Matthews Asia

Matthews Asia Dividend Fund

Investor

Commentary

Period ended March 31, 2025

Market Environment

- Asia performed better than expected in the first quarter of 2025 thanks in part to a more favorable macro environment. Many investors had expected the strength in the dollar and U.S. equity market to continue into 2025 and contribute to a weaker performance in the region but that didn't happen.
- At the country level, performance was mixed. China led markets in Asia higher while Taiwan and India faced pressure. China technology shares were buoyed by the success of the DeepSeek artificial intelligence (AI) platform which in turn spurred a selloff in U.S. big tech stocks and negatively impacted Taiwan, a market that is almost a direct play in a narrow area of technology driven by AI.
- India's market was challenged as earnings disappointed amid softening economic growth caused by weaker government spending and tight monetary policy. Sentiment toward Japanese equities was impacted by concerns that a stronger yen along with rising rates may dampen export demand. Earnings remained robust in the quarter and buybacks and dividends continued to support total returns.
- In more peripheral markets, Southeast Asia should have benefited from a weakening U.S. dollar but was hurt by political disruption. As the quarter progressed, optimism toward the region receded as U.S. economic data deteriorated and concerns gathered over the prospect of new far-ranging reciprocal U.S. tariffs and a trade-related global economic slowdown.

Contributors and Detractors

- For the quarter ended March 31, 2025, the Matthews Asia Dividend Fund returned 1.52% (Investor Class) and 1.55% (Institutional Class) while its benchmark, the MSCI All Country Asia Pacific Index, returned 0.97% over the same period.
- On a country basis, the top three contributors to relative performance were Japan due to stock selection, Taiwan due to an underweight allocation and Malaysia due to zero allocation. The top three detractors were Australia and Singapore due to stock selection and India due to an underweight allocation and stock selection.
- On a sector basis, the top three contributors to relative performance were consumer discretionary due to stock selection, information technology (IT) due to allocation and stock selection, and communication services due to stock selection. The top three detractors were consumer staples, financials and health care due to stock selection.
- The largest contributors to absolute performance included Tencent Holdings, a Chinese online gaming and social media conglomerate, Minth Group, an automobile parts company, and Bandai Namco Holdings, an entertainment content provider. The top three detractors included Taiwan Semiconductor Manufacturing Co. (TSMC), a globally leading chipmaker, Delta Electronics, a Taiwanese electronics manufacturer, and Nissin Foods Holdings, a Japanese producer of instant noodle and processed food products.

Outlook

- Front and center to our outlook is the impact of U.S. tariffs on the global economy and markets. The Trump administration's tariff policy has shown itself to be fluid and unpredictable. We may see some new tariffs rolled back in certain markets and a different picture coming into focus in the coming weeks and months.
- At this point, what we can conclude is that from a U.S. perspective, the administration's tariff policy is growth negative and inflation positive. It probably means that inflation stays around 3% and that has implications for the Federal Reserve's interest rate policy and in turn for markets in Asia.
- When the global economy is under pressure, we believe domestic drivers are more important than global drivers. For Asia, that means we need to be cautious of markets that are correlated to the U.S. and of companies that are selling into the US. Domestic demand-driven markets like India and China, which rely less on the global economy, we think will be more resilient.
- Many investors are expecting the Federal Reserve to maintain a rate-cutting trajectory this year which would be a tailwind for Asia. We believe markets will also be supported by a pick-up in earnings on valuations that are still cheap. We think there are opportunities for experienced active managers to pick their spots and focus on

fundamentals.

Top 10 holdings as of March 31, 2025. Current and future holdings are subject to change and risk. Dividends are not guaranteed and may fluctuate.

Average Annual Total Returns - MAPIX as of 03/31/2025

1YR	3YR	5YR	10YR	Since Inception	Inception Date
5.63%	-2.13%	4.56%	2.78%	6.08%	10/31/2006

All performance quoted is past performance and is no guarantee of future results. Investment return and principal value will fluctuate with changing market conditions so that shares, when redeemed, 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

Fees & Expenses

Gross Expense Ratio	1.10%

Yields as of 03/31/2025

30-Day SEC Yield	1.91%
Dividend Yield	3.14%

The 30- Day SEC Yield represents net investment income earned by the Fund over the 30- day period ended 03/31/2025, expressed as an annual percentage rate based on the Fund's share price at the end of the 30- day period. The 30-Day SEC Yield should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate. Source: BNY Mellon Investment Servicing (US) Inc.

Dividend Yield (trailing) is the weighted average sum of the dividends paid by each equity security held by the Fund over the last 12 months divided by the current price as of report date. The annualised dividend yield is for the equity-only portion of the Fund and does not reflect the actual yield an investor in the Fund would receive. There can be no guarantee that companies that the Fund invests in, and which have historically paid dividends, will continue to pay them or to pay them at the current rates in the future. A positive distribution yield does not imply positive return, and past yields are no guarantee of future yields.

Investments in Asian securities may involve risks such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Investing in emerging and frontier markets involves different and greater risks, as these countries are substantially smaller, less liquid and more volatile than securities markets in more developed markets.There is no guarantee that the Fund or the companies in its portfolio will pay or continue to pay dividends.

There is no guarantee that a company will pay or continue to increase dividends. Past performance is no guarantee of future results.

You should carefully consider the investment objectives, risks, charges and expenses of the Matthews Asia Funds before making an investment decision. A prospectus or summary prospectus with this and other information about the Funds may be obtained by visiting matthewsasia.com. Please read the prospectus carefully before investing.

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.

Fund holdings are subject to change and risk. For current holdings, please visit each Fund's individual overview page.

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