



# Matthews Asia ESG Fund

December 31, 2020

## Investment Objective

Long-term capital appreciation.

## Strategy

Under normal circumstances, the Matthews Asia ESG Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in the common and preferred stocks of companies of any market capitalization located in Asia that Matthews believes satisfy one or more of its environmental, social and governance (“ESG”) standards. The Fund seeks to invest in companies across the market capitalization spectrum that Matthews believes to be undervalued but of high quality and run by management teams with good operating and governance track records. In addition, the Fund seeks to invest in those Asian companies that have the potential to profit from the long-term opportunities presented by global environmental and social challenges as well as those Asian companies that proactively manage long-term risks presented by these challenges.

## Risks

*Matthews Asia ESG Fund's consideration of ESG factors in making its investment decisions may impact the Fund's relative investment performance positively or negatively. 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.*

## FUND FACTS

	Investor Class	Institutional Class
Ticker	MASGX	MISFX
CUSIP	577130727	577130719
Inception	04/30/15	04/30/15
NAV	\$14.94	\$14.92
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio	1.54%	1.41%
Net Expense Ratio <sup>1</sup>	1.38%	1.20%

## Portfolio Statistics

Total # of Positions	55
Net Assets	\$88.0 million
Weighted Average Market Cap	\$35.0 billion
Portfolio Turnover	29.67% <sup>2</sup>

## Benchmark

MSCI All Country Asia ex Japan Index<sup>3</sup>

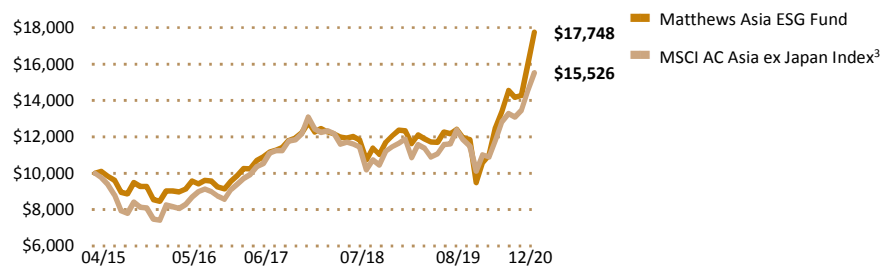
## INVESTMENT APPROACH

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.

## PERFORMANCE AS OF DECEMBER 31, 2020

	Average Annual Total Returns						
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Investor Class	25.34%	42.87%	42.87%	13.22%	13.87%	n.a.	10.65%
Institutional Class	25.43%	43.13%	43.13%	13.44%	14.12%	n.a.	10.89%
MSCI AC Asia ex Japan Index	18.66%	25.36%	25.36%	8.46%	13.90%	n.a.	8.07%

## 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.

- After contractual fee waiver, expense reimbursement and/or recoupment effective through April 30, 2021.
- The lesser of fiscal year 2019 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.
- The MSCI All Country Asia ex Japan Index is a free float—adjusted market capitalization—weighted index of the stock of markets of China, Hong Kong, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, South Korea, Taiwan and Thailand. Index is for comparative purposes only and it is not possible to invest directly in an index.

**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 [matthewsasia.com](http://matthewsasia.com).**

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

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## TOP TEN HOLDINGS<sup>4</sup>

	Country	% of Net Assets
LG Chem, Ltd., Pfd.	South Korea	6.0%
Samsung SDI Co., Ltd., Pfd.	South Korea	5.0%
Hong Kong Exchanges & Clearing, Ltd.	China/Hong Kong	4.6%
Flat Glass Group Co., Ltd.	China/Hong Kong	4.4%
Bandhan Bank, Ltd.	India	3.6%
Wuxi Biologics Cayman, Inc.	China/Hong Kong	3.3%
Shriram City Union Finance, Ltd.	India	3.2%
IndusInd Bank, Ltd.	India	3.0%
Phoenix Mills, Ltd.	India	3.0%
Mahindra & Mahindra, Ltd.	India	2.8%
<b>% OF ASSETS IN TOP TEN</b>		<b>38.9%</b>

## COUNTRY ALLOCATION (%)<sup>5</sup>

	Fund	Benchmark	Difference
China/Hong Kong	37.4	51.6	-14.2
India	21.3	10.4	10.9
South Korea	12.2	15.2	-3.0
Taiwan	11.7	14.2	-2.5
Japan	5.7	0.0	5.7
Bangladesh	3.6	0.0	3.6
Singapore	2.6	2.4	0.2
United States	1.8	0.0	1.8
Thailand	1.3	2.1	-0.8
Vietnam	0.7	0.0	0.7
Indonesia	0.1	1.5	-1.4
Malaysia	0.0	1.7	-1.7
Philippines	0.0	0.8	-0.8
Cash and Other Assets, Less Liabilities	1.6	0.0	1.6

Not all countries are included in the benchmark index.

Source: FactSet Research Systems

## SECTOR ALLOCATION (%)<sup>5</sup>

	Fund	Benchmark	Difference
Information Technology	24.6	23.1	1.5
Financials	16.6	17.9	-1.3
Health Care	14.6	5.0	9.6
Industrials	12.9	5.3	7.6
Consumer Discretionary	11.2	19.1	-7.9
Materials	6.0	4.3	1.7
Real Estate	5.2	3.9	1.3
Communication Services	3.7	11.5	-7.8
Consumer Staples	3.5	5.0	-1.5
Energy	0.0	2.8	-2.8
Utilities	0.0	2.2	-2.2
Cash and Other Assets, Less Liabilities	1.6	0.0	1.6

Sector data based on MSCI's revised Global Industry Classification Standards. For more details, visit [www.msci.com](http://www.msci.com).

Source: FactSet Research Systems

## MARKET CAP EXPOSURE (%)<sup>5,6</sup>

	Fund	Benchmark	Difference
Mega Cap (over \$25B)	30.7	64.0	-33.3
Large Cap (\$10B-\$25B)	17.8	19.7	-1.9
Mid Cap (\$3B-\$10B)	21.7	14.9	6.8
Small Cap (under \$3B)	28.2	1.5	26.7
Cash and Other Assets, Less Liabilities	1.6	0.0	1.6

Source: FactSet Research Systems

## P/E RATIOS<sup>7</sup>

P/E Using FY1 Estimates	25.3x
P/E Using FY2 Estimates	18.5x

Source: FactSet Research Systems (P/E est. as of 12/31/20)

<sup>4</sup> Holdings may combine more than one security from the same issuer and related depositary receipts.

<sup>5</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>6</sup> Equity market cap of issuer.

<sup>7</sup> The P/E figures represent the Weighted Harmonic Average P/E—which measures the price/earnings ratio of the Fund's entire portfolio, excluding negative earners—weighted by the size of the company's position within the portfolio. P/E estimates are forward looking. There is no guarantee that portfolio composition will remain unchanged or P/E estimates will be realized.

## PORTFOLIO MANAGEMENT

**Vivek Tanneeru**

Lead Manager

**Winnie Chwang**

Co-Manager

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.**

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