	26.84	-0.38	0.25	-0.13
Saudi Arabia	3.23	3.93	0.06	-0.28	-0.22
Turkey	1.49	2.43	-0.04	-0.20	-0.25
Philippines	2.09	0.70	-0.21	-0.24	-0.45
Brazil	8.81	4.19	-1.25	-0.95	-2.21
China/Hong Kong	26.78	8.58	-0.59	-2.34	-2.93
Cash	0.21	0.00	-0.01	0.00	-0.01
Unassigned	-1.15	0.00	-0.23	0.00	-0.23





# Attribution by Sector | Matthews Emerging Markets Small Companies Fund

## Second Quarter 2024

Published Portfolio Return <sup>1</sup>	0.31%
Published Benchmark Return	6.07%
Published Relative Return <sup>2</sup>	-5.76%
Attributable Portfolio Return	0.88%
Attributable Relative Return	-5.19%

1 Published portfolio return represents that of the Investor Share Class.

2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

### Benchmark: MSCI Emerging Markets Small Cap Index

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	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-0.53</b>	<b>-4.66</b>	<b>-5.19</b>
<b>Real Estate</b>	5.65	5.97	0.02	0.87	0.88
<b>Energy</b>	0.00	1.94	0.11	0.00	0.11
<b>Utilities</b>	0.52	3.19	0.00	-0.04	-0.04
<b>Consumer Staples</b>	1.43	6.24	-0.03	-0.05	-0.07
<b>Information Technology</b>	20.78	17.57	0.00	-0.08	-0.08
<b>Financials</b>	18.24	10.74	0.10	-0.22	-0.12
<b>Materials</b>	2.43	11.74	-0.08	-0.18	-0.26
<b>Health Care</b>	10.03	8.79	-0.05	-0.32	-0.37
<b>Communication Services</b>	1.44	3.66	0.11	-0.57	-0.46
<b>Industrials</b>	22.61	18.50	0.22	-2.24	-2.02
<b>Consumer Discretionary</b>	17.80	11.60	0.00	-2.53	-2.53
<b>Cash</b>	0.21	0.00	-0.01	0.00	-0.01
<b>Unassigned</b>	-1.15	0.05	-0.93	0.70	-0.24



# Attribution by Country | Matthews Emerging Markets Small Companies Fund

One Year June 30, 2023 to June 30, 2024

Published Portfolio Return <sup>1</sup>	5.37%
Published Benchmark Return	20.57%
Published Relative Return <sup>2</sup>	-15.20%
Attributable Portfolio Return	7.60%
Attributable Relative Return	-12.97%

1 Published portfolio return represents that of the Investor Share Class.

2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

**Benchmark: MSCI Emerging Markets Small Cap Index**

The attribution report shows the extent to which the portfolio manager's strategies affect a fund's performance relative to the performance of the fund's benchmark index. Allocation Effect shows the effect on fund performance of either over- or under-weighting a market (a sector, country or region, depending on the type of fund) relative to its benchmark. Selection + Interaction Effect shows how the decision to hold individual securities within the particular sector, country or region performed relative to the benchmark.

Attributed performance is calculated using FactSet Research Systems, Inc. The methodology of calculation is different from the published NAV and will not match performance based on the published NAV. Performance shown is historical and no guarantee of future results. Current performance may be lower or higher. Returns current to the most recent month-end are available at [matthewsasiasia.com](http://matthewsasiasia.com). Investment returns and principal value will fluctuate so that when redeemed, shares may be worth more or less than their original cost. Benchmark performance is unaudited.

Please refer to the disclosures for index definition. Unassigned may include fees, expense accruals, offsets, warrants and rights.

	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Total Portfolio</b>	<b>100</b>	<b>100</b>	<b>-9.72</b>	<b>-3.25</b>	<b>-12.97</b>
<b>South Korea</b>	7.70	13.62	0.55	4.01	4.56
<b>Thailand</b>	0.89	3.13	0.91	0.01	0.92
<b>Vietnam</b>	4.88	0.00	0.88	0.00	0.88
<b>Poland</b>	1.54	1.24	0.05	0.29	0.34
<b>Mexico</b>	0.29	2.15	0.32	0.01	0.33
<b>Kuwait</b>	0.00	1.05	0.25	0.00	0.25
<b>Saudi Arabia</b>	2.32	3.82	0.05	0.13	0.19
<b>United Arab Emirates</b>	0.52	1.05	0.33	-0.15	0.18
<b>South Africa</b>	0.43	3.12	-0.15	0.27	0.12
<b>Qatar</b>	0.00	0.72	0.07	0.00	0.07
<b>Greece</b>	0.00	0.55	0.03	0.00	0.03
<b>Colombia</b>	0.00	0.02	0.02	0.00	0.02
<b>Peru</b>	0.00	0.02	0.02	0.00	0.02
<b>Czech Republic</b>	0.00	0.05	0.01	0.00	0.01
<b>Russia</b>	0.00	0.00	0.00	0.00	0.00
<b>Bangladesh</b>	0.45	0.00	-0.04	0.00	-0.04
<b>Hungary</b>	0.00	0.07	-0.05	0.00	-0.05
<b>Egypt</b>	0.00	0.34	-0.07	0.00	-0.07
<b>Indonesia</b>	1.55	1.92	0.20	-0.30	-0.10
<b>Taiwan</b>	11.96	21.94	-0.60	0.42	-0.18



# Attribution by Country | Matthews Emerging Markets Small Companies Fund

One Year June 30, 2023 to June 30, 2024

Published Portfolio Return <sup>1</sup>	5.37%
Published Benchmark Return	20.57%
Published Relative Return <sup>2</sup>	-15.20%
Attributable Portfolio Return	7.60%
Attributable Relative Return	-12.97%

1 Published portfolio return represents that of the Investor Share Class.

2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Turkey</b>	0.95	2.26	0.00	-0.24	-0.25
<b>Malaysia</b>	0.00	2.44	-0.34	0.00	-0.34
<b>Chile</b>	3.76	0.81	-0.70	0.32	-0.38
<b>Philippines</b>	2.37	0.79	-0.38	-0.09	-0.48
<b>Brazil</b>	9.37	4.92	-1.88	-1.36	-3.24
<b>India</b>	23.34	26.17	-0.62	-3.78	-4.40
<b>China/Hong Kong</b>	27.52	7.82	-7.63	-2.79	-10.42
<b>Cash</b>	1.14	0.00	0.25	0.00	0.25
<b>Unassigned</b>	-0.98	0.00	-1.21	0.00	-1.21

## Benchmark: MSCI Emerging Markets Small Cap Index

The attribution report shows the extent to which the portfolio manager's strategies affect a fund's performance relative to the performance of the fund's benchmark index. Allocation Effect shows the effect on fund performance of either over- or under-weighting a market (a sector, country or region, depending on the type of fund) relative to its benchmark. Selection + Interaction Effect shows how the decision to hold individual securities within the particular sector, country or region performed relative to the benchmark.

Attributed performance is calculated using FactSet Research Systems, Inc. The methodology of calculation is different from the published NAV and will not match performance based on the published NAV. Performance shown is historical and no guarantee of future results. Current performance may be lower or higher. Returns current to the most recent month-end are available at [matthewsasiasia.com](http://matthewsasiasia.com). Investment returns and principal value will fluctuate so that when redeemed, shares may be worth more or less than their original cost. Benchmark performance is unaudited.

Please refer to the disclosures for index definition. Unassigned may include fees, expense accruals, offsets, warrants and rights.



# Attribution by Sector | Matthews Emerging Markets Small Companies Fund

One Year June 30, 2023 to June 30, 2024

Published Portfolio Return <sup>1</sup>	5.37%
Published Benchmark Return	20.57%
Published Relative Return <sup>2</sup>	-15.20%
Attributable Portfolio Return	7.60%
Attributable Relative Return	-12.97%

1 Published portfolio return represents that of the Investor Share Class.

2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

**Benchmark: MSCI Emerging Markets Small Cap Index**

The attribution report shows the extent to which the portfolio manager's strategies affect a fund's performance relative to the performance of the fund's benchmark index. Allocation Effect shows the effect on fund performance of either over- or under-weighting a market (a sector, country or region, depending on the type of fund) relative to its benchmark. Selection + Interaction Effect shows how the decision to hold individual securities within the particular sector, country or region performed relative to the benchmark.

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	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Total Portfolio</b>	<b>100.00</b>	<b>100.00</b>	<b>0.21</b>	<b>-13.18</b>	<b>-12.97</b>
<b>Real Estate</b>	6.00	6.11	-0.02	1.48	1.46
<b>Consumer Staples</b>	1.61	6.27	0.40	0.25	0.65
<b>Materials</b>	1.50	12.39	0.52	0.02	0.54
<b>Energy</b>	0.00	1.90	-0.04	0.00	-0.04
<b>Health Care</b>	11.16	8.97	-0.23	0.14	-0.09
<b>Utilities</b>	0.63	3.22	0.00	-0.26	-0.26
<b>Information Technology</b>	18.77	17.63	0.07	-1.24	-1.18
<b>Financials</b>	19.06	10.65	0.57	-1.76	-1.19
<b>Communication Services</b>	1.79	3.74	0.29	-1.80	-1.51
<b>Consumer Discretionary</b>	16.40	11.42	-0.56	-2.75	-3.31
<b>Industrials</b>	22.91	17.63	0.67	-7.69	-7.02
<b>Cash</b>	1.14	0.00	0.25	0.00	0.25
<b>Unassigned</b>	-0.98	0.07	-1.70	0.44	-1.26



# Attribution by Country | Matthews Emerging Markets Small Companies Fund

Three Years June 30, 2021 to June 30, 2024

Published Portfolio Return <sup>1</sup>	0.98%
Published Benchmark Return	3.07%
Published Relative Return <sup>2</sup>	-2.09%
Attributable Portfolio Return	2.26%
Attributable Relative Return	-1.05%

1 Published portfolio return represents that of the Investor Share Class.

2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

**Benchmark: MSCI Emerging Markets Small Cap Index**

The attribution report shows the extent to which the portfolio manager's strategies affect a fund's performance relative to the performance of the fund's benchmark index. Allocation Effect shows the effect on fund performance of either over- or under-weighting a market (a sector, country or region, depending on the type of fund) relative to its benchmark. Selection + Interaction Effect shows how the decision to hold individual securities within the particular sector, country or region performed relative to the benchmark.

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Please refer to the disclosures for index definition. Unassigned may include fees, expense accruals, offsets, warrants and rights.

	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Total Portfolio</b>	<b>100</b>	<b>100</b>	<b>-7.34</b>	<b>6.29</b>	<b>-1.05</b>
<b>South Korea</b>	8.77	14.76	0.71	3.18	3.89
<b>Indonesia</b>	3.89	2.11	0.21	0.59	0.80
<b>India</b>	23.63	23.42	0.29	0.32	0.61
<b>Thailand</b>	0.49	3.55	0.46	0.05	0.51
<b>Vietnam</b>	6.35	0.00	0.37	0.00	0.37
<b>Chile</b>	3.66	0.75	0.38	-0.18	0.21
<b>United Arab Emirates</b>	1.19	0.86	0.14	0.03	0.17
<b>Poland</b>	0.88	1.18	0.08	0.07	0.16
<b>Mexico</b>	1.23	2.07	0.03	0.12	0.15
<b>South Africa</b>	0.14	3.54	0.06	0.08	0.15
<b>Kuwait</b>	0.00	1.06	0.05	0.00	0.05
<b>Brazil</b>	6.15	5.70	-0.15	0.17	0.03
<b>Colombia</b>	0.00	0.12	0.03	0.00	0.03
<b>Qatar</b>	0.00	0.86	0.02	0.00	0.02
<b>Singapore</b>	0.04	0.00	0.01	0.00	0.01
<b>Pakistan</b>	0.00	0.05	0.01	0.00	0.01
<b>Argentina</b>	0.00	0.06	0.01	0.00	0.01
<b>United States</b>	0.03	0.00	0.00	0.00	0.00
<b>Peru</b>	0.00	0.05	0.00	0.00	0.00
<b>Sri Lanka</b>	0.00	0.00	0.00	0.00	0.00
<b>Czech Republic</b>	0.00	0.04	0.00	0.00	0.00
<b>Hungary</b>	0.00	0.06	-0.01	0.00	-0.01



# Attribution by Country | Matthews Emerging Markets Small Companies Fund

Three Years June 30, 2021 to June 30, 2024

Published Portfolio Return <sup>1</sup>	0.98%
Published Benchmark Return	3.07%
Published Relative Return <sup>2</sup>	-2.09%
Attributable Portfolio Return	2.26%
Attributable Relative Return	-1.05%

1 Published portfolio return represents that of the Investor Share Class.

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**Benchmark: MSCI Emerging Markets Small Cap Index**

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Please refer to the disclosures for index definition. Unassigned may include fees, expense accruals, offsets, warrants and rights.

	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Egypt</b>	0.00	0.28	-0.02	0.00	-0.02
<b>Malaysia</b>	0.00	2.73	-0.05	0.00	-0.05
<b>Bangladesh</b>	0.84	0.00	-0.13	0.00	-0.13
<b>Greece</b>	0.00	0.68	-0.13	0.00	-0.13
<b>Turkey</b>	0.57	1.70	-0.13	-0.03	-0.16
<b>Cyprus</b>	0.14	0.00	-0.17	0.00	-0.17
<b>Saudi Arabia</b>	0.77	3.20	-0.24	0.04	-0.20
<b>Taiwan</b>	9.83	21.39	-0.77	0.52	-0.25
<b>Philippines</b>	2.32	0.92	-0.14	-0.16	-0.31
<b>Russia</b>	0.52	0.21	-0.40	-0.35	-0.75
<b>China/Hong Kong</b>	28.65	8.63	-6.70	1.84	-4.86
<b>Cash</b>	0.84	0.00	0.25	0.00	0.25
<b>Unassigned</b>	-0.94	0.00	-1.41	0.00	-1.41



# Attribution by Sector | Matthews Emerging Markets Small Companies Fund

Three Years June 30, 2021 to June 30, 2024

Published Portfolio Return <sup>1</sup>	0.98%
Published Benchmark Return	3.07%
Published Relative Return <sup>2</sup>	-2.09%
Attributable Portfolio Return	2.26%
Attributable Relative Return	-1.05%

1 Published portfolio return represents that of the Investor Share Class.

2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

**Benchmark: MSCI Emerging Markets Small Cap Index**

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Please refer to the disclosures for index definition. Unassigned may include fees, expense accruals, offsets, warrants and rights.

	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Total Portfolio</b>	<b>100.00</b>	<b>100.00</b>	<b>1.39</b>	<b>-2.44</b>	<b>-1.05</b>
<b>Real Estate</b>	7.51	6.30	-0.07	1.83	1.76
<b>Consumer Discretionary</b>	13.17	11.37	-0.10	1.46	1.36
<b>Industrials</b>	26.12	16.54	0.97	-0.48	0.49
<b>Materials</b>	1.58	12.77	0.24	-0.04	0.19
<b>Consumer Staples</b>	1.32	6.24	0.14	-0.06	0.07
<b>Energy</b>	0.00	2.04	-0.25	0.00	-0.25
<b>Utilities</b>	0.24	3.47	-0.22	-0.08	-0.30
<b>Communication Services</b>	1.12	3.95	0.33	-0.66	-0.33
<b>Financials</b>	19.95	11.01	0.50	-0.88	-0.38
<b>Health Care</b>	10.96	8.81	-0.37	-0.21	-0.58
<b>Information Technology</b>	18.13	17.42	0.21	-2.17	-1.96
<b>Cash</b>	0.84	0.00	0.25	0.00	0.25
<b>Unassigned</b>	-0.94	0.08	-0.23	-1.16	-1.39





# Attribution by Country | Matthews Emerging Markets Small Companies Fund

Five Years June 30, 2019 to June 30, 2024

Published Portfolio Return <sup>1</sup>	12.81%
Published Benchmark Return	10.50%
Published Relative Return <sup>2</sup>	2.31%
Attributable Portfolio Return	13.95%
Attributable Relative Return	3.31%

1 Published portfolio return represents that of the Investor Share Class.

2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

**Benchmark: MSCI Emerging Markets Small Cap Index**

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Please refer to the disclosures for index definition. Unassigned may include fees, expense accruals, offsets, warrants and rights.

	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Total Portfolio</b>	<b>100</b>	<b>100</b>	<b>-5.42</b>	<b>8.72</b>	<b>3.31</b>
<b>South Korea</b>	9.18	15.64	0.31	1.85	2.16
<b>China/Hong Kong</b>	32.86	9.90	-4.55	5.64	1.09
<b>Brazil</b>	3.70	6.53	0.37	0.15	0.52
<b>Thailand</b>	1.63	3.66	0.31	0.06	0.37
<b>India</b>	20.62	19.62	0.41	-0.06	0.35
<b>Mexico</b>	0.79	2.16	0.14	0.10	0.24
<b>South Africa</b>	0.08	3.75	0.18	0.06	0.24
<b>Chile</b>	2.25	0.84	0.42	-0.19	0.22
<b>Indonesia</b>	3.41	2.04	-0.16	0.35	0.19
<b>Vietnam</b>	5.44	0.00	0.18	0.00	0.18
<b>Argentina</b>	0.00	0.30	0.16	0.00	0.16
<b>United Arab Emirates</b>	0.71	0.75	0.13	0.02	0.15
<b>Poland</b>	0.54	1.18	0.08	0.06	0.15
<b>Malaysia</b>	0.34	2.93	0.03	0.12	0.15
<b>Japan</b>	0.18	0.00	0.13	0.00	0.13
<b>Colombia</b>	0.00	0.18	0.07	0.00	0.07
<b>Qatar</b>	0.00	0.92	0.06	0.00	0.06
<b>Kuwait</b>	0.00	0.72	0.04	0.00	0.04
<b>Egypt</b>	0.00	0.33	0.04	0.00	0.04
<b>Pakistan</b>	0.00	0.24	0.03	0.00	0.03
<b>Peru</b>	0.00	0.04	0.01	0.00	0.01



# Attribution by Country | Matthews Emerging Markets Small Companies Fund

Five Years June 30, 2019 to June 30, 2024

Published Portfolio Return <sup>1</sup>	12.81%
Published Benchmark Return	10.50%
Published Relative Return <sup>2</sup>	2.31%
Attributable Portfolio Return	13.95%
Attributable Relative Return	3.31%

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**Benchmark: MSCI Emerging Markets Small Cap Index**

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	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Hungary</b>	0.00	0.08	0.01	0.00	0.01
<b>Czech Republic</b>	0.00	0.05	0.00	0.00	0.00
<b>Sri Lanka</b>	0.00	0.00	0.00	0.00	0.00
<b>United States</b>	0.07	0.00	-0.03	0.00	-0.03
<b>Australia</b>	0.17	0.00	-0.04	0.00	-0.04
<b>Turkey</b>	0.34	1.54	-0.03	-0.02	-0.05
<b>Bangladesh</b>	0.55	0.00	-0.07	0.00	-0.07
<b>Greece</b>	0.00	0.82	-0.08	0.00	-0.08
<b>Taiwan</b>	12.04	21.39	-0.80	0.66	-0.14
<b>Cyprus</b>	0.12	0.00	-0.15	0.00	-0.15
<b>Singapore</b>	0.33	0.00	-0.16	0.00	-0.16
<b>Philippines</b>	2.03	0.89	-0.19	0.03	-0.17
<b>Saudi Arabia</b>	0.46	2.90	-0.26	0.03	-0.23
<b>Russia</b>	0.39	0.59	-0.33	-0.14	-0.47
<b>Cash</b>	2.46	0.00	0.03	0.00	0.03
<b>Unassigned</b>	-0.73	0.00	-1.67	0.00	-1.67



# Attribution by Sector | Matthews Emerging Markets Small Companies Fund

Five Years June 30, 2019 to June 30, 2024

Published Portfolio Return <sup>1</sup>	12.81%
Published Benchmark Return	10.50%
Published Relative Return <sup>2</sup>	2.31%
Attributable Portfolio Return	13.95%
Attributable Relative Return	3.31%

1 Published portfolio return represents that of the Investor Share Class.

2 The published relative return is calculated as the difference of the published benchmark return from the published portfolio return.

**Benchmark: MSCI Emerging Markets Small Cap Index**

The attribution report shows the extent to which the portfolio manager's strategies affect a fund's performance relative to the performance of the fund's benchmark index. Allocation Effect shows the effect on fund performance of either over- or under-weighting a market (a sector, country or region, depending on the type of fund) relative to its benchmark. Selection + Interaction Effect shows how the decision to hold individual securities within the particular sector, country or region performed relative to the benchmark.

Attributed performance is calculated using FactSet Research Systems, Inc. The methodology of calculation is different from the published NAV and will not match performance based on the published NAV. Performance shown is historical and no guarantee of future results. Current performance may be lower or higher. Returns current to the most recent month-end are available at [matthewsasiasia.com](http://matthewsasiasia.com). Investment returns and principal value will fluctuate so that when redeemed, shares may be worth more or less than their original cost. Benchmark performance is unaudited.

Please refer to the disclosures for index definition. Unassigned may include fees, expense accruals, offsets, warrants and rights.

	Average Portfolio Wt	Average Benchmark Wt	Allocation Effect	Selection + Interaction Effect	Total Effect
<b>Total Portfolio</b>	<b>100.00</b>	<b>100.00</b>	<b>1.49</b>	<b>1.82</b>	<b>3.31</b>
<b>Industrials</b>	22.74	15.44	0.63	1.50	2.13
<b>Real Estate</b>	6.82	6.65	0.08	1.58	1.65
<b>Consumer Discretionary</b>	11.89	12.04	0.13	1.00	1.13
<b>Financials</b>	14.36	10.86	0.59	0.17	0.76
<b>Information Technology</b>	20.48	17.37	0.41	-0.10	0.30
<b>Consumer Staples</b>	3.77	6.09	0.06	0.14	0.19
<b>Utilities</b>	0.15	3.90	0.08	-0.06	0.03
<b>Communication Services</b>	2.03	3.93	0.26	-0.30	-0.04
<b>Energy</b>	0.00	2.02	-0.05	0.00	-0.05
<b>Health Care</b>	13.60	9.12	-0.10	-0.29	-0.39
<b>Materials</b>	2.42	12.34	-0.45	-0.33	-0.79
<b>Cash</b>	2.46	0.00	0.03	0.00	0.03
<b>Unassigned</b>	-0.73	0.23	-0.17	-1.47	-1.65



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# Attribution Disclosure

Performance attribution reports are calculated with a holdings-based methodology using software supplied by FactSet Research Systems, Inc. The performance shown will not equate to the standard, published performance for the Fund. The quarterly or annual periods shown in the attribution reports should be considered short-term, while it is appropriate to have a long-term horizon when investing in a mutual fund. Fund performance should be evaluated over such a long-term horizon. Relative performance in a particular sector or country over a short period, and relative performance due to asset allocation or stock selection over a short period is no indication or guarantee of performance over longer time horizons. The sector or country allocation shown may not be representative of the Fund's current or future investments. None of the data displayed should be considered as a recommendation.

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# Matthews Emerging Markets Small Companies Fund Investment Team

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## VIVEK TANNEERU

Vivek Tanneeru is a Portfolio Manager at Matthews and manages the firm's Emerging Markets Sustainable Future, Emerging Markets Small Companies, Emerging Markets Discovery, Asia Small Companies and Asia Sustainable Future Strategies. Prior to joining Matthews in 2011, Vivek was an Investment Manager on the Global Emerging Markets team of Pictet Asset Management in London. While at Pictet, he also worked on the firm's Global Equities team, managing Japan and Asia ex-Japan markets. Before earning his MBA from the London Business School in 2006, Vivek was a Business Systems Officer at The World Bank and served as a Consultant at Arthur Andersen Business Consulting and Citicorp Infotech Industries. He interned at Generation Investment Management while studying for his MBA. Vivek received his Master's in Finance from the Birla Institute of Technology & Science in India. He is fluent in Hindi and Telugu.

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## JEREMY SUTCH, CFA

Jeremy Sutch is a Portfolio Manager at Matthews and manages the firm's Emerging Markets ex China Strategy and co-manages the firm's Emerging Markets Equity, Emerging Markets Small Companies, Emerging Markets Discovery, Asia Small Companies, Asia ex Japan Total Return Equity and Pacific Tiger Strategies. Prior to joining Matthews in 2015, he was Director and Global Head of Emerging Companies at Standard Chartered Bank in Hong Kong from 2012 to 2015, responsible for the fundamental analysis of companies in Asia, with a particular focus on small- and mid-capitalization companies. From 2009 to 2012, he was Managing Director at MJP Capital in Hong Kong, which he co-founded. His prior experience has included managing small-cap equities at Indus Capital Advisors and serving as Head of Hong Kong Research for ABN AMRO Asia Securities. Jeremy earned an M.A. in French and History from the University of Edinburgh.

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## ALEX ZARECHNAK

Alex Zarechnak is a Portfolio Manager at Matthews and manages the firm's Emerging Markets Equity and Emerging Markets ex China Strategies and co-manages the Emerging Markets Small Companies, Emerging Markets Discovery, and Emerging Markets Sustainable Future Strategies. Prior to joining the firm in 2020, he spent a total of 15 years (1998 – 2006 and 2012 – 2019) at Wellington Management as an analyst for the firm's flagship Emerging Markets Equity fund as a generalist first covering CEEMEA, then Latin America. From 2006-2012, he was a regional equity analyst at Capital Group, covering Emerging Markets with a focus on energy, telecoms and consumer sectors in Latin America and CEEMEA. Alex began his Emerging Markets career as a Russia equity analyst with Templeton Emerging Markets, based in Moscow. He earned a B.A. in Economics and Government from the College of William & Mary. Alex is fluent in Russian.

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## HARDY ZHU

Hardy Zhu is a Portfolio Manager at Matthews and co manages the firm's China, China Small Companies, China Dividend, China Discovery, China A-Share, Emerging Markets Small Companies and Emerging Markets Discovery Strategies. Prior to joining the firm in 2011, Hardy was an Equity Analyst with Delaware Investments researching Chinese equities. Before earning his MBA from Duke University in 2007, Hardy was a senior accountant at PNC Global Investment Servicing from 2000 to 2005. Hardy began his career at China National Nonferrous Metals Import & Export Co., one of the largest state-owned international trading companies in China. He received a Master of Accounting degree from the Virginia Polytechnic Institute and State University and a B.S. in Industrial Foreign Trade from Shenyang Polytechnic University in China. Hardy is fluent in Mandarin.

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# Disclosure

*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](http://matthewsasia.com). Please read the prospectus carefully before investing.*

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Matthews International Capital Management, LLC is the advisor to the Matthews Asia Funds.

The Lipper China Region Funds Category includes Funds that concentrate their investments in equity securities whose primary trading markets or operations are concentrated in the China region or in a single country within this region.

The Lipper Emerging Markets Funds Category includes Funds that seek long-term capital appreciation by investing at least 65% of total assets in emerging market equity securities, where "emerging market" is defined by a country's GNP per capita or other economic measures.

The Lipper India Region Funds Category includes Funds that concentrate their investments in equity securities with primary trading markets or operations concentrated in the India region.

The Lipper Japanese Funds Category includes Funds that concentrate their investments in equity securities of Japanese companies.

The Lipper Pacific Region Funds Category includes Funds that concentrate their investments in equity securities with primary trading markets or operations concentrated in the Western Pacific Basin region or a single country within this region.

The Lipper Pacific ex Japan Funds Category includes Funds that concentrate their investments in equity securities with primary trading markets or operations concentrated in the Pacific region (including Asian countries) and that specifically do not invest in Japan.

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# Index Definitions

The Bloomberg European 500 Index is a free float capitalization-weighted index of the 500 most highly capitalized European companies.

The iShares MSCI Emerging Markets ETF (EEM) is an exchange-traded fund incorporated in the USA. The ETF tracks the performance of the MSCI TR Emerging Markets Index. The ETF holds emerging market stocks that can predominantly be classified as large and mid-cap.

The iShares MSCI Europe Small-Cap ETF seeks to track the investment results of an index composed of small-capitalization developed market equities in Europe.

The iShares MSCI Frontier 100 ETF seeks to track the investment results of an index composed of frontier market equities.

The MSCI All Country Asia ex Japan Index is a free float-adjusted market capitalization-weighted index of the stock markets of China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The MSCI All Country Asia ex Japan Small Cap Index is a free float-adjusted market capitalization-weighted index of small cap index of the stock markets of China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The MSCI All Country Asia Pacific Index is a free float-adjusted market capitalization-weighted index of the stock markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand.

The MSCI All Country World Index (ACWI) captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 2,489 constituents, the index covers approximately 85% of the global investable equity opportunity set.

The MSCI Australia Index is a free float-adjusted, market capitalization-weighted index of equity market performance in Australia.

The MSCI China Index is a free float-adjusted market capitalization-weighted index of Chinese equities that includes H shares listed on the Hong Kong exchange, B shares listed on the Shanghai and Shenzhen exchanges, 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), and foreign listings (e.g. ADRs).

The MSCI China All Shares Index captures large and mid-cap representation across China A-shares, B-shares, H-shares, Red-chips, P-chips and foreign listings (e.g. ADRs).

The MSCI China Small Cap Index is a free float-adjusted market capitalization-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, 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), and foreign listings (e.g., ADRs).

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI Emerging Markets (EM) Asia Index captures large and mid cap representation across 9 Emerging Markets countries. With 567 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization-weighted index of the stock markets of Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, South Korea, Taiwan, Thailand, Turkey and United Arab Emirates.

The MSCI Emerging Markets Equity Index captures large and mid cap representation across 23 Emerging Markets (EM) countries. With 829 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Emerging Markets (EM) Latin America Index captures large and mid-cap representation across 5 Emerging Markets (EM) countries in Latin America. With 110 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Emerging Markets EMEA Index captures large and mid cap representation across 10 Emerging Markets (EM) countries in Europe, the Middle East and Africa (EMEA). With 163 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 15 developed market country indexes: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

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# Index Definitions

The MSCI Europe Small Cap Index captures small cap representation across the 15 Developed Markets (DM) countries in Europe. With 985 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in the European equity universe.

The MSCI Frontier Markets Index captures large and mid cap representation across 29 Frontier Markets (FM) countries. The index includes 110 constituents, covering about 85% of the free float-adjusted market capitalization in each country.

The MSCI India Index is a free float-adjusted market capitalization index that is designed to measure the performance of the large and mid -cap segments of the Indian market.

The MSCI India Small Cap Index is designed to measure the performance of the small cap segment of the Indian market. With 253 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the India equity universe.

The MSCI Japan Index is a free float-adjusted market capitalization-weighted index of Japanese equities listed in Japan. The MSCI Japan Value Index captures large and mid cap Japanese securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 173 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI Japan Index.

The MSCI Japan Growth Index is a free-float weighted equity index.

The MSCI Japan Small Cap Index is designed to measure the performance of the small cap segment of the Japanese market. With 926 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the Japan equity universe.

The MSCI Japan Value Index captures large and mid cap Japanese securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 176 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI Japan Index.

The Korea Composite Stock Price Index (KOSPI) is a capitalization-weighted index of all common stocks listed on the Korea Stock Exchange.

The MSCI United Kingdom Index is a free float-adjusted market capitalization index designed to measure the performance of the large and mid-cap segments of the UK market.

The MSCI USA Index is a free float adjusted market capitalization index that is designed to measure large and mid cap US equity market performance.

The MSCI USA Small Cap Index is designed to measure the performance of the small cap segment of the US equity market. With 1,782 constituents, the index represents approximately 14% of the free float-adjusted market capitalization in the US.

The Russell 2000 index is an index measuring the performance approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. The weighted average market capitalization for companies in the Russell 2000 is about US\$1.3 billion and the index itself is frequently used as a benchmark for small-cap mutual funds.

The S&P 500 Index is a broad market-weighted index dominated by blue-chip stocks in the U.S.

The S&P Bombay Stock Exchange 100 (S&P BSE 100) Index is a free float-adjusted market capitalization-weighted index of 100 stocks listed on the Bombay Stock Exchange.

The SSE Composite Index also known as SSE Index is a stock market index of all stocks that are traded at the Shanghai Stock Exchange.

The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 18 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The Tokyo Stock Price Index (TOPIX) is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange.

The TOPIX Small Index is a capitalization-weighted index designed to measure the performance of the stocks listed on the First Section of the Tokyo Stock Exchange, excluding the TOPIX 500 stocks and non-eligible stocks.

Indexes are unmanaged and it is not possible to invest directly in an index.

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# Glossary

CAGR (Compound Annual Growth Rate) is the year-over-year growth rate of an investment over a specified period of time.

DCF (Discounted Cash Flow) is a valuation method used to estimate the attractiveness of an investment opportunity. DCF analysis uses future free cash flow projections and discounts them to arrive at a present value estimate, which is used to evaluate the potential for investment.

EBIT Margin (Earnings Before Interest and Taxation Margin) is a profitability measure equal to EBIT divided by net revenue. This value is useful when comparing multiple companies, especially within a given industry, and also helps evaluate how a company has grown over time.

EBITDA (Earnings Before Interest and Taxation, Depreciation and Amortization) is a measure of a company's earnings before considering the financing of that company (the share of equity capital and debt employed), and disregarding potential depreciation and amortization policies, which can be very different. EBITDA allows like-for-like comparisons between different companies' performance.

EPS (Earnings per Share) is the amount of annual profit (after tax and all other expenses) attributable to each share in a company. EPS is calculated by dividing profit by the average number of shares on issue.

EVA (Economic Value Added) is a measure of a company's financial performance based on the residual wealth calculated by deducting cost of capital from its operating profit (adjusted for taxes on a cash basis).

EV/EBITDA (Enterprise Multiple) is a ratio used to determine the value of a company. The enterprise multiple looks at a firm as a potential acquirer would, because it takes debt into account - an item which other multiples like the P/E ratio do not include.

EV (Enterprise Value) is a measure of a company's value, often used as an alternative to straightforward market capitalization. Enterprise value is calculated as market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents.

FCF (Free Cash Flow) is a measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

Forward P/E (Forward Price to Earnings) is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. While the earnings used are just an estimate and are not as reliable as current earnings data, there still may be benefit in estimated P/E analysis. The forecasted earnings used in the formula can either be for the next 12 months or for the next full-year fiscal period.

Gross Margin is a company's total sales revenue minus its cost of goods sold, divided by the total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company.

Net Margin is the ratio of net profits to revenues for a company or business segment—typically expressed as a percentage—that shows how much of each dollar earned by the company is translated into profits. It is calculated by dividing net profit by revenue.

Operating Margin is a ratio used to measure a company's pricing strategy and operating efficiency. Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production.

P/E Ratio (Price-to-Earnings Ratio) is a valuation ratio of a company's current share price compared to its per-share earnings, calculated as marketing value per share divided by earnings per share (EPS).

P/B Ratio (Price-to-Book Ratio) is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. A lower P/B ratio could mean that the stock is undervalued.

PPP (Purchasing Power Parity) is an economic theory that estimates the amount of adjustment needed on the exchange rate between countries in order for the exchange to be equivalent to each currency's purchasing power.

ROE (Return on Equity) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested, and is calculated as net income divided by shareholder's equity.

ROIC (Return on Invested Capital) is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The return on invested capital measure gives a sense of how well a company is using its money to generate returns.

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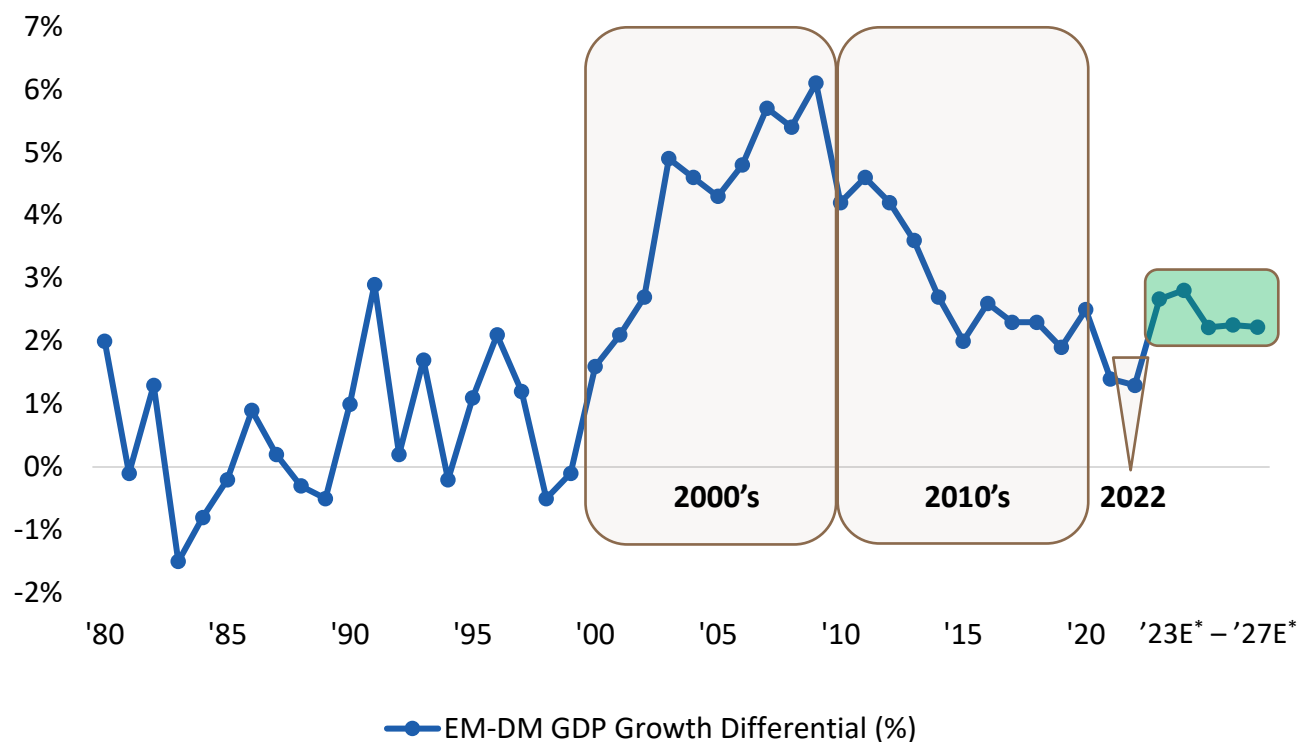
# *Appendix*

# Emerging Markets Look Attractive on Both Structural and Cyclical Basis

## Structural

- 2022: Lowest growth differential between emerging economies (EM) and developed economies (DM) since 1999
- GDP growth rate differential between EM and DM expected to widen over the next five years, according to IMF

EM-DM GDP GROWTH DIFFERENTIAL: SET TO WIDEN AGAIN



An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks.

\*Note: Data are estimates and there is no guarantee projections or estimates will be realized.

Sources: International Monetary Fund (IMF), World Economic Outlook April 2023

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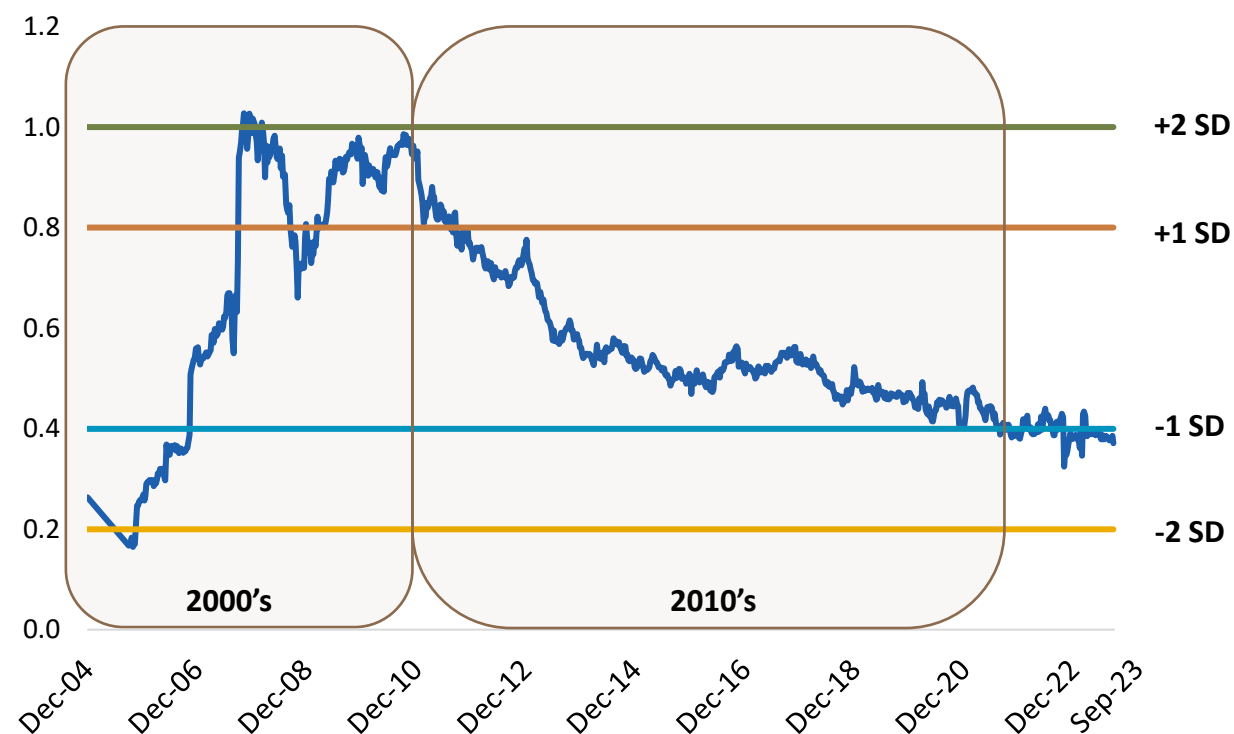
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# Emerging Markets Look Attractive on Both Structural and Cyclical Basis

## Cyclical

- Attractive relative valuations in favor of EM
- Relatively benign inflation and attractive real rates in EM

EM VS. US: ATTRACTIVE PRICE-BOOK RATIO



An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks.

Sources: IMF; Bloomberg; data as of September 22, 2023

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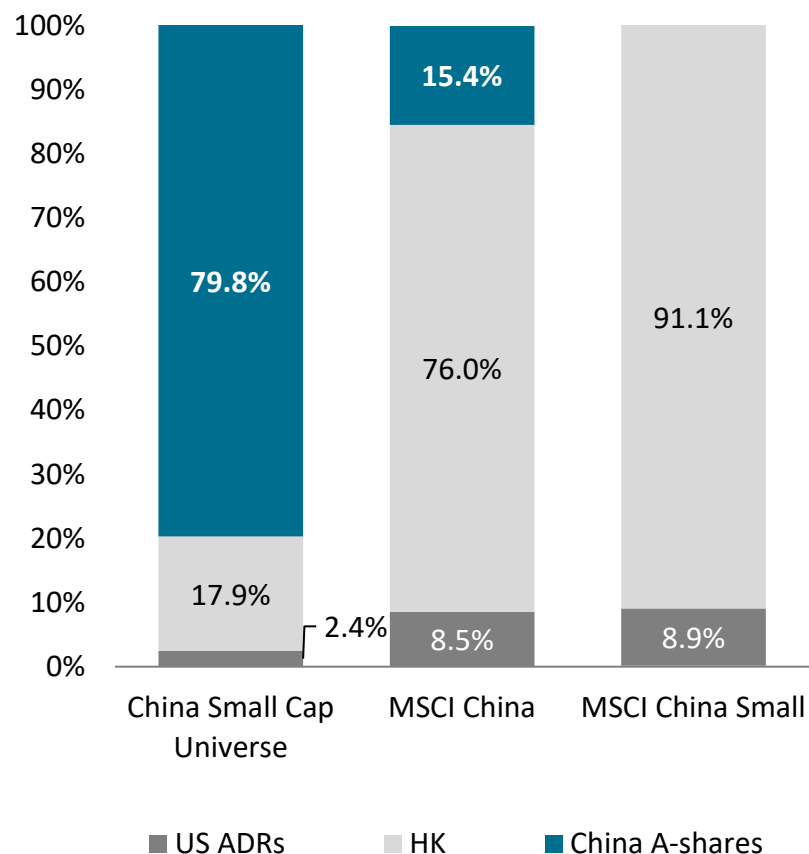




# We Believe the China Small Cap Universe is Inefficient and Undiscovered

A large percentage of the universe is not represented in leading benchmarks

## CHINA SMALL UNIVERSE



## THIRD-PARTY ANALYST COVERAGE OF CHINESE STOCKS

Percent of companies covered by third-party analysts within China's broader stock universe	Number of third-party analysts providing coverage
37%	5+ analysts
60%	5 or fewer analysts
54%	4 or fewer analysts
48%	3 or fewer analysts
40%	2 or fewer analysts
32%	1 or zero analysts
19%	Zero analysts

China Small Universe defined as companies within US\$1-\$5bn in market cap, totaling 1700 companies  
 Source: Data from Bloomberg as of June 30, 2024

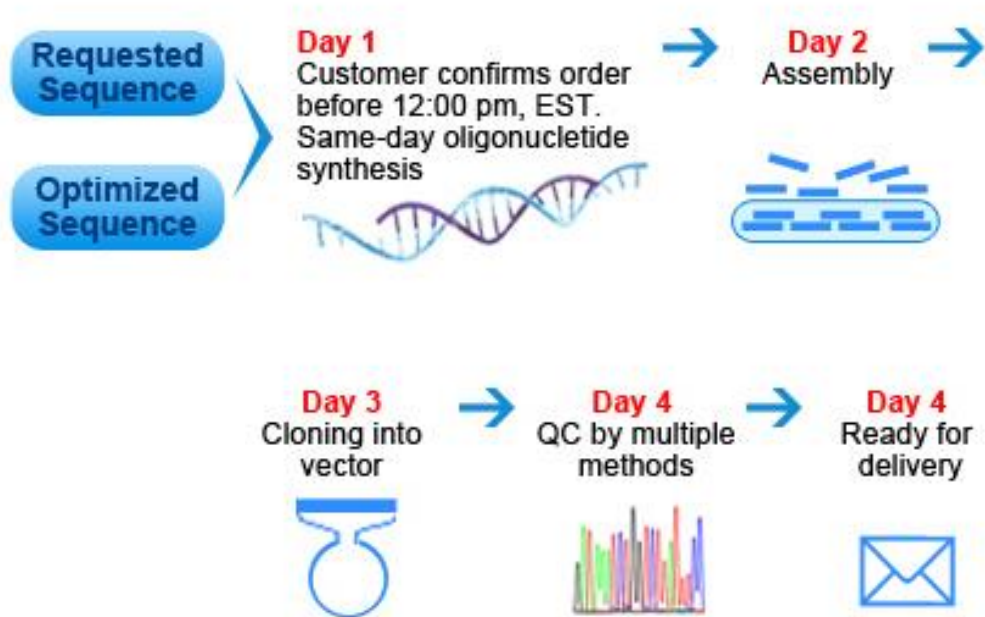
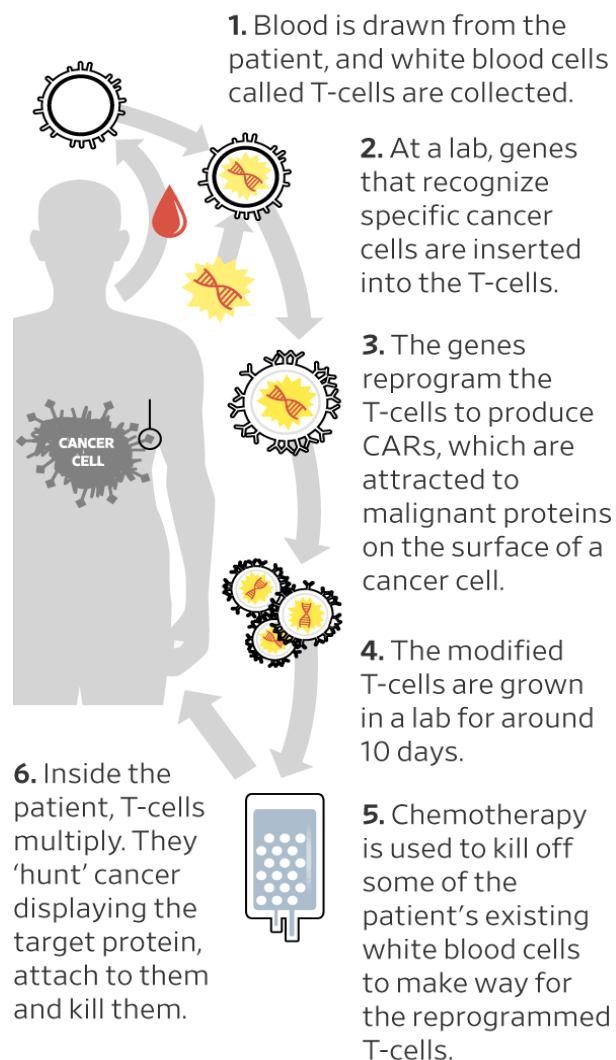
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# In Our View, China Will be the Next Biotech and Innovation Powerhouse

## Cell and Gene Therapy Companies are Gaining Momentum



Source: [www.genscript.com](http://www.genscript.com), "Express Gene Synthesis", March 1, 2019

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# P/E Multiple Expansion Potential in Emerging Markets Small Companies

## Sources of Price Inefficiencies

\* Lack of analyst coverage



## Matthews Approach

- \* Broad Matthews investment team with breadth and depth of knowledge across market cap spectrum; 4,500+ company meetings in 2023
- \* Factory/store/site visits, channel checks with supply chain and competition

\* Short-term market focus



- \* Long-term growth projections
- \* Multiple year holding period and conviction building
- \* Low portfolio turnover

\* Underappreciated intangible asset value



- \* Regional/global perspective and assessments
- \* In-depth due diligence and analysis
- \* Experience looking beyond the obvious

\* Perception of inferior quality/high risks



- \* Emphasis on sustainability of business model and profitable growth
- \* Quality of financials, e.g. balance sheet strength, cash flow generation and return on invested capital
- \* Focus on corporate governance

# Experienced Investment Team—Deep Capabilities

## CHIEF INVESTMENT OFFICER & PORTFOLIO MANAGER

**Sean Taylor**  
Chief Investment Officer, Portfolio Manager  
31 years exp.

## PORTFOLIO MANAGEMENT TEAM

<b>Inbok Song</b> 20 years exp.	<b>Siddharth Bhargava</b> 19 years exp.	<b>Winnie Chwang</b> 20 years exp.	<b>Andrew Mattock, CFA</b> 31 years exp.
<b>Jeremy Sutch, CFA</b> 30 years exp.	<b>Robert Horrocks, PhD</b> 30 years exp.	<b>Swagato Ghosh</b> 11 years exp.	<b>Peeyush Mittal, CFA</b> 15 years exp.
<b>Vivek Tanneeru</b> 19 years exp.	<b>Kenneth Lowe, CFA</b> 18 years exp.	<b>Donghoon Han</b> 14 years exp.	<b>Shuntaro Takeuchi</b> 23 years exp.
<b>Sean Taylor</b> 31 years exp.	<b>Michael Oh, CFA</b> 24 years exp.	<b>Elli Lee</b> 21 years exp.	<b>Sherwood Zhang, CFA</b> 23 years exp.
<b>Alex Zarechnak</b> 29 years exp.	<b>Sojung Park</b> 15 years exp.	<b>Hardy Zhu</b> 17 years exp.	<b>Jason Ng</b> 13 years exp.

## INDEPENDENT RISK TEAM

<b>Robert Cosgrove</b> VP, Head of Investment Risk 29 years exp.	<b>David Kast</b> Global Head of Risk 31 years exp.	<b>Rita Prikhodko</b> Senior Risk Officer 13 years exp.
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## PORTFOLIO STRATEGISTS AND SPECIALISTS

<b>Michael Barrer</b> VP, Head of Capital Markets 15 years exp.	<b>David Dali</b> Head of Portfolio Strategy 34 years exp.
<b>Andy Rothman</b> China Macro Strategist 40 years exp.	<b>Ashley Kim</b> Analyst, Portfolio Strategy 9 years exp.
<b>Julia Zhu</b> Research Analyst, China 22 years exp.	

## SUSTAINABILITY SPECIALISTS

<b>Kathlyn Collins, CAIA</b> VP, Head of Responsible Investing and Stewardship 9 years exp.	<b>Kary Cheng</b> ESG Research Analyst 5 years exp.
<b>Wenlin Zhao</b> ESG Research Analyst 5 years exp.	

## TRADERS

<b>Shane Neal</b> Head Trader 22 years exp.	<b>Joong Kang</b> Senior Trader 33 years exp.
<b>Jose Rivera</b> Senior Trader 24 years exp.	<b>Matthew Othick</b> Senior Trader 22 years exp.

## 30+ investment professionals working in concert to improve investment outcomes

- 10 years average tenure at Matthews
- 21 years average industry experience
- 18 years average experience investing in Emerging Markets and Asian markets

Years of experience in Emerging Markets / Asia investing as of January 2024



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