

## ASIA FIXED INCOME STRATEGIES



### FUND FACTS

	Investor Class	Institutional Class
Ticker	MAINX	MINCX
CUSIP	577125503	577125602
Inception	11/30/11	11/30/11
NAV	\$11.25	\$11.25
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio	1.08%	0.97%
Net Expense Ratio <sup>1</sup>	1.07%	0.90%
30 Day SEC Yield <sup>3</sup>	4.80%	5.04%
30 Day SEC Yield (excluding expense waiver) <sup>3</sup>	4.68%	4.82%

### Portfolio Statistics

Total # of Positions	42
Net Assets	\$114.8 million
Modified Duration <sup>2</sup>	4.3
Portfolio Turnover	84.38% <sup>4</sup>

### Benchmark

50% Markit iBoxx ALBI/50% JACI  
Markit iBoxx Asian Local Bond Index

### RISKS

An investment in the Fund is subject to credit, interest rate and currency risks. Credit risk is the change in the value of debt securities reflecting the ability and willingness of issuers to make principal and interest payments. Interest rate risk is the possibility that a Fund's yield will decline due to falling interest rates and the potential for bond prices to fall as interest rates rise. Currency risk is a decline in value of a foreign currency relative to the Fund's base currency which reduces the value of the foreign currency and investments denominated in that currency. The Fund may invest in the following: derivatives which can be volatile and affect Fund performance; high yield bonds (junk bonds) which can subject the Fund to substantial risk of loss; and structured investments which can change the risk or return, or replicate the risk or return of an underlying asset. The Fund is non-diversified and may invest a larger portion of its assets in a single issuer and may entail greater risk than a diversified fund.

# Matthews Asia Total Return Bond Fund

(The Fund's name changed from Matthews Asia Strategic Income Fund to Matthews Asia Total Return Bond Fund on January 31, 2020.)

December 31, 2020

## Investment Objective

Total return over the long term with an emphasis on income.

## Strategy

Under normal circumstances, the Fund seeks to achieve its investment objective by investing at least 80% of its total assets, which include borrowings for investment purposes, in income-producing securities including, but not limited to, debt and debt-related instruments issued by governments, quasi-governmental entities, supranational institutions, and companies in Asia, which consists of all countries and markets in Asia, including developed, emerging, and frontier countries and markets in the Asian region. Investments may be denominated in any currency, and may represent any part of a company's capital structure from debt to equity or with features of both.

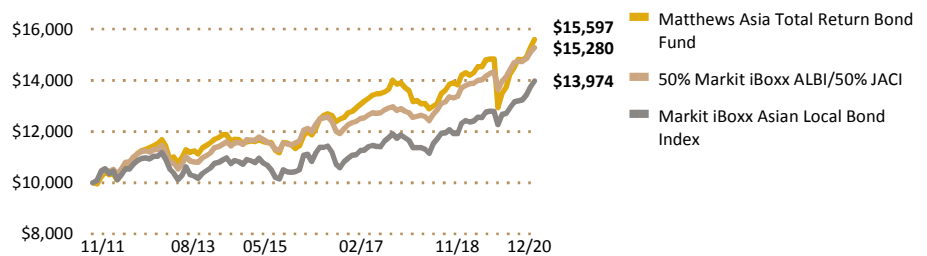
## Risks

All investments involve risks, including possible loss of principal. Investing in international and emerging markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation.

### PERFORMANCE AS OF DECEMBER 31, 2020

	Average Annual Total Returns							Since Inception	Since Inception
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years			
Investor Class	5.41%	5.36%	5.36%	4.54%	6.35%	n.a.	5.01%	11/30/11	
Institutional Class	5.48%	5.60%	5.60%	4.77%	6.58%	n.a.	5.23%	11/30/11	
50% Markit iBoxx ALBI/50% JACI	3.70%	7.95%	7.95%	5.74%	5.87%	n.a.	4.78%	n.a.	
Markit iBoxx Asian Local Bond Index	5.61%	9.55%	9.55%	5.93%	6.07%	n.a.	3.75%	n.a.	

### GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT SINCE INCEPTION — INVESTOR



The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gain distributions or redemption of fund shares. Values are in US\$. Source: BNY Mellon Investment Servicing (US) Inc., Effective January 31, 2020, the benchmark for the Asia Total Return Bond Composite was changed to a blended benchmark consisting of 50% Markit iBoxx Asian Local Bond Index (IBXXALBI) and 50% J.P. Morgan Asia Credit Index (JACI) (together, the "Benchmark"). The Benchmark has been applied retroactively for all periods. The benchmark was changed to better reflect the investible universe for the composite.

- 1 After contractual fee waiver, expense reimbursement and/or recoupment effective through April 30, 2021.
- 2 Modified duration measures the percent change in value of the fixed income portion of the portfolio in response to a 1% change in interest rates. In a multi-currency denominated portfolio with sensitivities to different interest rate regimes, modified duration will not accurately reflect the change in value of the overall portfolio from a change in any one interest rate regime. Source: FactSet Research Systems, Bloomberg, BNY Mellon Investment Servicing (US) Inc.
- 3 The 30 Day SEC Yield represents net investment income earned by the Fund over the 30-day period ended December 31, 2020, 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.
- 4 The lesser of fiscal year 2019 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

**Performance 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).**

*Due to current market volatility associated with the COVID-19 pandemic, funds may experience significant negative short-term performance.*

FS017\_MAINX\_4Q20

# Matthews Asia Total Return Bond Fund

December 31, 2020

## TOP TEN POSITIONS<sup>5</sup>

	Sector	Currency	% of Net Assets
Network i2i, Ltd., 5.650%, 04/15/2068	Communication Services	USD	5.7%
Wanda Properties Int'l Co., Ltd., 7.250%, 01/29/2024	Real Estate	USD	4.7%
Viet Nam Debt & Asset Trading Corp., 1.000%, 10/10/2025	Financials	USD	4.7%
ABJA Invnt Co. Pte, Ltd., 5.450%, 01/24/2028	Materials	USD	4.1%
Luye Pharma Group, Ltd., Cnv., 1.500%, 07/09/2024	Health Care	USD	3.9%
Poseidon Finance 1, Ltd., Cnv., 0.000%, 02/01/2025	Financials	USD	3.9%
Times China Holdings, Ltd., 6.200%, 03/22/2026	Real Estate	USD	3.5%
Logan Group Co., Ltd., 5.250%, 02/23/2023	Real Estate	USD	3.5%
Malaysia Government Bond, 4.642%, 11/07/2033	Foreign Govt Bonds	MYR	3.2%
KWG Group Holdings, Ltd., 5.875%, 11/10/2024	Real Estate	USD	3.0%
<b>% OF ASSETS IN TOP TEN</b>			<b>40.2%</b>

## COUNTRY ALLOCATION (%)<sup>6,7\*</sup>

By Issuer's country of risk	
China/Hong Kong	40.4
India	12.8
Indonesia	12.2
Philippines	7.7
Malaysia	6.3
Vietnam	4.7
Switzerland	2.5
Thailand	2.2
South Korea	1.6
Cash and Other Assets, Less Liabilities	9.7

\*A supranational is an international organization in which member states transcend national boundaries. (ex. IMF). Not all countries are included in the benchmark index.

Source: FactSet Research Systems

## QUALITY DISTRIBUTION (%)<sup>8</sup>

Rating	
A-	6.3
BBB+	2.2
BBB	11.7
BBB-	2.5
BB+	0.2
BB	12.7
BB-	13.5
B+	13.9
B	2.5
CCC+	2.9
Not Rated	22.0
Cash and Other Assets, Less Liabilities	9.7

Source: FactSet Research Systems, Moody's, S&P and Fitch

<sup>5</sup> Holdings may combine more than one security from the same issuer and related depositary receipts.

<sup>6</sup> Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding. Percentage values may be derived from different data sources and may not be consistent with other Fund literature.

<sup>7</sup> Cash and Other Assets may include the mark-to-market value of forward currency exchange contracts and certain derivative instruments.

<sup>8</sup> Credit quality is provided for the underlying bond holdings of the Fund and does not include common equities, cash and other assets and percentage values will not total 100%. Credit quality rating symbols reflect that of S&P and generally credit ratings range from AAA (highest) to D (lowest). When ratings from Moody's, S&P and Fitch are available for a bond in the Fund, the middle rating of the three is used. When two ratings are available, the lowest rating is used. When only one rating is provided, that one is used. Foreign government bonds without a specific rating are assigned the country rating provided by one of the three agencies. Securities that are not rated by any one of the three agencies are reflected as such.

## CURRENCY (%)<sup>6,7</sup>

	Weight	Contribution to Duration <sup>7</sup>
U.S. Dollar	43.0	1.9
South Korean Won	10.3	0.0
Singapore Dollar	9.3	0.0
China Renminbi	8.6	0.3
Malaysian Ringgit	6.6	0.7
Indonesian Rupiah	6.5	0.5
Philippines Peso	5.4	0.2
Thailand Baht	5.3	0.7
Indian Rupee	3.4	0.0
China Renminbi Offshore	1.6	0.0

<sup>7</sup> Fixed income portion of the portfolio. Contribution to Duration is defined as the market value of the security in the portfolio multiplied by the security's duration. Source: FactSet Research Systems

## SECTOR ALLOCATION (%)<sup>6,7</sup>

Real Estate	23.2
Foreign Government Bonds*	20.2
Financials	16.7
Communication Services	8.8
Materials	6.6
Consumer Discretionary	6.1
Energy	3.9
Health Care	3.9
Industrials	0.9
Cash and Other Assets, Less Liabilities	9.7

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

## ASSET TYPE BREAKDOWN (%)<sup>6,7</sup>

Corporate Bonds	56.1
Government Bonds	24.8
Convertible Bonds	9.4
Cash and Other Assets, Less Liabilities	9.7

Source: FactSet Research Systems

## PORTFOLIO MANAGEMENT

**Teresa Kong, CFA**

Lead Manager

**Satya Patel**

Co-Manager

**Wei Zhang**

Co-Manager

## INVESTMENT APPROACH

Matthews Asia believes in the long-term growth of Asia, one of the world's fastest-growing regions. Since 1991, we have focused our efforts and expertise in these countries, investing through a variety of market environments. Matthews Asia is the largest dedicated Asia-only investment specialist in the United States. With \$28.4 billion in assets under management as of December 31, 2020 Matthews Asia employs a bottom-up, fundamental investment philosophy with a focus on long-term investment performance.

Portfolio characteristics for the Fund may vary from time to time from what is shown. It should not be assumed that any investment in the securities listed was or will be profitable.

**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 [matthewsasiasia.com](http://matthewsasiasia.com). Please read the prospectus carefully before investing as it explains the risks associated with investing in international and emerging markets.**

## INDEX DEFINITION

The Markit iBoxx Asian Local Bond Index (ALBI) tracks the total return performance of a bond portfolio consisting of local-currency denominated, high quality and liquid bonds in Asia ex-Japan. The Markit iBoxx Asian Local Bond Index includes bonds from the following countries: China (on- and offshore markets), Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand. Index is for comparative purposes only, it is not possible to invest directly in an index. Source: BNY Mellon Investment Servicing (US) Inc., Index data from HSBC, iBoxx (Markit).

The J.P. Morgan Asia Credit Index (JACI) tracks the total return performance of the Asia fixed-rate dollar bond market. JACI is a market cap-weighted index comprising sovereign, quasi-sovereign and corporate bonds and is partitioned by country, sector and credit rating. JACI includes bonds from the following countries: China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea and Thailand. Index is for comparative purposes only it is not possible to invest directly in an index. Source: BNY Mellon Investment Servicing (US) Inc., Index data from J.P. Morgan.

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