

Matthews Asia Funds | Semi-Annual Report

June 30, 2019 | matthewsasia.com

ASIA FIXED INCOME STRATEGIES

Matthews Asia Strategic Income Fund
Matthews Asia Credit Opportunities Fund

ASIA GROWTH AND INCOME STRATEGIES

Matthews Asian Growth and Income Fund
Matthews Asia Dividend Fund
Matthews China Dividend Fund

ASIA VALUE STRATEGY

Matthews Asia Value Fund

ASIA GROWTH STRATEGIES

Matthews Asia Growth Fund
Matthews Pacific Tiger Fund
Matthews Asia ESG Fund
Matthews Emerging Asia Fund
Matthews Asia Innovators Fund
Matthews China Fund
Matthews India Fund
Matthews Japan Fund
Matthews Korea Fund

ASIA SMALL COMPANY STRATEGIES

Matthews Asia Small Companies Fund
Matthews China Small Companies Fund



Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Funds' annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Funds' website matthewsasia.com, and you will be notified by mail each time a report is posted and provided with a website link to access the report. If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Funds electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by calling 800.789.ASIA (2742).

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with a Fund, you can call 800.789.ASIA (2742) to let the Fund know you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all Funds held in your account if you invest through your financial intermediary or all Funds held directly with Matthews Asia Funds.



Matthews Asia

Investor Class Performance and Expenses (June 30, 2019)

Investor Class	Average Annual Total Return [†]			Since Inception	Inception Date	Prospectus Expense Ratios*	Prospectus Expense Ratios after Fee Waiver and Expense Reimbursement*
	1 year	5 years	10 years				
ASIA FIXED INCOME STRATEGIES							
Asia Strategic Income Fund (MAINX)	7.76%	3.85%	n.a.	4.73%	11/30/11	1.15%	1.15% ¹
Asia Credit Opportunities Fund (MCRDX)	9.26%	n.a.	n.a.	5.90%	4/29/16	1.37%	1.15% ¹
ASIA GROWTH AND INCOME STRATEGIES							
Asian Growth and Income Fund (MACSX)	7.20%	2.34%	7.08%	8.99%	9/12/94	1.08%	1.08%
Asia Dividend Fund (MAPIX)	-4.35%	4.96%	9.65%	8.45%	10/31/06	1.02%	1.01% ²
China Dividend Fund (MCDFX)	0.86%	11.07%	n.a.	10.43%	11/30/09	1.15%	1.15%
ASIA VALUE STRATEGY							
Asia Value Fund (MAVRX)	-1.78%	n.a.	n.a.	9.29%	11/30/15	1.77%	1.50% ³
ASIA GROWTH STRATEGIES							
Asia Growth Fund (MPACX)	-5.84%	5.91%	9.89%	8.96%	10/31/03	1.10%	1.10%
Pacific Tiger Fund (MAPTX)	1.14%	5.95%	9.83%	8.54%	9/12/94	1.07%	1.04% ²
Asia ESG Fund (MASGX)	1.05%	n.a.	n.a.	4.68%	4/30/15	2.20%	1.50% ³
Emerging Asia Fund (MEASX)	-9.06%	3.17%	n.a.	4.36%	4/30/13	1.66%	1.48% ³
Asia Innovators Fund (MATFX)	-4.36%	7.34%	12.51%	3.77%	12/27/99	1.19%	1.19%
China Fund (MCHFX)	-3.79%	8.43%	7.42%	9.68%	2/19/98	1.10%	1.10%
India Fund (MINDX)	-3.28%	8.43%	11.02%	10.68%	10/31/05	1.09%	1.09%
Japan Fund (MJFOX)	-9.27%	6.77%	9.54%	5.85%	12/31/98	0.91%	0.91%
Korea Fund (MAKOX)	-12.65%	2.41%	9.77%	5.53%	1/3/95	1.14%	1.14%
ASIA SMALL COMPANY STRATEGIES							
Asia Small Companies Fund (MSMLX)	-6.71%	1.45%	9.06%	9.89%	9/15/08	1.51%	1.46% ³
China Small Companies Fund (MCSMX)	-10.36%	8.51%	n.a.	4.99%	5/31/11	1.97%	1.50% ³

[†] Annualized performance for periods of at least one year, otherwise cumulative.

* These figures are from the Funds' prospectus dated as of April 30, 2019, and may differ from the actual expense ratios for fiscal year 2019, as shown in the financial highlights section of this report.

- Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 0.90% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 0.90% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 0.90%. Any amount waived with respect to the Fund pursuant to this agreement is not subject to recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.
- Matthews has contractually agreed to waive a portion of its advisory fee and administrative and shareholder services fee if the Fund's average daily net assets are over \$3 billion, as follows: for every \$2.5 billion average daily net assets of the Fund that are over \$3 billion, the advisory fee rate and the administrative and shareholder services fee rate for the Fund with respect to such excess average daily net assets will be each reduced by 0.01%, in each case without reducing such fee rate below 0.00%. Any amount waived by Matthews pursuant to this agreement may not be recouped by Matthews. This agreement will remain in place until April 30, 2020 and may be terminated (i) at any time by the Board of Trustees upon 60 days' prior written notice to Matthews; or (ii) by Matthews at the annual expiration date of the agreement upon 60 days' prior written notice to the Trust, in each case without payment of any penalty.
- Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 1.25% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 1.25% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 1.25%. If the operating expenses fall below the expense limitation in a year within three years after Matthews has made a waiver or reimbursement, the Fund may reimburse Matthews up to an amount that does not cause the expenses for that year to exceed the lesser of (i) the expense limitation applicable at the time of that fee waiver and/or expense reimbursement or (ii) the expense limitation in effect at the time of recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

Institutional Class Performance and Expenses (June 30, 2019)

Institutional Class	Average Annual Total Return [†]			Since Inception	Inception Date	Prospectus Expense Ratios*	Prospectus Expense Ratios after Fee Waiver and Expense Reimbursement*
	1 year	5 years	10 years				
ASIA FIXED INCOME STRATEGIES							
Asia Strategic Income Fund (MINCX)	8.06%	4.12%	n.a.	4.97%	11/30/11	0.96%	0.90% ¹
Asia Credit Opportunities Fund (MICPX)	9.64%	n.a.	n.a.	6.16%	4/29/16	1.18%	0.90% ¹
ASIA GROWTH AND INCOME STRATEGIES							
Asian Growth and Income Fund (MICSX)	7.34%	2.49%	n.a.	4.41%	10/29/10	0.93%	0.93%
Asia Dividend Fund (MIPIX)	-4.25%	5.07%	n.a.	6.29%	10/29/10	0.91%	0.90% ²
China Dividend Fund (MICDX)	0.99%	11.24%	n.a.	9.46%	10/29/10	1.01%	1.01%
ASIA VALUE STRATEGY							
Asia Value Fund (MAVAX)	-1.48%	n.a.	n.a.	9.58%	11/30/15	1.54%	1.25% ³
ASIA GROWTH STRATEGIES							
Asia Growth Fund (MIAPX)	-5.65%	6.11%	n.a.	6.79%	10/29/10	0.93%	0.93%
Pacific Tiger Fund (MIPTX)	1.31%	6.13%	n.a.	6.12%	10/29/10	0.90%	0.88% ²
Asia ESG Fund (MISFX)	1.23%	n.a.	n.a.	4.93%	4/30/15	2.01%	1.25% ³
Emerging Asia Fund (MIASX)	-8.76%	3.42%	n.a.	4.61%	4/30/13	1.50%	1.25% ³
Asia Innovators Fund (MITEX)	-4.11%	7.55%	n.a.	11.38%	4/30/13	1.02%	1.02%
China Fund (MICFX)	-3.55%	8.60%	n.a.	3.75%	10/29/10	0.91%	0.91%
India Fund (MIDNX)	-3.13%	8.64%	n.a.	5.53%	10/29/10	0.90%	0.90%
Japan Fund (MIJFX)	-9.22%	6.86%	n.a.	9.21%	10/29/10	0.85%	0.85%
Korea Fund (MIKOX)	-12.46%	2.59%	n.a.	6.08%	10/29/10	1.02%	1.02%
ASIA SMALL COMPANY STRATEGIES							
Asia Small Companies Fund (MISMX)	-6.54%	1.67%	n.a.	3.20%	4/30/13	1.37%	1.25% ³
China Small Companies Fund (MICHX)	-10.08%	n.a.	n.a.	2.62%	11/30/17	1.79%	1.25% ³

† Annualized performance for periods of at least one year, otherwise cumulative.

* These figures are from the Funds' prospectus dated as of April 30, 2019, and may differ from the actual expense ratios for fiscal year 2019, as shown in the financial highlights section of this report.

1 Matthews has contractually agreed to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 0.90%. Any amount waived with respect to the Fund pursuant to this agreement is not subject to recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

2 Matthews has contractually agreed to waive a portion of its advisory fee and administrative and shareholder services fee if the Fund's average daily net assets are over \$3 billion, as follows: for every \$2.5 billion average daily net assets of the Fund that are over \$3 billion, the advisory fee rate and the administrative and shareholder services fee rate for the Fund with respect to such excess average daily net assets will be each reduced by 0.01%, in each case without reducing such fee rate below 0.00%. Any amount waived by Matthews pursuant to this agreement may not be recouped by Matthews. This agreement will remain in place until April 30, 2020 and may be terminated (i) at any time by the Board of Trustees upon 60 days' prior written notice to Matthews; or (ii) by Matthews at the annual expiration date of the agreement upon 60 days' prior written notice to the Trust, in each case without payment of any penalty.

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Past Performance: All performance quoted in this report is past performance and is no guarantee of future results. Investment return and principal value will fluctuate with changing 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 returns quoted. If certain of the Funds' fees and expenses had not been waived, returns would have been lower. For the Funds' most recent month-end performance, please call 800.789.ASIA (2742) or visit matthewsasia.com.



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Cover photo: Chinese New Year lantern and gold coin decorations along the Hong Kong harbor.

This report has been prepared for Matthews International Funds (d/b/a Matthews Asia Funds) shareholders. It is not authorized for distribution to prospective investors unless accompanied or preceded by a current Matthews Asia Funds prospectus, which contains more complete information about the Funds' investment objectives, risks and expenses. Additional copies of the prospectus or summary prospectus may be obtained at matthewsasia.com. Please read the prospectus carefully before you invest or send money.

The views and opinions in this report were current as of June 30, 2019. They are not guarantees of performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and the managers reserve the right to change their views about individual stocks, sectors and the markets at any time. As a result, the views expressed should not be relied upon as a forecast of a Fund's future investment intent. Current and future portfolio holdings are subject to risk.

Statements of fact are from sources considered reliable, but neither the Funds nor the Investment Advisor makes any representation or guarantee as to their completeness or accuracy.

Investment Risk: Mutual fund shares are not deposits or obligations of, or guaranteed by, any depository institution. Shares are not insured by the FDIC, Federal Reserve Board or any government agency and are subject to investment risks, including possible loss of principal amount invested. 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. Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. In addition, single-country and sector funds may be subject to a higher degree of market risk than diversified funds because of a concentration in a specific industry, sector or geographic location. Investing in small and mid-size companies is more risky than investing in large companies as they may be more volatile and less liquid than larger companies. Please see the Funds' Prospectuses and Statement of Additional Information for more risk disclosure.

Message to Shareholders from the Investment Advisor

Dear Valued Investors,

In many respects, the environment for investment has not really improved markedly since the start of the year. Trade tensions linger. Global indicators have weakened. Political tensions have intensified. Only the U.S. remains a bright spot—that perfect mix of good economic growth numbers, low inflation and (hurrah!) potential interest rate cuts to boot.

All of this just drains the appetite of investors for Asia's equity and bond markets. Everywhere I go, at every conference around the world it seems, Asia remains a top "intended" destination for new funds. And yet for the most part, industry flows suggest that few people are actually acting on their plans.

That is hardly surprising—Asia's reputation for volatility, the conventional wisdom that it is an export economy, the reticence of Asia's policymakers to stimulate in a strong dollar environment, and the supercharged (by tax breaks and low wage growth) earnings growth in the U.S. all inveigh against asset allocators making the courageous decision to move funds across the Pacific. After all, who wants to be courageous in this atmosphere? As one client with a flair for humorous exposition told me recently: "It never *feels* good to buy China."

I think he was right. What we are up against is primarily sentiment. I don't want to downplay the trade war, the earnings issue, or the growth environment. However, market reactions to tweets on trade are out of proportion to the actual effect on GDP and earnings. Valuations suggest that the current pro-capitalist/anti-labor policies can persist in the U.S. without an economic or political backlash, and a belief that Asia's policymakers will remain tight-fisted on fiscal and monetary policy assumes a strong dollar regime will continue, which is at odds with the stated intention of the administration to reduce the trade deficit. It seems to me to just be a case of the market justifying "more of the same" and to follow the momentum trade.

That is fine. However, perhaps because of our focus on Asia, we see things slightly differently. We see the steady creep of China's economic influence through ASEAN and Central Europe, even now, bringing in Italy and Greece into the fold. We see the adjustments being made at the corporate level to circumvent the tariffs imposed by the U.S., and we see the acceleration of the buildout of the manufacturing base in the region. We see a region, in short, adapting to circumstance: fluid, and dynamic. We see a region where borders are being broken down by closer economic cooperation, not built up by economic protectionism.

It's hard to argue with momentum in the markets—the S&P 500 Index is making new highs as I write this. But it does increasingly feel to me as if pressures are building up to force an inflection in world markets. I doubt a severe recession is in the offing (though I worry about a long stagnation in Europe), but I do think that markets are going to be shaken out of their complacency. It has been a long expansion, after all, and there is little room for policy error. I guess I am not the only one to feel this way and hence, the reticence of people to buy.

For us, the trade issues have offered up opportunities. This is not because we believe there will be a rapid and total resolution—tension will rumble on between the U.S. and China for many a year—but because of the lack of proportion in market movements relative to actual effects of policy. These opportunities are predominantly in China and mostly, though not exclusively, in domestic-demand stocks that were somewhat inexplicably caught up in the weak market sentiment. Indeed, despite the breathless headlines at times and the gladiatorial nature of some of the language, we retain a cool posture.

One thing is clear in the data. The effects of tariffs so far have been: 1) to reduce the trade deficit between the U.S. and China; 2) to increase the trade deficit between the



U.S. and the rest of Asia (plus Mexico); and to raise the prices of tariffed goods versus non-tariffed goods in the U.S. My interpretation of this is that Chinese manufacturers with factories in ASEAN and Mexico have been running their factories there on extra shifts and the corresponding increase in costs and inefficiencies has been largely borne by the U.S. consumer. The longer-term effects are likely to be simply to accelerate Chinese investment in these areas. And thus, trade wars, far from being easy to win, are complex and unpredictable events with winners and losers that are very different from what the protagonists might expect.

We remain, therefore, wedded to our cause. We are aware of the global macroeconomic risks but we are not paralyzed by them. Indeed, for such complex issues as this, there is perhaps more insight to be gained by talking to the companies who are “at the coal face” rather than trying to divine big trends from newspaper headlines. We will continue to follow where the pursuit of profit opportunity leads us, to be guided by the decisions of entrepreneurs, not by the pronouncements of politicians, and to respect the price signals of the market.

There remains ample scope for corporates to grow profitably by meeting the needs of the domestic consumer. There is plenty of opportunity in economic and political cooperation with neighbors to drive down costs and ramp up efficiency in production and to improve the region’s living standards together. A few years ago, it might have seemed crazy that the U.S. would turn its back on globalization and that China would eagerly take up the role of champion of cross-border economic cooperation. But that is where we now are—the leadership of the global economy may already have passed from one superpower to the other.

With this strategic focus, the future of Asia looks bright beyond the headlines of the day—we continue to target investments in the domestic companies that are driving and profiting from the region’s creation of wealth.

A handwritten signature in black ink, appearing to read "Robert Horrocks". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Horrocks".

Robert Horrocks, PhD
Chief Investment Officer
Matthews International Capital Management, LLC

Matthews Asia Strategic Income Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asia Strategic Income Fund returned 8.39% (Investor Class) and 8.63% (Institutional Class), while its benchmark, the Markit iBoxx Asian Local Bond Index, returned 5.27%. For the quarter ending June 30, the Fund returned 2.56% (Investor Class) and 2.72% (Institutional Class) compared to the benchmark return of 2.11% over the same period.

Market Environment:

The combination of supportive central banks and positive trade news led to a constructive environment for Asian fixed income over the second quarter, with Asian credit, currencies and rates all performing positively. The U.S. Federal Reserve, the European Central Bank and emerging market central banks all moved in a dovish direction during the quarter, seemingly ending the momentum for higher rates around the world. Meanwhile, the G-20 Summit ended without an escalation in the U.S.–China trade war, at least temporarily removing the risk of a further tariff shock from the global economy.

While the quarter was positive overall, geopolitics led to unexpected volatility. The quarter began with a positive tone as data from the U.S. and China implied that fears of a synchronized growth slowdown may have been overdone. Optimism evaporated in early May, however, when President Trump threatened to raise tariffs on all Chinese imports, including consumer-related goods, and attempted to limit U.S. companies from doing business with Chinese tech giant Huawei. By the end of May, equities markets had relinquished most of their year-to-date gains.

For Asia credit, this caused high-yield spreads to widen by about 40 basis points during May and 35 basis points over the quarter. The rally in U.S. rates more than offset this modest spread widening, so total return from credit bonds was positive for the quarter.

Asian local rates generally followed U.S. rates lower over the quarter, albeit to a lesser degree. Asia currency returns were mixed, with some currencies such as the Thai baht, the Philippine peso and the Indonesian rupiah outperforming the U.S. dollar, while others, notably the Chinese renminbi, the Korean won, and the Malaysian ringgit underperforming the U.S. dollar.

Performance Contributors and Detractors:

During the first half and the second quarter, the biggest contributor to Fund performance was the portfolio's overweight in Asian USD high-yield corporate bonds, which delivered positive performance. Within high-yield corporate bonds, the strongest contributors over the quarter included PT Perusahaan Listrik Negara, a government-owned Indonesian utility, Tata Steel (ABJA Investment Co.) and Indika Energy Capital III bonds. Our exposures to convertible bonds, including CP Foods Holdings, Weibo and Zhongsheng Group Holdings, also contributed strongly within corporate exposures. In addition, our exposure to the Vietnam government-backed Debt & Asset Trading Corp. contributed to outperformance.

The biggest detractors to our performance were our currency forward positions in the Korean won and the Chinese renminbi (RMB), both currencies that underperformed the U.S. dollar over the quarter. Other detractors to performance

(continued)

PORTFOLIO MANAGERS

Teresa Kong, CFA

Lead Manager

Satya Patel

Co-Manager

Wei Zhang

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MAINX	MINCX
CUSIP	577125503	577125602
Inception	11/30/11	11/30/11
NAV	\$10.92	\$10.93
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.15%	0.96%
After Fee Waiver and Reimbursement ²	1.15%	0.90%

Portfolio Statistics

Total # of Positions	36
Net Assets	\$113.6 million
Modified Duration ³	5.2
Portfolio Turnover ⁴	82.32%

Benchmark

Markit iBoxx Asian Local Bond Index*

OBJECTIVE

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

STRATEGY

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in income-producing securities including, but not limited to, dividend paying equity securities, and debt and debt-related instruments issued by governments, quasi-governmental entities, supra-national institutions, and companies in Asia. Asia consists of all countries and markets in Asia, such as China and India, and includes 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.

* The Index performance reflects the returns of the discontinued predecessor HSBC Asian Local Bond Index up to December 31, 2012 and the returns of the successor Markit iBoxx Asian Local Bond Index thereafter.

¹ Prospectus expense ratios.

² Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 0.90% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 0.90% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 0.90%. Any amount waived with respect to the Fund pursuant to this agreement is not subject to recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

³ 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.

⁴ The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception	
Investor Class (MAINX)	2.56%	8.39%	7.76%	5.38%	3.85%	4.73%	11/30/11
Institutional Class (MINCX)	2.72%	8.63%	8.06%	5.69%	4.12%	4.97%	11/30/11
Markit iBoxx Asian Local Bond Index ⁵	2.11%	5.27%	8.42%	3.33%	2.67%	2.79%	

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.

INCOME DISTRIBUTION HISTORY

	2019					2018				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Investor (MAINX)	\$0.08	\$0.10	n.a.	n.a.	\$0.19	\$0.12	\$0.10	\$0.07	\$0.00	\$0.29
Inst'l (MINCX)	\$0.09	\$0.11	n.a.	n.a.	\$0.20	\$0.13	\$0.11	\$0.08	\$0.00	\$0.31

Note: This table does not include capital gains distributions. Totals may differ by \$0.02 due to rounding. For income distribution history, visit matthewsasia.com.

30-DAY YIELD:

Investor Class: 4.38% (4.35% excluding waivers)

Institutional Class: 4.63% (4.54% excluding waivers)

The 30-Day Yield represents net investment income earned by the Fund over the 30-day period ended 6/30/19, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-day period. The 30-Day 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.

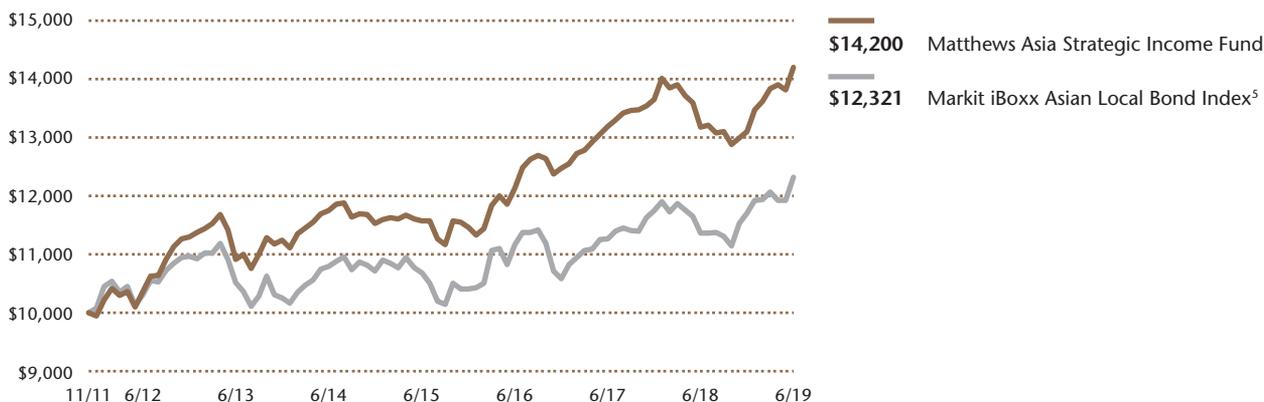
Source: BNY Mellon Investment Servicing (US) Inc.

YIELD TO WORST: 5.08%

Yield to worst is the lowest yield that can be received on a bond assuming that the issuer does not default. It is calculated by utilizing the worst case assumptions for a bond with respect to certain income-reducing factors, including prepayment, call or sinking fund provisions. It does not represent the yield that an investor should expect to receive. Past yields are no guarantee of future yields.

Source: FactSet Research Systems

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

⁵ It is not possible to invest directly in an index. Source: Index data from HSBC, Markit iBoxx and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definitions. The Index performance reflects the returns of the discontinued predecessor HSBC Asian Local Bond Index up to December 31, 2012 and the returns of the successor Markit iBoxx Asian Local Bond Index thereafter.

TOP TEN HOLDINGS

	Sector	Currency	% of Net Assets
Debt and Asset Trading Corp., 1.000%, 10/10/2025	Financials	U.S. Dollar	4.6%
HSBC Holdings PLC, 6.375%, 12/29/2049	Financials	U.S. Dollar	4.5%
Standard Chartered PLC, 6.500%, 12/29/2049	Financials	U.S. Dollar	4.4%
Wanda Properties International Co., Ltd., 7.250%, 01/29/2024	Real Estate	U.S. Dollar	4.4%
Sri Lanka Government Bond, 7.850%, 03/14/2029	Foreign Government Bonds	U.S. Dollar	4.1%
SoftBank Group Corp., 6.000%, 07/19/2049	Communication Services	U.S. Dollar	4.1%
Shriram Transport Finance Co., Ltd., 5.700%, 02/27/2022	Financials	U.S. Dollar	3.9%
PB International BV, 7.625%, 01/26/2022	Consumer Discretionary	U.S. Dollar	3.9%
CIFI Holdings Group Co., Ltd., 6.550%, 03/28/2024	Real Estate	U.S. Dollar	3.9%
ABJA Investment Co. Pte, Ltd., 5.450%, 01/24/2028	Materials	U.S. Dollar	3.7%
% OF ASSETS IN TOP TEN			41.5%

Matthews Asia Strategic Income Fund

Portfolio Manager Commentary (unaudited) (continued)

included our convertible bond position in Ctrip.com International, Ltd., a Chinese online travel agency, as well as our holding in the RMB-denominated bonds of China Jinmao (Franshion Brilliant), a Chinese property developer.

Notable Portfolio Changes:

We made a number of changes to the portfolio in the second quarter, rotating out of shorter-duration bonds and bonds with higher equity beta, and adding longer-duration bonds and issues with asymmetric risk profiles.

Within corporate bonds, we initiated positions in two Indian issuers: Shriram Transport Finance, an Indian non-bank finance company that issued a U.S.-dollar bond with an attractive spread premium given the recent non-banking financial companies sector (NBFC) funding crisis; and Tata Steel (ABJA Investment), one of the world's largest steel producers, where we gained exposure through a long-duration issue. We also initiated positions in two Chinese issuers: Logan Property Holdings, a top 20 developer that offered an attractive spread premium given its exposure to China's Greater Bay Area, and to the technology firm Weibo via convertible bonds that were trading close to their lowest possible level, and which we saw as offering an asymmetric risk profile.

We increased overall duration in the portfolio to 4.5 years from 3.7 years by rotating out of short-duration bonds, including Aluminum Corporation of China (Chinalco Capital Holdings), Olam International and Krung Thai Bank Public, and also by adding longer-duration exposures. We also exited two bond holdings: Huaneng Hong Kong Capital and China Minmetals. Despite being perpetual bonds, they did not offer material duration due to the embedded fixed-to-floating coupon resets.

Outside of corporate bonds, we added to Indian duration via interest-rate swaps to take advantage of lower-than-expected growth and inflation in the country, which we expect to bring about rate cuts. We also added Malaysian government bond exposure given the country's weak economy, attractive carry profile and as we believe the current market is underpricing the likelihood of rate cuts.

Finally on currency, we increased exposure to the U.S. dollar by cutting exposure to most Asian local currencies, with the Indian rupee and Malaysian ringgit being notable exceptions.

Outlook:

The U.S. and global economies both look to be late cycle, characterized by falling inflation and moderating GDP growth. Fed funds futures are pricing in two interest rate cuts by the Fed before the end of this year. Despite lackluster growth in the U.S., its equities continue to rally.

How is it possible that the bond markets are pricing such negativity while equities are so bullish? Our best explanation for this is that equity markets are pricing in perfect execution by the Fed. In other words, equities are expecting the Fed and other central banks to deliver sufficient rate cuts and loosen monetary policies to extend the current expansion.

Because few Asia government bond curves have fully priced in the dovish G-3 central banks, we maintain a long exposure to interest rate duration in Asia, where the bond markets have more room to rally. We expect that over the coming quarters, Asian central banks will become increasingly dovish, with their respective yield curves falling to price in more rate cuts. This means that even those central banks that may have been reluctant to cut should likely follow suit. We place the more-developed, lower-yielding countries like Thailand, South Korea and Malaysia solidly in that camp. Even the emerging Asian economies of India and Indonesia will have more room to cut rates given subdued domestic inflation.

Given our outlook, the biggest risk is that the equities markets are wrong. This would mean potential credit spread widening. However, in our base case, lower rates globally bodes well for credit spreads to remain stable.

CURRENCY ALLOCATION (%)^{6,7}

US Dollar	62.1
Singapore Dollar	5.9
China Reminbi	5.9
South Korean Won	5.4
Indonesian Rupiah	5.0
Thai Baht	4.3
Indian Rupee	4.1
Phillipines Peso	3.5
Malaysian Ringgit	2.1
Vietnam Dong	1.7

COUNTRY ALLOCATION (%)^{6,7,8}

China/Hong Kong	36.0
Indonesia	18.8
India	13.3
Vietnam	6.3
Phillippines	5.9
Sri Lanka	4.1
Japan	4.1
Thailand	3.1
Malaysia	2.1
United States	1.7
South Korea	0.3
Cash and Other Assets, Less Liabilities	4.5

SECTOR ALLOCATION (%)^{6,7}

Financials	24.3
Real Estate	20.7
Foreign Government Bonds	16.5
Communication Services	9.9
Utilities	8.1
Consumer Discretionary	3.9
Materials	3.7
Consumer Staples	3.1
Energy	2.8
Industrials	2.4
Cash and Other Assets, Less Liabilities	4.5

Please note: Foreign Government Bonds category includes Supranationals.

ASSET TYPE BREAKDOWN (%)^{6,7}

Non-Convertible Corporate Bonds	69.4
Government Bonds	21.1
Convertible Corporate Bonds	5.1
Cash and Other Assets, Less Liabilities	4.5

⁶ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

⁷ Cash and other assets may include forward currency exchange contracts and certain derivative instruments that have been marked-to-market.

⁸ Not all countries where the Fund may invest are included in the benchmark index.

Schedule of Investments^a (unaudited)

NON-CONVERTIBLE CORPORATE BONDS: 69.4%

	Face Amount*	Value
CHINA/HONG KONG: 33.9%		
HSBC Holdings PLC 6.375% ^b , 03/30/25 ^c	4,900,000	\$5,152,350
Standard Chartered PLC 6.500% ^b , 04/02/20 ^{c,d}	4,950,000	5,017,073
Wanda Properties International Co., Ltd. 7.250%, 01/29/24 ^d	5,000,000	4,981,250
CIFI Holdings Group Co., Ltd. 6.550%, 03/28/24 ^d	4,500,000	4,400,035
Franshion Brilliant, Ltd. 5.750% ^b , 01/17/22 ^{c,d}	3,400,000	3,231,578
China Huaneng Group Co., Ltd. 3.950%, 04/21/26	CNY 20,000,000	2,862,712
Logan Property Holdings Co., Ltd. 5.250%, 02/23/23 ^d	3,000,000	2,862,354
CITIC Telecom International Finance, Ltd. 6.100%, 03/05/25 ^d	2,300,000	2,387,868
KWG Group Holdings, Ltd. 5.875%, 11/10/24 ^d	2,600,000	2,361,388
KWG Group Holdings, Ltd. 7.875%, 09/01/23 ^d	2,050,000	2,061,760
CIFI Holdings Group Co., Ltd. 7.750%, 09/20/20 ^d	CNY 12,000,000	1,804,583
Agricultural Bank of China, Ltd. 4.300%, 04/11/29 ^d	CNY 10,000,000	1,445,324
Total China/Hong Kong		38,568,275
INDONESIA: 13.9%		
PB International BV 7.625%, 01/26/22 ^d	4,300,000	4,452,483
Listrindo Capital BV 4.950%, 09/14/26 ^d	3,500,000	3,452,750
Indika Energy Capital III Pte, Ltd. 5.875%, 11/09/24 ^d	3,300,000	3,222,352
PT Perusahaan Listrik Negara 5.250%, 05/15/47 ^d	2,700,000	2,849,128
Modernland Overseas Pte, Ltd. 6.950%, 04/13/24 ^d	1,900,000	1,854,649
Total Indonesia		15,831,362
INDIA: 13.3%		
Shriram Transport Finance Co., Ltd. 5.700%, 02/27/22 ^d	4,400,000	4,457,030
ABJA Investment Co. Pte, Ltd. 5.450%, 01/24/28 ^d	4,440,000	4,249,860
Housing Development Finance Corp., Ltd. 9.000%, 11/29/28	INR 190,000,000	2,872,557
ICICI Bank UK PLC 5.375% ^b , 09/26/28 ^d	SGD 2,750,000	2,054,532
Bajaj Finance, Ltd., Series 246 8.538%, 06/07/22	INR 100,000,000	1,461,039
Total India		15,095,018
JAPAN: 4.1%		
SoftBank Group Corp. 6.000% ^b , 07/19/23 ^{c,d}	4,850,000	4,631,750
Total Japan		4,631,750
PHILIPPINES: 2.5%		
Royal Capital BV 4.875% ^b , 05/05/24 ^{c,d}	2,800,000	2,775,500
Total Philippines		2,775,500

	Face Amount*	Value
UNITED STATES: 1.7%		
Sprint Communications, Inc. 6.000%, 11/15/22	1,863,000	\$1,942,178
Total United States		1,942,178
TOTAL NON-CONVERTIBLE CORPORATE BONDS		
		78,844,083
(Cost \$76,847,011)		

FOREIGN GOVERNMENT OBLIGATIONS: 21.1%

	Face Amount*	Value
VIETNAM: 6.3%		
Debt and Asset Trading Corp. 1.000%, 10/10/25 ^d	6,969,000	5,209,328
Vietnam Government Bond 5.200%, 01/12/22	VND 43,000,000,000	1,917,081
Total Vietnam		7,126,409

INDONESIA: 4.9%

	Face Amount*	Value
Indonesia Government Bond 9.000%, 03/15/29	IDR 38,000,000,000	2,963,212
Indonesia Government Bond 8.250%, 05/15/29	IDR 34,550,000,000	2,592,320
Total Indonesia		5,555,532

SRI LANKA: 4.1%

	Face Amount*	Value
Sri Lanka Government Bond 7.850%, 03/14/29 ^d	4,500,000	4,639,870
Total Sri Lanka		4,639,870

PHILIPPINES: 3.4%

	Face Amount*	Value
Republic of Philippines 3.900%, 11/26/22	PHP 123,000,000	2,344,475
Republic of Philippines 6.250%, 01/14/36	PHP 70,000,000	1,547,282
Total Philippines		3,891,757

MALAYSIA: 2.1%

	Face Amount*	Value
Malaysia Government Bond 4.642%, 11/07/33	MYR 9,000,000	2,342,875
Total Malaysia		2,342,875

SOUTH KOREA: 0.3%

	Face Amount*	Value
Korea Treasury Bond 3.500%, 03/10/24	KRW 400,000,000	377,298
Total South Korea		377,298

	Face Amount*	Value
TOTAL FOREIGN GOVERNMENT OBLIGATIONS		
		23,933,741
(Cost \$23,021,276)		

CONVERTIBLE CORPORATE BONDS: 5.0%

	Face Amount*	Value
THAILAND: 3.0%		
CP Foods Holdings, Ltd., Cnv. 0.500%, 09/22/21 ^d	2,800,000	3,476,918
Total Thailand		3,476,918

Schedule of Investments^a (unaudited) (continued)

CONVERTIBLE CORPORATE BONDS (continued)

	Face Amount*	Value
CHINA/HONG KONG: 2.0%		
Weibo Corp., Cnv. 1.250%, 11/15/22	2,400,000	\$2,265,666
Total China/Hong Kong		2,265,666
TOTAL CONVERTIBLE CORPORATE BONDS		5,742,584
(Cost \$ 5,067,936)		
TOTAL INVESTMENTS: 95.5%		108,520,408
(Cost \$ 104,936,223)		

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b Security is a fix-to-float security, which carries a fixed coupon until a certain date, upon which it switches to a floating rate. Reference rate and spread are provided if the rate is currently floating.
- c Perpetual security with no stated maturity date. First call date is disclosed.
- d The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.

* All Values in USD unless otherwise specified

Cnv.	Convertible
CNY	Chinese Renminbi (Yuan)
IDR	Indonesian Rupiah
INR	Indian Rupee
3M MYR-KLIBOR	Three Month Kuala Lumpur Interbank Offered Rate
KRW	Korean Won
6M INR-MIBOR	Six Month Mumbai Inter-Bank Offered Rate
MYR	Malaysian Ringgit
OTC	Over-the-counter
PHP	Philippine Peso
SGD	Singapore Dollar
THB	Thai Baht
6M THB-THBFIX	Six Month Thai Baht Interest Rate Fixing
USD	U.S. Dollar
VND	Vietnamese Dong

CASH AND OTHER ASSETS,
LESS LIABILITIES: 4.5%

5,108,081

NET ASSETS: 100.0%

\$113,628,489

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
CNY 33,648,300	USD 4,900,000	Merrill Lynch & Co., Inc.	07/10/19	\$1,014
IDR 36,000,000,000	USD 2,500,000	Merrill Lynch & Co., Inc.	08/05/19	36,733
KRW 1,174,350,000	USD 1,000,000	Merrill Lynch & Co., Inc.	08/05/19	15,835
THB 149,433,600	USD 4,800,000	Merrill Lynch & Co., Inc.	08/05/19	77,304
				130,886
USD 2,904,866	CNY 20,000,000	Merrill Lynch & Co., Inc.	07/10/19	(8,217)
USD 1,446,759	CNY 10,000,000	Merrill Lynch & Co., Inc.	07/10/19	(9,782)
SGD 8,509,410	USD 6,300,000	Merrill Lynch & Co., Inc.	08/05/19	(6,387)
KRW 10,075,320,000	USD 9,000,000	Merrill Lynch & Co., Inc.	08/05/19	(284,654)
USD 1,670,904	SGD 2,300,000	Merrill Lynch & Co., Inc.	08/05/19	(30,190)
USD 2,436,548	IDR 36,000,000,000	Merrill Lynch & Co., Inc.	08/05/19	(100,184)
USD 2,852,660	KRW 3,400,000,000	Merrill Lynch & Co., Inc.	08/05/19	(88,406)
USD 986,683	KRW 1,174,350,000	Merrill Lynch & Co., Inc.	08/05/19	(29,152)
				(556,972)
Net Unrealized Depreciation				(\$426,086)

OTC INTEREST RATE SWAPS

Floating Rate Paid by Fund		Fixed Rate Received by Fund		Counterparty	Termination Date	Notional Amount (000)	Value	Upfront Premium Paid (Received)	Unrealized Depreciation
Rate	Frequency	Rate	Frequency						
6M INR-MIBOR, (0.31)%	Semi-annual	5.46%	Semi-annual	Bank of America, N.A.	06/19/2024	INR 204,000	(\$9,867)	—	(\$9,867)
3M MYR-KLIBOR, 3.46%	Quarterly	3.30%	Quarterly	Bank of America, N.A.	06/19/2024	MYR 13,000	(9,076)	—	(9,076)
6M THB-THBFIX, 1.48%	Semi-annual	1.61%	Semi-annual	Bank of America, N.A.	06/21/2024	THB 281,000	(35,226)	—	(35,226)
Total							(\$54,169)	—	(\$54,169)

See accompanying notes to financial statements.

Matthews Asia Credit Opportunities Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asia Credit Opportunities Fund returned 9.39% (Investor Class) and 9.63% (Institutional Class) while its benchmark, the J.P. Morgan Asia Credit Index (JACI), returned 8.04%. For the quarter ending June 30, the Fund returned 3.16% (Investor Class) and 3.23% (Institutional Class) compared to the benchmark return of 3.00% over the same period.

PORTFOLIO MANAGERS

Teresa Kong, CFA **Satya Patel**
Lead Manager Lead Manager

FUND FACTS

	Investor	Institutional
Ticker	MCRDX	MICPX
CUSIP	577130677	577130669
Inception	4/29/16	4/29/16
NAV	\$10.47	\$10.47
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.37%	1.18%
After Fee Waiver and Reimbursement ²	1.15%	0.90%

Portfolio Statistics

Total # of Positions	29
Net Assets	\$57.4 million
Modified Duration ³	5.0
Portfolio Turnover ⁴	49.06%

Benchmark

J.P. Morgan Asia Credit Index

OBJECTIVE

Total return over the long term.

STRATEGY

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in debt and debt-related instruments issued by companies as well as governments, quasi-governmental entities, and supra-national institutions in Asia. Debt and debt-related instruments typically include bonds, debentures, bills, securitized instruments (which are vehicles backed by pools of assets such as loans or other receivables), notes, certificates of deposit and other bank obligations, bank loans, senior secured bank debt, convertible debt securities, exchangeable bonds, credit-linked notes, inflation-linked instruments, repurchase agreements, payment-in-kind securities and derivative instruments with fixed income characteristics. Asia consists of all countries and markets in Asia, such as China and Indonesia, in addition to the developed, emerging, and frontier countries and markets in the Asian region.

Market Environment:

Asian credit markets enjoyed a positive first half, with high yield credit spreads peaking at 622 basis points (6.22%) in early January and ending June at 539 basis points (5.39%). The first quarter was characterized by a strong risk-on environment and spread tightening. Despite spreads widening modestly in the second quarter, the combination of falling U.S. interest rates and coupon income resulted in positive total returns for investors in the asset class.

The constructive environment for Asian credit over the period was largely due to supportive central banks around the world. The U.S. Federal Reserve, the European Central Bank and emerging market central banks all moved in a dovish direction, seemingly ending the momentum for higher rates around the world. Meanwhile, the G-20 Summit ended without an escalation of the U.S.–China trade war, at least temporarily removing the risk of a further tariff shock from the global economy.

While the second quarter was positive overall, geopolitics led to unexpected volatility in credit spreads. The quarter began with a continuation of the positive tone in risk markets from the first quarter, as data from the U.S. and China implied that fears of a synchronized growth slowdown may have been overdone. As the U.S.–China trade war flared up, however, spreads widened in May, before gradually tightening as the late-June G-20 summit approached.

Performance Contributors and Detractors:

During the first half and the second quarter, the biggest contributor to performance was the portfolio's overweight allocation to Asian high yield bonds, which as a group outperformed in the risk-on environment. Within high yield corporate bonds, the strongest contributors over the quarter included Tata Steel (ABJA Investment), Lippo Karawaci (Theta Capital) and the Vietnam government-backed Debt and Asset Trading. Tata Steel performed well as it has moved toward a deleveraging plan following an unsuccessful merger of its European operations. Lippo Karawaci continues to execute on its turnaround plan, which includes raising new capital and increasing discipline around capital expenditures. Our exposure to convertible bonds, including Weibo and CP Foods Holdings as well as our positions in SoftBank Group and HSBC Holdings perpetual bonds, were also contributors.

The biggest detractors to performance were our positions in Indika (Indo Energy Finance II BV), our convertible bond positions in China Mengniu Dairy and Ctrip.com International, a Chinese online travel agency. The Indika bonds were sold during the quarter to buy longer-dated bonds of the same issuer, allowing us to extend our duration. The longer-dated Indika bonds were in fact among our highest contributors to returns in the quarter.

(continued)

1 Prospectus expense ratios.

2 Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 0.90% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 0.90% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 0.90%. Any amount waived with respect to the Fund pursuant to this agreement is not subject to recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

3 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.

4 The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns					Inception Date
	3 Months	YTD	1 Year	3 Years	Since Inception	
Investor Class (MCRDX)	3.16%	9.39%	9.26%	5.73%	5.90%	4/29/2016
Institutional Class (MICPX)	3.23%	9.63%	9.64%	6.02%	6.16%	4/29/2016
J.P. Morgan Asia Credit Index ⁵	3.00%	8.04%	10.01%	4.04%	4.51%	

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.

INCOME DISTRIBUTION HISTORY

	2019					2018				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Investor (MCRDX)	\$0.10	\$0.10	n.a.	n.a.	\$0.20	\$0.09	\$0.09	\$0.06	\$0.10	\$0.33
Inst'l (MICPX)	\$0.10	\$0.11	n.a.	n.a.	\$0.21	\$0.09	\$0.09	\$0.06	\$0.11	\$0.36

Note: This table does not include capital gains distributions. Totals may differ by \$0.02 due to rounding. For income distribution history, visit matthewsasia.com.

30-DAY YIELD:

Investor Class: 4.85% (4.69% excluding waivers)
Institutional Class: 5.10% (4.89% excluding waivers)

The 30-Day Yield represents net investment income earned by the Fund over the 30-day period ended 6/30/19, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-day period. The 30-Day 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.

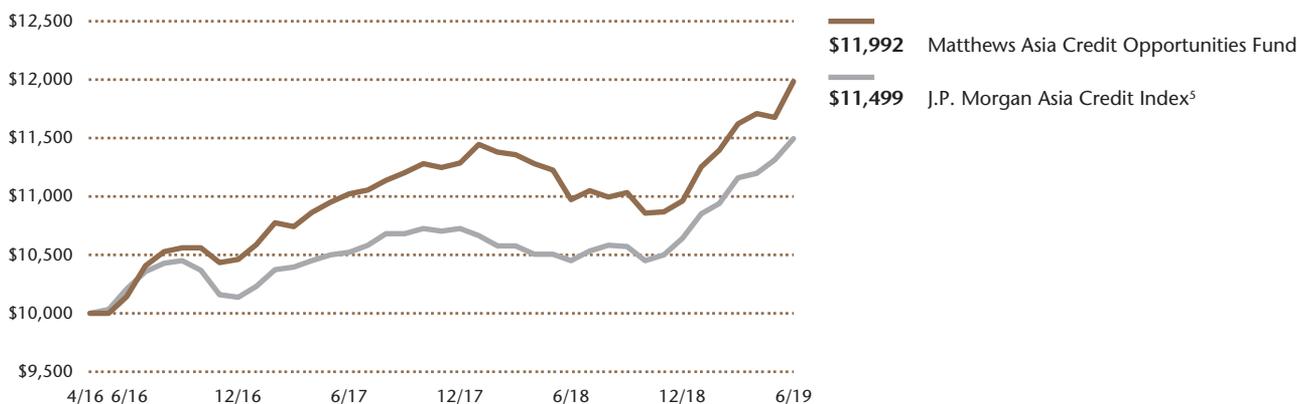
Source: BNY Mellon Investment Servicing (US) Inc.

YIELD TO WORST: 5.93%

Yield to worst is the lowest yield that can be received on a bond assuming that the issuer does not default. It is calculated by utilizing the worst case assumptions for a bond with respect to certain income-reducing factors, including prepayment, call or sinking fund provisions. It does not represent the yield that an investor should expect to receive. Past yields are no guarantee of future yields.

Source: FactSet Research Systems

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions, or redemption of Fund shares. Values are in US\$.

⁵ It is not possible to invest directly in an index. Source: Index data from J.P. Morgan and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

TOP TEN HOLDINGS

	Sector	Currency	% of Net Assets
Franshion Brilliant, Ltd., 5.750%, 07/17/2067	Real Estate	U.S. Dollar	5.0%
Debt and Asset Trading Corp., 1.000%, 10/10/2025	Financials	U.S. Dollar	4.9%
Indika Energy Capital III Pte, Ltd., 5.875%, 11/09/2024	Energy	U.S. Dollar	4.9%
Shriram Transport Finance Co., Ltd., 5.700%, 02/27/2022	Financials	U.S. Dollar	4.4%
Pakistan Government Bond, 6.875%, 12/05/2027	Foreign Government Bonds	U.S. Dollar	4.4%
HSBC Holdings PLC, 6.375%, 12/29/2049	Financials	U.S. Dollar	4.4%
ABJA Investment Co. Pte, Ltd., 5.450%, 01/24/2028	Materials	U.S. Dollar	4.3%
PB International BV, 7.625%, 01/26/2022	Consumer Discretionary	U.S. Dollar	4.3%
Wanda Properties International Co., Ltd., 7.250%, 01/29/2024	Real Estate	U.S. Dollar	4.2%
Standard Chartered PLC, 6.500%, 12/29/2049	Financials	U.S. Dollar	4.1%
% OF ASSETS IN TOP TEN			44.9%

Matthews Asia Credit Opportunities Fund

Portfolio Manager Commentary (unaudited) (continued)

Notable Portfolio Changes:

With weaker-than-expected economic data released in the U.S. leading to speculation about rate cuts by the Fed, we increased duration in the portfolio to 4.6 years from 3.5 years over the quarter. We achieved this both by rotating into longer duration issues of companies we already owned, such as CIFI Holdings Group and KWG Group Holdings, as well as by adding exposure to longer duration securities of other issuers, including the Indonesian state-owned enterprises INALUM (PT Indonesia Asahan Aluminium Perser) and PLN (PT Perusahaan Listrik Negara), both of which are investment grade-rated, thereby allowing us to add duration without taking on excessive spread duration.

New bonds added to the portfolio included Shriram Transport Finance, an Indian non-bank finance company that issued a USD bond with an attractive spread premium given the recent NBFCs funding crisis, and Pakistan Government Bonds, which are long-duration bonds of a high yield country under an IMF-led turnaround program.

In China, we initiated positions in two companies: China Jinmao (Franshion Brilliant, Ltd.) perpetual bonds, higher yielding bonds of a central SOE-backed property developer, and the technology firm Weibo, via convertible bonds trading close to their lowest possible level, which we see as offering an asymmetric risk profile.

We sold a number of bonds that had reached their price target and had limited upside for the portfolio. These included India's Bharti Airtel, Krung Thai Bank Public in Thailand, Indonesia's Tower Bersama (TBG Global), and in China, Chinalco Capital Holdings and China Minmetals. In addition, we sold several convertible bond holdings that were short duration and/or had reached our price target. These included China Mengniu Dairy, CP Foods Holdings, Ctrip.com International and Johnson Electric Holdings.

Outlook:

In our view, Asian high yield bonds continue to offer attractive value for long-term investors. Asian high yield credit spreads are 86 basis points (0.86%) above their historic averages and are about 132 basis points (1.32%) above U.S. high yield spreads at the index level. We think there is room for this relationship to tighten back closer to historical levels. Default rates in Asia have remained low and we believe could stay low in the medium term as interest costs and recession risks remain low. For many of the riskiest borrowers, refinancing has become easier in 2019 as investor risk appetite has returned. We believe this continues to be a key risk to monitor, and we prefer to invest in holdings that have taken steps to refinance upcoming maturities or improve their balance sheets in other ways to be resilient to further turmoil.

We continue to see value in Chinese property, particularly given the magnitude of the sell-off last year. Policymakers are incrementally easing restrictions on developers, pointing to an improving business environment in the second half of the year. We also see value in a number of sectors in Indonesia, including manufacturing and mining. With the momentum among developed and emerging market central banks shifting toward synchronized easing, we expect domestic business environments in Asia to be supportive in an environment of slowing global growth and trade.

To be sure, there continue to be risks on the horizon. If a further slowdown in global growth materializes, we expect investor appetite for emerging markets to diminish. Any re-escalation in trade shocks could also put pressure on Asian fixed income markets. If the Chinese economy deteriorates, corporate defaults will likely rise, and Asian credit could come under pressure. Our base case, however, remains a benign one, with most of the key global macro tail risks fading, with supportive central banks and Chinese economic growth to rebound.

CURRENCY ALLOCATION (%)^{6,7}

US Dollar	100.0
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COUNTRY ALLOCATION (%)^{6,7,8}

China/Hong Kong	31.6
Indonesia	25.7
India	8.7
Vietnam	7.4
Sri Lanka	4.8
Pakistan	4.4
Australia	3.8
Philippines	3.6
Japan	3.3
United States	0.8
Cash and Other Assets, Less Liabilities	5.9

SECTOR ALLOCATION (%)^{6,7}

Real Estate	24.3
Financials	21.7
Foreign Government Bonds	11.6
Materials	8.4
Communication Services	7.6
Utilities	7.6
Energy	4.9
Consumer Discretionary	4.3
Industrials	3.6
Cash and Other Assets, Less Liabilities	5.9

ASSET TYPE BREAKDOWN (%)^{6,7}

Non-Convertible Corporate Bonds	74.9
Government Bonds	16.6
Convertible Corporate Bonds	2.6
Cash and Other Assets, Less Liabilities	5.9

6 Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

7 Cash and other assets may include forward currency exchange contracts and certain derivative instruments that have been marked-to-market.

8 Not all countries where the Fund may invest are included in the benchmark index.

Schedule of Investments^a (unaudited)

NON-CONVERTIBLE CORPORATE BONDS: 74.9%

	Face Amount*	Value
CHINA/HONG KONG: 28.9%		
Franshion Brilliant, Ltd. 5.750% ^b , 01/17/22 ^{c,d}	3,000,000	\$2,851,392
HSBC Holdings PLC 6.375% ^b , 03/30/25 ^c	2,400,000	2,523,600
Wanda Properties International Co., Ltd. 7.250%, 01/29/24 ^d	2,400,000	2,391,000
Standard Chartered PLC 6.500% ^b , 04/02/20 ^{c,d}	2,350,000	2,381,842
CIFI Holdings Group Co., Ltd. 6.550%, 03/28/24 ^d	2,300,000	2,248,907
Logan Property Holdings Co., Ltd. 5.250%, 02/23/23 ^d	1,500,000	1,431,177
KWG Group Holdings, Ltd. 7.875%, 09/01/23 ^d	1,300,000	1,307,458
KWG Group Holdings, Ltd. 5.875%, 11/10/24 ^d	1,100,000	999,049
CITIC Telecom International Finance, Ltd. 6.100%, 03/05/25 ^d	462,000	479,650
Total China/Hong Kong		16,614,075
INDONESIA: 25.7%		
Indika Energy Capital III Pte, Ltd. 5.875%, 11/09/24 ^d	2,900,000	2,831,764
PB International BV 7.625%, 01/26/22 ^d	2,400,000	2,485,107
PT Indonesia Asahan Aluminium Perser 6.757%, 11/15/48 ^d	1,900,000	2,334,443
PT Perusahaan Listrik Negara 5.250%, 05/15/47 ^d	2,100,000	2,215,988
Listrindo Capital BV 4.950%, 09/14/26 ^d	2,200,000	2,170,300
Theta Capital Pte, Ltd. 6.750%, 10/31/26 ^d	1,500,000	1,373,815
Modernland Overseas Pte, Ltd. 6.950%, 04/13/24 ^d	1,400,000	1,366,584
Total Indonesia		14,778,001
INDIA: 8.7%		
Shriram Transport Finance Co., Ltd. 5.700%, 02/27/22 ^d	2,500,000	2,532,404
ABJA Investment Co. Pte, Ltd. 5.450%, 01/24/28 ^d	2,600,000	2,488,656
Total India		5,021,060
AUSTRALIA: 3.9%		
Australia & New Zealand Banking Group, Ltd. 6.750% ^b , 06/15/26 ^{c,d}	2,000,000	2,207,500
Total Australia		2,207,500
PHILIPPINES: 3.6%		
Royal Capital BV 4.875% ^b , 05/05/24 ^{c,d}	2,100,000	2,081,625
Total Philippines		2,081,625
JAPAN: 3.3%		
SoftBank Group Corp. 6.000% ^b , 07/19/23 ^{c,d}	2,000,000	1,910,000
Total Japan		1,910,000
UNITED STATES: 0.8%		
Sprint Communications, Inc. 6.000%, 11/15/22	420,000	437,850
Total United States		437,850
TOTAL NON-CONVERTIBLE CORPORATE BONDS		43,050,111
(Cost \$42,252,120)		

FOREIGN GOVERNMENT OBLIGATIONS: 16.6%

	Face Amount*	Value
VIETNAM: 7.4%		
Debt and Asset Trading Corp. 1.000%, 10/10/25 ^d	3,800,000	\$2,840,500
Socialist Republic of Vietnam 5.500%, 03/12/28	1,410,000	1,384,396
Total Vietnam		4,224,896
SRI LANKA: 4.8%		
Sri Lanka Government Bond 7.850%, 03/14/29 ^d	1,000,000	1,031,082
Sri Lanka Government Bond 6.125%, 06/03/25 ^d	900,000	877,325
Sri Lanka Government Bond 6.850%, 11/03/25 ^d	850,000	852,351
Total Sri Lanka		2,760,758
PAKISTAN: 4.4%		
Pakistan Government Bond 6.875%, 12/05/27 ^d	2,500,000	2,525,500
Total Pakistan		2,525,500
TOTAL FOREIGN GOVERNMENT OBLIGATIONS		9,511,154
(Cost \$9,417,338)		

CONVERTIBLE CORPORATE BONDS: 2.6%

CHINA/HONG KONG: 2.6%		
Weibo Corp., Cnv. 1.250%, 11/15/22	1,600,000	1,510,444
Total China/Hong Kong		1,510,444
TOTAL CONVERTIBLE CORPORATE BONDS		1,510,444
(Cost \$1,411,881)		
TOTAL INVESTMENTS: 94.1%		54,071,709
(Cost \$53,081,339)		

CASH AND OTHER ASSETS, LESS LIABILITIES: 5.9%		3,373,363
NET ASSETS: 100.0%		\$57,445,072

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b Security is a fix-to-float security, which carries a fixed coupon until a certain date, upon which it switches to a floating rate. Reference rate and spread are provided if the rate is currently floating.
- c Perpetual security with no stated maturity date. First call date is disclosed.
- d The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
- * All Values in USD unless otherwise specified

Cnv. Convertible
USD U.S. Dollar

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Robert J. Horrocks, PhD **Kenneth Lowe, CFA**
Lead Manager Lead Manager

John Paul Lech
Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MACSX	MICSX
CUSIP	577130206	577130842
Inception	9/12/94	10/29/10
NAV	\$15.54	\$15.51
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.08%	0.93%

Portfolio Statistics

Total # of Positions	62
Net Assets	\$1.4 billion
Weighted Average Market Cap	\$59.3 billion
Portfolio Turnover ²	32.24%

Benchmark

MSCI AC Asia ex Japan Index

OBJECTIVE

Long-term capital appreciation. The Fund also seeks to provide some current income.

STRATEGY

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in dividend-paying common stock, preferred stock and other equity securities, and convertible securities as well as fixed-income securities, of any duration or quality, including high yield securities, of companies located in Asia, which consists of all countries and markets in Asia, including developed, emerging and frontier countries and markets in the Asian region.

Matthews Asian Growth and Income Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asian Growth and Income Fund returned 12.92% (Investor Class), and 13.02% (Institutional Class), while its benchmark, the MSCI All Country Asia ex Japan Index, returned 10.83%. For the quarter ending June 30, 2019, the Fund returned 2.07% (Investor Class and Institutional Class), while its benchmark returned -0.56%.

Market Environment:

The first half of the year delivered fairly strong performance for Asian equities, with the majority of these gains coming in the first quarter following poor performance in 2018. Concerns last year included a tightening of U.S. dollar liquidity, weakening economic growth and trade tensions between the U.S. and China, among others. This narrative changed somewhat during the first half, primarily regarding monetary policy as the U.S. Federal Reserve and other central banks across the globe moved from a gradual tightening of policy back toward a more dovish stance. This was helpful for risk assets and reduced any lingering funding pressures that may have existed. Trade tensions, on the other hand, were a moving target and a resolution appeared more likely at the start of 2019 than in recent months.

These geopolitical tensions drove an increase in volatility for Asian equities during the second quarter. That drove the Chinese market to being the region's weakest performer during the quarter, while domestic demand-oriented countries in Southeast Asia delivered solid gains.

Performance Contributors and Detractors:

Despite our more conservative investment style and an equity market that delivered double-digit returns, the portfolio was ahead of its benchmark for the first half.

The largest driver of this positive performance for both the half and the quarter came from the portfolio's holdings in China and Hong Kong. This included leaders in their fields such as pan-Asian life insurer AIA Group, which continues to be a significant holding for the Fund. The company gained from solid operating performance alongside excitement over greater access to mainland China as the government further opens up the financial sector. The portfolio's increasing weight in China has largely come from our inclusion of more A-shares, and these have produced strong performance for the Fund. Over the quarter, Shanghai International Airport was the strongest contributor to returns as the company delivered impressive revenue growth on the back of rising passenger traffic and growing duty-free revenues—trends that we expect to continue.

Our holdings here are largely domestic demand-driven and over the half Chinese consumer companies generally helped our performance in the first half. Leading dairy company Yili Industrial rose on healthy first-quarter revenue growth as the company gained market share and expanded further into product extensions. Household appliance companies Midea Group and Zhejiang Supor were similarly robust as their respective brand power was highlighted in superior results to peers despite a slightly more challenging macroeconomic backdrop.

Elsewhere during the second quarter, a couple of the portfolio's Singaporean holdings gained, with shares of Singapore Telecommunications rising as the company recovered from what has been a relatively difficult competitive environment in recent years. Shares of Singapore Technologies Engineering, the national defense contractor, also moved up on improving order flow across its aerospace, electronics and marine divisions.

(continued)

¹ Prospectus expense ratios.

² The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns							Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	
Investor Class (MACSX)	2.07%	12.92%	7.20%	5.07%	2.34%	7.08%	8.99%	9/12/94
Institutional Class (MICSX)	2.07%	13.02%	7.34%	5.21%	2.49%	n.a.	4.41%	10/29/10
MSCI AC Asia ex Japan Index ³	-0.56%	10.83%	-0.18%	11.81%	5.14%	8.17%	4.50% ⁴	

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.

INCOME DISTRIBUTION HISTORY

	2019			2018		
	June	December	Total	June	December	Total
Investor (MACSX)	\$0.17	n.a.	\$0.17	\$0.22	\$0.10	\$0.32
Inst'l (MICSX)	\$0.18	n.a.	\$0.18	\$0.24	\$0.11	\$0.35

Note: This table does not include capital gains distributions. Totals may differ by \$0.02 due to rounding. For income distribution history, visit matthewsasias.com.

30-DAY YIELD:

1.60% (Investor Class) 1.74% (Institutional Class)

The 30-Day Yield represents net investment income earned by the Fund over the 30-day period ended 6/30/19, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-day period. The 30-Day 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.

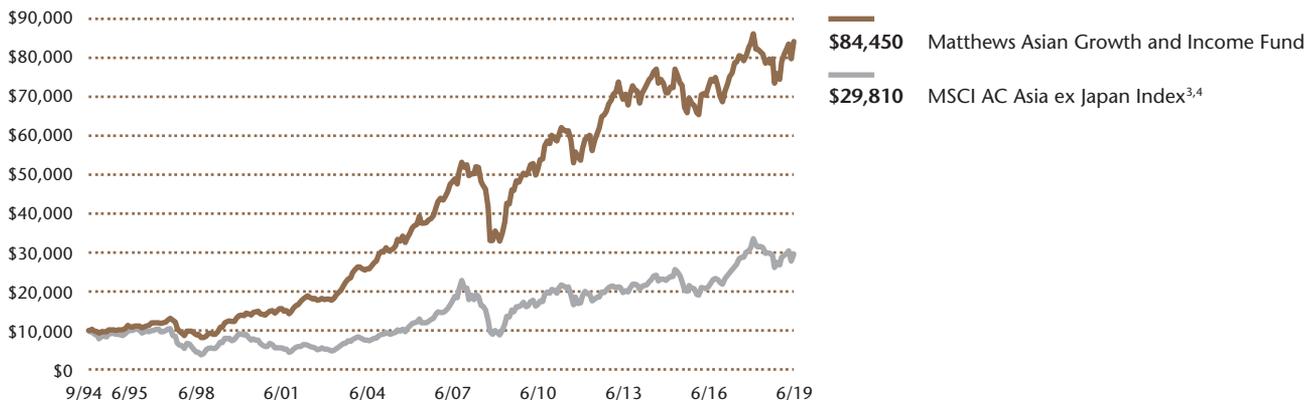
Source: BNY Mellon Investment Servicing (US) Inc.

DIVIDEND YIELD: 3.21%

The dividend yield (trailing) for the portfolio is the weighted average sum of the dividends paid by each equity security held by the Fund over the 12 months ended 6/30/19 divided by the current price of each equity as of 6/30/19. The annualized dividend yield for the Fund is for the equity-only portion of the portfolio. Please note that this is based on gross equity portfolio holdings and does not reflect the actual yield an investor in the Fund would receive. Past yields are no guarantee of future yields.

Source: FactSet Research Systems, Bloomberg, MICM

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

3 It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

4 Calculated from 8/31/94.

TOP TEN HOLDINGS⁵

	Sector	Country	% of Net Assets
AIA Group, Ltd.	Financials	China/Hong Kong	3.8%
Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology	Taiwan	3.4%
Tencent Holdings, Ltd.	Communication Services	China/Hong Kong	2.8%
Samsung Electronics Co., Ltd.	Information Technology	South Korea	2.5%
Housing Development Finance Corp., Ltd.	Financials	India	2.2%
Singapore Telecommunications, Ltd.	Communication Services	Singapore	2.1%
United Overseas Bank, Ltd.	Financials	Singapore	2.1%
Macquarie Korea Infrastructure Fund	Financials	South Korea	2.1%
LG Household & Health Care, Ltd., Pfd.	Consumer Staples	South Korea	2.0%
Broadcom, Inc.	Information Technology	United States	1.9%
% OF ASSETS IN TOP TEN			24.9%

5 Holdings may combine more than one security from same issuer and related depositary receipts.

Matthews Asian Growth and Income Fund

Portfolio Manager Commentary (unaudited) (continued)

There were few detractors to performance during the half, but the largest of these was Bank of the Philippine Islands. Although we believe it to be a well-managed institution, recent results were disappointing due to rising costs. Hong Kong-based Pacific Textiles also fell as a major customer had weaker-than-expected orders. Over the quarter, the largest detractor to performance was South Korean water purification company Woongjin Coway. Concerns arose that the company may be forced to pay a royalty to its parent and may have overpaid for some assets.

Notable Portfolio Changes:

We initiated five new positions over the quarter. This included two new convertible bond holdings in Chinese internet company Weibo and Malaysian glove maker Top Glove. We believe that the former is a strong credit that was underpriced, offering us an attractive yield of around 5% on entry despite the company's robust balance sheet and healthy cash generation. Top Glove offered a fairly attractive 4% yield at entry and was at only a 25% conversion premium. Our view is that the company still has attractive growth through capacity expansion as well as more technologically advanced production lines.

Within equities, we added three new holdings. The first of these was Fortune REIT, a real estate investment trust (REIT) company in Hong Kong that operates 16 neighborhood-oriented malls in the city. We think that the company has a conservative balance sheet, visible cash flows and growth opportunities through asset enhancement initiatives and rental reversions. This should provide the opportunity for an attractive blend of growth and income. In China, we increased our domestic demand oriented exposure through adding Yum China. We believe that this leading quick-service restaurant chain has an excellent management team that has the potential to grow sustainably through expanding its KFC store network and through improving Pizza Hut's delivery capability. The stock was also reasonably valued at around 21x P/E upon our entry. Finally, we added consumer company Ace Hardware Indonesia. Similarly, this is a leading franchise whose track record is impressive. Although not cheap at about 24x P/E, it does provide a dividend yield of around 2% and we expect that management should be able to grow for many years through store expansion and category extensions.

These new positions were funded through exiting the convertible bonds of Huazhu Group, Bangkok Dusit Medical Services, Johnson Electric and Lotte Shopping as well as equity shares of KT&G.

Outlook:

The interplay of weakening growth, reasonably high debt levels, high levels of geopolitical tension but loosening monetary policy globally is likely to continue for the foreseeable future. Although there may be a trade deal between the U.S. and China, differing ideologies around politics and economics, in particular, are likely to continue to generate market volatility. Trade imbalances and protectionist policies remain a risk for markets and these have already played a role in creating what is a reasonably slow environment for economic growth globally.

For Asian companies in particular, we have witnessed a decline in earnings expectations, with a consensus that now anticipates earnings-per-share (EPS) growth to be in the low single-digit range for 2019. Although disappointing, this is at least still positive in the short term and is expected to bounce back next year. Valuations, however, are now less supportive than at the end of 2018.

From the portfolio's standpoint, we believe this to be a fairly attractive environment. We believe our focus on quality investing with a long-term time horizon leaves us less susceptible to higher levels of volatility. Our view is that environments such as this, if accompanied by patience and discipline, can create some attractive opportunities to deploy capital. Further, the portfolio is already well-placed with an array of high-caliber companies at appealing valuations that we believe can deliver the opportunity for an attractive combination of growth and income.

COUNTRY ALLOCATION (%) ^{6,7}	
China/Hong Kong	39.8
Singapore	10.8
South Korea	10.7
Taiwan	6.6
Australia	5.3
United States	3.4
India	3.2
France	3.2
Thailand	2.9
Indonesia	2.9
Japan	2.4
Malaysia	2.3
United Kingdom	1.9
Philippines	1.5
Vietnam	1.2
Cash and Other Assets, Less Liabilities	1.9

SECTOR ALLOCATION (%) ⁷	
Financials	21.0
Consumer Discretionary	15.5
Information Technology	12.6
Consumer Staples	11.8
Industrials	11.6
Communication Services	11.5
Real Estate	7.3
Materials	3.0
Health Care	2.5
Utilities	1.4
Cash and Other Assets, Less Liabilities	1.9

MARKET CAP EXPOSURE (%) ⁷	
Mega Cap (over \$25B)	51.6
Large Cap (\$10B-\$25B)	15.7
Mid Cap (\$3B-10B)	21.7
Small Cap (under \$3B)	9.2
Cash and Other Assets, Less Liabilities	1.9

ASSET TYPE BREAKDOWN (%) ^{7,8}	
Common Equities and ADRs	84.3
Convertible Corporate Bonds	11.7
Preferred Equities	2.0
Cash and Other Assets, Less Liabilities	1.9

6 Not all countries where the Fund may invest are included in the benchmark index.

7 Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

8 Bonds are not included in the MSCI All Country Asia ex Japan Index.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 84.4%

	Shares	Value		Shares	Value
CHINA/HONG KONG: 34.0%			UNITED STATES: 3.4%		
AIA Group, Ltd.	5,037,600	\$54,400,553	Broadcom, Inc.	93,200	\$26,828,552
Tencent Holdings, Ltd.	891,600	40,335,466	Cognizant Technology Solutions Corp. Class A	349,400	22,148,466
Techtronic Industries Co., Ltd.	3,370,500	25,820,834	Total United States		48,977,018
Shanghai International Airport Co., Ltd. A Shares	2,017,375	24,638,342	INDIA: 3.2%		
CK Hutchison Holdings, Ltd.	2,454,172	24,207,338	Housing Development Finance Corp., Ltd.	979,513	31,102,622
Inner Mongolia Yili Industrial Group Co., Ltd. A Shares	4,816,875	23,471,788	Bharti Infratel, Ltd.	3,801,128	14,706,569
Jiangsu Expressway Co., Ltd. H Shares	15,674,000	22,307,310	Total India		45,809,191
Jardine Matheson Holdings, Ltd.	353,100	22,271,083	FRANCE: 3.2%		
HKT Trust & HKT, Ltd.	13,920,000	22,096,087	LVMH Moët Hennessy Louis Vuitton SE	56,340	23,951,576
Midea Group Co., Ltd. A Shares	2,825,801	21,409,157	Pernod Ricard SA	113,136	20,836,990
NetEase, Inc. ADR	82,100	20,998,717	Total France		44,788,566
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. A Shares	1,181,683	20,965,300	INDONESIA: 2.9%		
HSBC Holdings PLC ADR	491,833	20,529,109	PT Bank Rakyat Indonesia Persero	73,603,900	22,723,371
Zhejiang Supor Co., Ltd. A Shares	1,853,470	20,482,679	PT Ace Hardware Indonesia	140,794,300	18,040,037
CK Asset Holdings, Ltd.	2,590,172	20,291,611	Total Indonesia		40,763,408
CLP Holdings, Ltd.	1,801,200	19,848,862	JAPAN: 2.4%		
Pacific Textiles Holdings, Ltd.	24,255,000	19,203,656	Kao Corp.	243,000	18,541,962
Fortune, REIT	11,459,000	15,753,187	KDDI Corp.	618,000	15,726,053
Yum China Holdings, Inc.	337,200	15,578,640	Total Japan		34,268,015
Minth Group, Ltd.	5,740,000	15,480,526	UNITED KINGDOM: 1.9%		
China Mobile, Ltd. ADR	284,200	12,871,418	Prudential PLC	1,227,872	26,805,739
Total China/Hong Kong		482,961,663	Total United Kingdom		26,805,739
SINGAPORE: 9.1%			PHILIPPINES: 1.5%		
Singapore Telecommunications, Ltd.	11,375,800	29,444,169	Bank of the Philippine Islands	13,755,224	21,082,037
United Overseas Bank, Ltd.	1,518,600	29,357,788	Total Philippines		21,082,037
Ascendas, REIT	10,652,400	24,580,118	THAILAND: 1.4%		
Singapore Technologies Engineering, Ltd.	7,695,325	23,569,108	Kasikornbank Public Co., Ltd.	3,282,300	20,131,939
Venture Corp., Ltd.	1,836,900	22,178,154	Total Thailand		20,131,939
Total Singapore		129,129,337	VIETNAM: 1.2%		
SOUTH KOREA: 7.2%			MALAYSIA: 1.1%		
Samsung Electronics Co., Ltd.	865,909	35,260,110	Genting Malaysia BHD	19,518,500	15,315,738
Macquarie Korea Infrastructure Fund	2,862,946	29,242,104	Total Malaysia		15,315,738
Orange Life Insurance, Ltd. ^{b,c}	725,855	19,900,255	TOTAL COMMON EQUITIES		
Woongjin Coway Co., Ltd.	269,756	18,082,635			1,198,349,955
Total South Korea		102,485,104	(Cost \$1,063,370,675)		
TAIWAN: 6.6%					
Taiwan Semiconductor Manufacturing Co., Ltd.	6,372,187	48,736,933			
Advantech Co., Ltd.	2,806,000	23,896,147			
Taiwan Secom Co., Ltd.	7,519,000	21,448,620			
Total Taiwan		94,081,700			
AUSTRALIA: 5.3%					
Macquarie Group, Ltd.	254,688	22,465,035			
Orora, Ltd.	9,511,447	21,665,573			
CSL, Ltd.	111,781	16,926,314			
Domino's Pizza Enterprises, Ltd.	541,502	14,310,740			
Total Australia		75,367,662			

Schedule of Investments^a (unaudited) (continued)

CONVERTIBLE CORPORATE BONDS: 11.7%

	Face Amount*	Value
CHINA/HONG KONG: 5.8%		
Zhongsheng Group Holdings, Ltd., Cnv. 0.000%, 05/23/23 ^c	HKD 149,000,000	\$19,424,271
Harvest International Co., Cnv. 0.000%, 11/21/22 ^c	HKD 150,000,000	19,238,334
China Overseas Finance Investment Cayman V, Ltd., Cnv. 0.000%, 01/05/23 ^c	17,000,000	18,736,808
China Mengniu Dairy Co., Ltd., Series 2319, Cnv. 0.000%, 06/05/22 ^c	17,000,000	16,857,215
Weibo Corp., Cnv. 1.250%, 11/15/22	8,083,000	7,630,573
Total China/Hong Kong		81,887,201
SINGAPORE: 1.7%		
CapitaLand, Ltd., Cnv. 1.950%, 10/17/23 ^c	SGD 34,000,000	24,724,983
Total Singapore		24,724,983
THAILAND: 1.5%		
CP Foods Holdings, Ltd., Cnv. 0.500%, 09/22/21 ^c	17,200,000	21,358,210
Total Thailand		21,358,210
SOUTH KOREA: 1.4%		
LG Chem, Ltd., Cnv. 0.000%, 04/16/21 ^c	20,600,000	20,681,863
Total South Korea		20,681,863
MALAYSIA: 1.3%		
Top Glove Labuan, Ltd., Cnv. 2.000%, 03/01/24 ^c	18,076,000	17,895,240
Total Malaysia		17,895,240
TOTAL CONVERTIBLE CORPORATE BONDS		166,547,497
(Cost \$165,180,443)		

PREFERRED EQUITIES: 2.0%

	Shares	Value
SOUTH KOREA: 2.0%		
LG Household & Health Care, Ltd., Pfd.	41,042	\$28,664,656
Total South Korea		28,664,656
TOTAL PREFERRED EQUITIES		28,664,656
(Cost \$11,577,044)		
TOTAL INVESTMENTS: 98.1%		1,393,562,108
(Cost \$1,240,128,162)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 1.9%		26,839,079
NET ASSETS: 100.0%		\$1,420,401,187

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
 - b Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$19,900,255, which is 1.40% of net assets.
 - c The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
 - * All Values in USD unless otherwise specified
- ADR American Depositary Receipt
 BHD Berhad
 Cnv. Convertible
 HKD Hong Kong Dollar
 JSC Joint Stock Co.
 Pfd. Preferred
 REIT Real Estate Investment Trust
 SGD Singapore Dollar
 USD U.S. Dollar

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Yu Zhang, CFA
Lead Manager

Robert Horrocks, PhD
Co-Manager

Sherwood Zhang, CFA
Co-Manager

Vivek Tanneeru
Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MAPIX	MIPIX
CUSIP	577125107	577130750
Inception	10/31/06	10/29/10
NAV	\$16.83	\$16.82
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.02%	0.91%
After Fee Waiver and Reimbursement ²	1.01%	0.90%

Portfolio Statistics

Total # of Positions	68
Net Assets	\$6.1 billion
Weighted Average Market Cap	\$41.1 billion
Portfolio Turnover ³	39.75%

Benchmark

MSCI AC Asia Pacific Index

OBJECTIVE

Total return with an emphasis on providing current income.

STRATEGY

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in dividend-paying equity securities of companies located in Asia. Asia consists of all countries and markets in Asia, and includes developed, emerging and frontier countries and markets in the Asian region. The Fund may also invest in convertible debt and equity securities of companies located in Asia.

Matthews Asia Dividend Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asia Dividend Fund returned 5.82% (Investor Class) and 5.88% (Institutional Class), while its benchmark, the MSCI All Country Asia Pacific Index, returned 10.71% over the same period. For the quarter ending June 30, the Fund returned -1.16% (Investor Class) and -1.19% (Institutional Class), while the benchmark returned 0.90%.

Market Environment:

After a strong rally in the first quarter of 2019, Asian equities were unable to sustain the positive momentum during the second quarter. A sudden collapse in U.S.–China trade negotiations weighed heavily on the market. Together with the renewed concerns over the strength of the global economy, market volatility spiked. It wasn't until June when central banks globally stepped in to signal a readiness to support growth via monetary easing that Asia's markets began to stabilize again.

Performance Contributors and Detractors:

The Fund's underperformance year to date has disappointed. Our investment process, which involves a barbell-approach to investing in both higher-yielding dividend-paying stocks together with faster-growing dividend growth stocks, remains unchanged. However, poor stock selection drove the bulk of the Fund's relative underperformance for the first half of the year. Consumer staples holdings were among the performance detractors. Known for their defensive business models with strong cash flow generation and steady dividend payments, these stocks traditionally have been positive return contributors. But as some of these businesses have begun facing certain structural changes—whether via market disruption brought by new product technologies, changing consumer preference or rising labor cost pressures from demographic changes and government policy intervention—the resilience of those businesses has somewhat eroded. As a result, their share prices languished during the period. This painful investment experience has led us to recognize the need to better emphasize identifying structural trends earlier on, to better foresee the investment implications and take more decisive action.

On the flip side, among the top performance contributors during the first half was our holding in Chongqing Brewery, a regional beer company listed in the onshore China A-share market. Our initial investment thesis of seeking a sustained profit margin improvement supported by an accelerating beer product “premiumization” trend in China and easing competition intensity whereby major beer brands are prioritizing profit improvement over market share gain, started to play out this year. In addition, the pending public listing of Budweiser's Asia-Pacific beer business further attracted investor attention in the region's beer industry. As a result, Chongqing Brewery, a well-run operation under the ownership of Carlsberg, is seeing positive share price movement.

Notable Portfolio Changes:

During the second quarter, we initiated a few new positions, one of which was Yunnan Hongxiang Yixintang Pharmaceutical Group, a drugstore chain in mainland China. One of China's key health care reforms involves separating drug dispensing functions from Chinese hospitals, which should boost the prescription drug business at drug retailers and bring additional customer traffic for higher-margin, non-prescription drug businesses. At the same time, rising pharmacy quality-control standards and stricter tax compliance for running drugstore businesses also favor large-scale players over small, individual-store operators. This

(continued)

¹ Prospectus expense ratios.

² Matthews has contractually agreed to waive a portion of its advisory fee and administrative and shareholder services fee if the Fund's average daily net assets are over \$3 billion, as follows: for every \$2.5 billion average daily net assets of the Fund that are over \$3 billion, the advisory fee rate and the administrative and shareholder services fee rate for the Fund with respect to such excess average daily net assets will be each reduced by 0.01%, in each case without reducing such fee rate below 0.00%. Any amount waived by Matthews pursuant to this agreement may not be recouped by Matthews. This agreement will remain in place until April 30, 2020 and may be terminated (i) at any time by the Board of Trustees upon 60 days' prior written notice to Matthews; or (ii) by Matthews at the annual expiration date of the agreement upon 60 days' prior written notice to the Trust, in each case without payment of any penalty.

³ The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns							Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	
Investor Class (MAPIX)	-1.16%	5.82%	-4.35%	6.74%	4.96%	9.65%	8.45%	10/31/06
Institutional Class (MIPIX)	-1.19%	5.88%	-4.25%	6.84%	5.07%	n.a.	6.29%	10/29/10
MSCI AC Asia Pacific Index ⁴	0.90%	10.71%	-0.76%	10.40%	4.70%	7.36%	4.25% ⁵	

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 matthewsasiasia.com.

INCOME DISTRIBUTION HISTORY

	2019					2018				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Investor (MAPIX)	\$0.03	\$0.12	n.a.	n.a.	\$0.15	\$0.01	\$0.19	\$0.11	\$0.00	\$0.31
Inst'l (MIPIX)	\$0.04	\$0.12	n.a.	n.a.	\$0.16	\$0.02	\$0.20	\$0.11	\$0.00	\$0.33

Note: This table does not include capital gains distributions. Totals may differ by \$0.02 due to rounding and a return of capital. For distribution history please visit matthewsasiasia.com.

30-DAY YIELD:

Investor Class: 1.67% (1.66% excluding waivers)
Institutional Class: 1.78% (1.77% excluding waivers)

The 30-Day Yield represents net investment income earned by the Fund over the 30-day period ended 6/30/19, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-day period. The 30-Day 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.

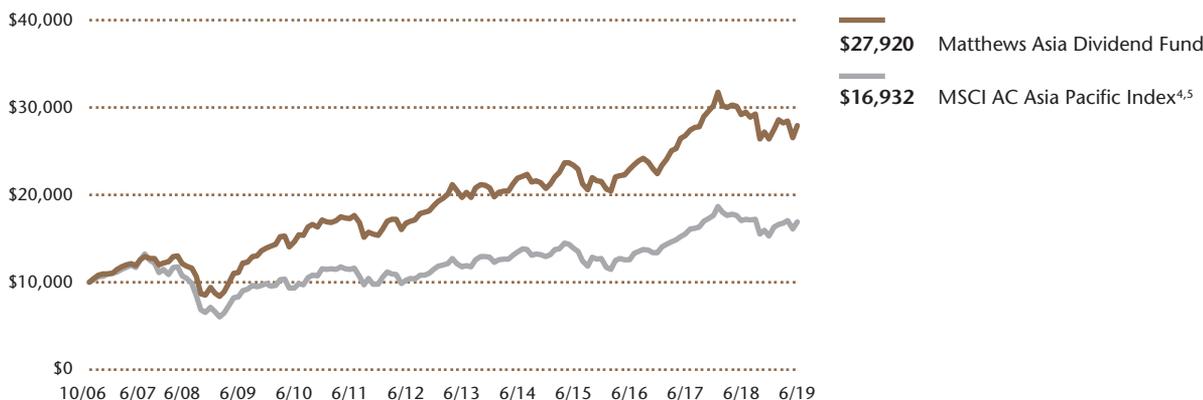
Source: BNY Mellon Investment Servicing (US) Inc.

DIVIDEND YIELD: 2.86%

The dividend yield (trailing) for the portfolio is the weighted average sum of the dividends paid by each equity security held by the Fund over the 12 months ended 6/30/19 divided by the current price of each equity as of 6/30/19. The annualized dividend yield for the Fund is for the equity-only portion of the portfolio. Please note that this is based on gross equity portfolio holdings and does not reflect the actual yield an investor in the Fund would receive. Past yields are no guarantee of future yields.

Source: FactSet Research Systems, Bloomberg, MICM.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

4 It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

5 Calculated from 10/31/06.

TOP TEN HOLDINGS⁶

	Sector	Country	% of Net Assets
Shenzhou International Group Holdings, Ltd.	Consumer Discretionary	China/Hong Kong	3.8%
Hyundai Mobis Co., Ltd.	Consumer Discretionary	South Korea	3.4%
Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology	Taiwan	3.3%
Minth Group, Ltd.	Consumer Discretionary	China/Hong Kong	3.1%
Hoya Corp.	Health Care	Japan	2.7%
BGF Retail Co., Ltd.	Consumer Staples	South Korea	2.6%
Anritsu Corp.	Information Technology	Japan	2.5%
China Mobile, Ltd.	Communication Services	China/Hong Kong	2.5%
MISUMI Group, Inc.	Industrials	Japan	2.4%
Kao Corp.	Consumer Staples	Japan	2.3%
% OF ASSETS IN TOP TEN			28.6%

6 Holdings may combine more than one security from same issuer and related depository receipts.

Matthews Asia Dividend Fund

Portfolio Manager Commentary (unaudited) (continued)

could further speed up the overall drugstore industry consolidation—a long-term growth driver for leading players such as Yixintang. We believe the company is well-positioned to take advantage of this favorable industry trend. Operating a cash-generative drug retailing business model, with a modest 30% payout ratio, the company also has what we view as untapped potential to deliver significant growth in its dividends. During the first half of the year, we exited a few existing holdings such as China Resources Power, Japan Tobacco, and Nitori Holdings as their business fundamentals no longer supported our initial investment thesis.

Outlook:

As China and the U.S. restarted trade negotiations in early July, Asia's markets seemed to experience temporary relief from tensions. The medium- to long-term outlook for these bilateral relations, however, is still cloudy given the structural differences between the two countries' political systems and economic growth models. Despite this uncertainty, policymakers in both Asia and the U.S. have signaled a willingness to use policy-support measures to address any significant slowdown. In the meantime, with investor expectations now reset mostly due to macroeconomic concerns and on Asia's equity valuations continuing to trade below long-term averages, we remain constructive that, from a bottom-up perspective, Asia's markets currently offer attractive opportunities for long-term investors.

COUNTRY ALLOCATION (%)^{7,8}

China/Hong Kong	42.8
Japan	22.7
South Korea	11.2
Singapore	5.3
Taiwan	4.4
India	2.3
Thailand	1.9
Indonesia	1.9
Philippines	1.7
Australia	1.6
Bangladesh	1.1
Vietnam	1.1
Cash and Other Assets, Less Liabilities	2.0

SECTOR ALLOCATION (%)⁸

Consumer Discretionary	20.6
Consumer Staples	17.8
Financials	13.5
Communication Services	9.6
Industrials	8.2
Information Technology	7.7
Utilities	4.7
Health Care	4.3
Materials	4.1
Real Estate	3.9
Energy	3.6
Cash and Other Assets, Less Liabilities	2.0

MARKET CAP EXPOSURE (%)⁸

Mega Cap (over \$25B)	27.7
Large Cap (\$10B–\$25B)	19.4
Mid Cap (\$3B–10B)	26.6
Small Cap (under \$3B)	24.3
Cash and Other Assets, Less Liabilities	2.0

⁷ Not all countries where the Fund may invest are included in the benchmark index.

⁸ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 95.0%

	Shares	Value		Shares	Value
CHINA/HONG KONG: 42.9%			SOUTH KOREA: 8.2%		
Shenzhou International Group Holdings, Ltd.	16,551,200	\$228,319,044	Hyundai Mobis Co., Ltd.	1,011,216	\$206,311,768
Minth Group, Ltd.†	69,311,000	186,928,707	BGF Retail Co., Ltd.†	865,926	158,238,761
China Construction Bank Corp. H Shares	160,706,000	138,529,202	Samsung Fire & Marine Insurance Co., Ltd.	310,982	72,180,467
Chongqing Brewery Co., Ltd. A Shares	19,996,770	137,499,008	Woori Financial Group, Inc.	4,973,275	60,523,347
AIA Group, Ltd.	12,475,600	134,722,792	Total South Korea		497,254,343
China Mobile, Ltd.	14,531,500	132,289,923	SINGAPORE: 5.3%		
China Merchants Bank Co., Ltd. H Shares	25,783,000	127,946,064	United Overseas Bank, Ltd.	6,954,100	134,437,638
China Petroleum & Chemical Corp. H Shares	178,734,000	121,757,146	Ascendas India Trust†	57,863,800	58,163,169
WH Group, Ltd. ^{b,c}	119,822,000	121,546,601	CapitaLand Retail China Trust, REIT	49,800,000	57,441,153
China Gas Holdings, Ltd.	28,746,800	106,823,255	CapitaLand Commercial Trust, REIT	24,708,000	39,649,017
HKBN, Ltd.	56,401,123	101,698,141	NetLink NBN Trust ^c	48,877,500	32,151,497
Ping An Insurance Group Co. of China, Ltd. H Shares	8,180,000	98,363,487	Total Singapore		321,842,474
Huaneng Power International, Inc. H Shares	156,780,000	92,328,683	TAIWAN: 4.4%		
Sun Art Retail Group, Ltd.	85,088,500	80,636,965	Taiwan Semiconductor Manufacturing Co., Ltd.	13,740,469	105,092,383
Yuexiu Transport Infrastructure, Ltd.†	97,328,000	79,489,455	Taiwan Semiconductor Manufacturing Co., Ltd. ADR	2,362,340	92,532,858
China Education Group Holdings, Ltd. ^c	49,804,000	77,955,555	China Steel Chemical Corp.†	15,589,000	67,558,380
Beijing Capital International Airport Co., Ltd. H Shares	88,320,000	77,401,264	Total Taiwan		265,183,621
Fuyao Glass Industry Group Co., Ltd. H Shares ^{b,c}	23,075,200	71,655,442	INDIA: 2.3%		
Huaneng Lancang River Hydropower, Inc. A Shares	111,137,793	65,877,680	ITC, Ltd.	18,225,998	72,273,466
Yixintang Pharmaceutical Group Co., Ltd. A Shares	15,577,958	64,779,970	Minda Industries, Ltd.†	14,660,782	67,586,347
Melco Resorts & Entertainment, Ltd. ADR	2,692,500	58,481,100	Total India		139,859,813
China East Education Holdings, Ltd. ^{b,c,d}	40,040,000	56,997,171	THAILAND: 1.9%		
Crystal International Group, Ltd. ^{b,c}	118,408,500	52,657,609	Thai Beverage Public Co., Ltd.	189,041,400	116,047,947
Far East Horizon, Ltd.	48,595,000	49,704,168	Total Thailand		116,047,947
Café de Coral Holdings, Ltd.	15,844,000	47,137,966	INDONESIA: 1.9%		
Hua Hong Semiconductor, Ltd. ^{b,c}	19,254,000	37,338,403	PT United Tractors	46,212,800	92,205,939
Shanghai Jin Jiang International Hotels Group Co., Ltd. H Shares†	122,102,000	24,839,724	PT Cikarang Listrindo ^{b,c}	366,537,800	22,576,608
China Mobile, Ltd. ADR	458,000	20,742,820	Total Indonesia		114,782,547
China Petroleum & Chemical Corp. ADR	79,100	5,394,620	PHILIPPINES: 1.7%		
Dairy Farm International Holdings, Ltd.	116,900	835,587	Globe Telecom, Inc.	2,372,405	104,740,511
Total China/Hong Kong		2,600,677,552	Total Philippines		104,740,511
JAPAN: 22.6%			AUSTRALIA: 1.6%		
Hoya Corp.	2,145,100	164,860,056	Breville Group, Ltd.†	8,308,554	95,551,702
Anritsu Corp.†	8,806,500	153,562,339	Total Australia		95,551,702
MISUMI Group, Inc.	5,869,600	147,954,123	BANGLADESH: 1.1%		
Kao Corp.	1,834,900	140,010,891	GrameenPhone, Ltd.	16,109,639	69,401,008
Pigeon Corp.	3,077,300	124,094,811	Total Bangladesh		69,401,008
NTT DoCoMo, Inc.	5,221,100	121,818,354	VIETNAM: 1.1%		
BELLSYSTEM24 Holdings, Inc.†	5,762,500	79,845,707	Vietnam Dairy Products JSC	12,584,135	66,490,887
KATITAS Co., Ltd.†	2,134,900	79,538,069	Total Vietnam		66,490,887
Nifco, Inc.	2,943,300	73,079,823	TOTAL COMMON EQUITIES		
Outsourcing, Inc.	5,932,400	72,376,063			5,766,532,277
Fuji Seal International, Inc.	2,296,900	70,404,409	(Cost \$4,918,863,757)		
Eiken Chemical Co., Ltd.†	3,751,500	59,526,577			
Mitsubishi Pencil Co., Ltd.	2,628,400	42,212,755			
MANI, INC.	562,000	36,165,185			
Rohm Co., Ltd.	137,300	9,250,710			
Total Japan		1,374,699,872			

Schedule of Investments^a (unaudited) (continued)

PREFERRED EQUITIES: 3.0%

	Shares	Value
SOUTH KOREA: 3.0%		
LG Chem, Ltd., Pfd.	654,186	\$110,935,621
Samsung Electronics Co., Ltd., Pfd.	2,132,283	70,715,805
Total South Korea		181,651,426
TOTAL PREFERRED EQUITIES		181,651,426
(Cost \$134,471,361)		
TOTAL INVESTMENTS: 98.0%		5,948,183,703
(Cost \$5,053,335,118)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 2.0%		118,345,262
NET ASSETS: 100.0%		\$6,066,528,965

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
 - b Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$362,771,834, which is 5.98% of net assets.
 - c The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
 - d Non-income producing security.
 - † Affiliated Issuer, as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of this issuer).
- ADR American Depositary Receipt
 JSC Joint Stock Co.
 Pfd. Preferred
 REIT Real Estate Investment Trust

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Sherwood Zhang, CFA
Lead Manager

Yu Zhang, CFA
Co-Manager

S. Joyce Li, CFA
Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MCDFX	MICDX
CUSIP	577125305	577130735
Inception	11/30/09	10/29/10
NAV	\$16.29	\$16.29
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.15%	1.01%

Portfolio Statistics

Total # of Positions	48
Net Assets	\$378.7 million
Weighted Average Market Cap	\$45.1 billion
Portfolio Turnover ²	66.47%

Benchmark

MSCI China Index

OBJECTIVE

Total return with an emphasis on providing current income.

STRATEGY

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in dividend-paying equity securities of companies located in China. China includes its administrative and other districts, such as Hong Kong. The Fund may also invest in convertible debt and equity securities of companies located in China.

Matthews China Dividend Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews China Dividend Fund returned 15.51% (Investor Class) and 15.58% (Institutional Class), outperforming its benchmark, the MSCI China Index, which returned 13.08%. For the quarter ending June 30, the Fund returned -0.66% (Investor Class) and -0.60% (Institutional Class), while its benchmark returned -3.92%.

Market Environment:

Just as the market seemed to be optimistically anticipating successful U.S.–China negotiations early in the year, President Trump’s tweets presented new obstacles. China’s equity market consequently suffered in May as the U.S. threatened to impose tariffs on Chinese exports, and trade negotiations broke down. In addition, the U.S. government declared a ban on the sale of U.S. technology to Chinese telecommunication giant Huawei Technologies. Considering the sales revenue that Huawei generated for U.S. companies, the unprecedented ban highlighted to investors the heightened risk of a technology cold war between the two nations, and led many to wonder whether more Chinese companies could lose their access to critical U.S. technology and supply chain. Investors finally found some relief later in the second quarter after President Trump and President Xi met during the G-20 Summit in Japan, and agreed to resume negotiations and ease some restrictions on sales to Huawei.

Meanwhile, the outlook for U.S. monetary policy changed dramatically in May as the markets anticipated the U.S. Federal Reserve would shift from its path of gradually raising interest rates and begin cutting rates.

Performance Contributors and Detractors:

Huaxin Cement, a leading cement company based in central China, was the top contributor to Fund performance in the first half of the year. This little-known company is actually a majority-owned subsidiary of global cement leader Lafarge-Holcim, a Swiss multinational. Huaxin nearly quadrupled its dividends per share this year on the back of strong earnings growth, and we consider its B-shares to still be attractively priced compared to many peers listed in China’s A-share and H-share markets. Wuliangye Yibin, the leading high-end “baijiu” (Chinese white liquor) maker was the second-largest contributor during the first six months of the year as the company endeavored to close its product price gap with the top competitor Kweichow Moutai. Wuliangye Yibin recently launched a new version of its key product with some success, and has been warmly welcomed by investors.

China Everbright, a financial holding company, was the largest detractor to performance during the first half, as its earnings were hurt by a sharp drop in the stock of its subsidiary in 2018. We decided to exit the position.

During the first six months of the year, the Fund’s outperformance was driven by both sector allocation and security selection. Our stock selection among the consumer discretionary sector was the main performance detractor, but this was offset by strong sector allocation and stock selection in the consumer staples sector.

Notable Portfolio Changes:

During the quarter, we initiated a position in Yixintang Pharmaceutical, the leading pharmaceutical retail chain in southwestern China. We believe the company is well-positioned to grow revenues and earnings from China’s changing landscape of prescription drug distribution.

The Fund also participated in the Hong Kong IPO of China East Education Holdings during the quarter. China East Education is known for its strong niche in

(continued)

¹ Prospectus expense ratios.

² The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Inception Date
	3 Months	YTD	1 Year	3 Year	5 Year	Since Inception	
Investor Class (MCDFX)	-0.66%	15.51%	0.86%	15.15%	11.07%	10.43%	11/30/09
Institutional Class (MICDX)	-0.60%	15.58%	0.99%	15.31%	11.24%	9.46%	10/29/10
MSCI China Index ³	-3.92%	13.08%	-6.55%	14.51%	7.58%	4.89% ⁴	

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. For the Fund's most recent month-end performance, visit matthewsasia.com.

INCOME DISTRIBUTION HISTORY

	2019			2018		
	June	December	Total	June	December	Total
Investor (MCDFX)	\$0.24	n.a.	\$0.24	\$0.34	\$0.06	\$0.40
Inst'l (MICDX)	\$0.25	n.a.	\$0.25	\$0.36	\$0.07	\$0.43

Note: This table does not include capital gains distributions. Totals may differ by \$0.02 due to rounding. For income distribution history, visit matthewsasia.com.

30-DAY YIELD:

1.58% (Investor Class) 1.74% (Institutional Class)

The 30-Day Yield represents net investment income earned by the Fund over the 30-day period ended 6/30/19, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-day period. The 30-Day 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.

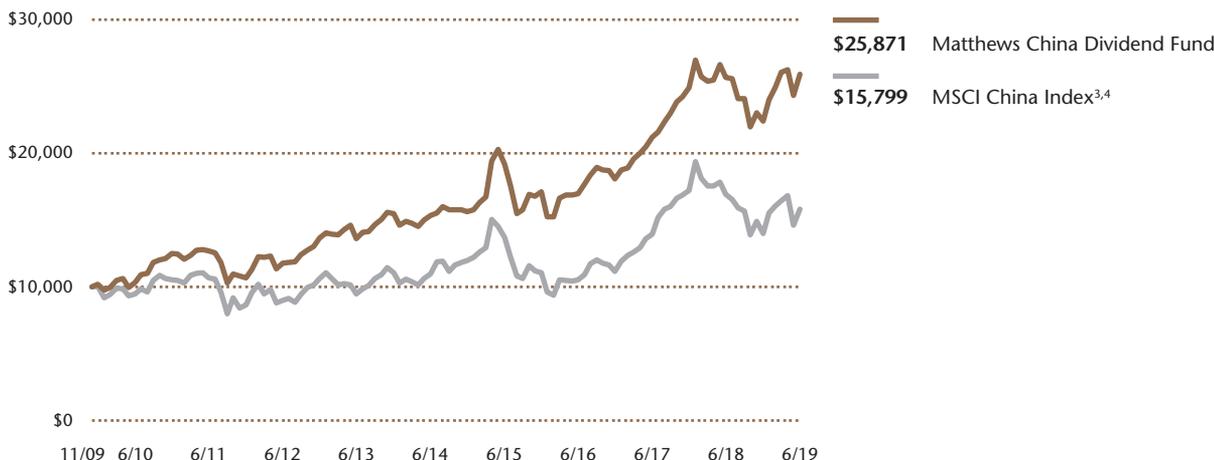
Source: BNY Mellon Investment Servicing (US) Inc.

DIVIDEND YIELD: 3.16%

The dividend yield (trailing) for the portfolio is the weighted average sum of the dividends paid by each equity security held by the Fund over the 12 months ended 6/30/19 divided by the current price of each equity as of 6/30/19. The annualized dividend yield for the Fund is for the equity-only portion of the portfolio. Please note that this is based on gross equity portfolio holdings and does not reflect the actual yield an investor in the Fund would receive. Past yields are no guarantee of future yields.

Source: FactSet Research Systems, Bloomberg, MICM.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

³ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁴ Calculated from 11/30/09.

TOP TEN HOLDINGS⁵

	Sector	% of Net Assets
Tencent Holdings, Ltd.	Communication Services	4.7%
China Merchants Bank Co., Ltd.	Financials	3.2%
HKBN, Ltd.	Communication Services	3.1%
Altaba, Inc.	Consumer Discretionary	3.0%
CITIC Telecom International Holdings, Ltd.	Communication Services	2.8%
New Oriental Education & Technology Group, Inc.	Consumer Discretionary	2.7%
Huaxin Cement Co., Ltd.	Materials	2.7%
China Petroleum & Chemical Corp.	Energy	2.5%
China Mobile, Ltd.	Communication Services	2.4%
Melco Resorts & Entertainment, Ltd.	Consumer Discretionary	2.4%
% OF ASSETS IN TOP TEN		29.5%

⁵ Holdings may combine more than one security from same issuer and related depository receipts.

Matthews China Dividend Fund

Portfolio Manager Commentary (unaudited) (continued)

culinary education, training chefs for the country's booming dining industry, and it is continuing to research other professional services area for growth. We believe professional talent is critical for China to develop its service industry. As the government has underinvested in this area, private companies could add strong value.

We exited our position in HSBC Holdings due to changes in the interest rate outlook and a lack of strong earnings growth drivers for the group. In addition, we sold Fanhua, a leading Chinese insurance broker, as its rich valuations premium compared to leading insurance companies in China and Hong Kong appears unjustified.

Outlook:

Continuing market volatility, driven by uncertainty over U.S.–China trade negotiations, has been disruptive to fundamental investors like us, as our core competence lies in analyzing company financials and strategies, rather than reading the tea leaves of geopolitical developments. President Trump's announcement following the G-20 meeting was fairly significant as it appeared that he has neither the interest nor intention of starting a new cold war with China. If this is indeed true, the Chinese equities market will again be driven by fundamentals and, we believe, current valuations are attractive and earnings appear quite positive.

COUNTRY ALLOCATION (%) ^{6,7}	
China/Hong Kong	91.8
Taiwan	3.1
Singapore	2.0
Cash and Other Assets, Less Liabilities	3.1

SECTOR ALLOCATION (%) ⁷	
Consumer Discretionary	23.7
Consumer Staples	14.2
Communication Services	13.0
Financials	9.2
Industrials	8.1
Information Technology	7.4
Real Estate	6.1
Health Care	4.6
Materials	4.5
Utilities	3.8
Energy	2.5
Cash and Other Assets, Less Liabilities	3.1

MARKET CAP EXPOSURE (%) ⁷	
Mega Cap (over \$25B)	24.2
Large Cap (\$10B–\$25B)	14.5
Mid Cap (\$3B–10B)	14.4
Small Cap (under \$3B)	43.7
Cash and Other Assets, Less Liabilities	3.1

⁶ Not all countries where the Fund may invest are included in the benchmark index.

⁷ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 93.9%

	Shares	Value		Shares	Value
CONSUMER DISCRETIONARY: 20.7%					
Textiles, Apparel & Luxury Goods: 7.6%					
JNBY Design, Ltd. ^b	4,216,000	\$7,743,486			
Lao Feng Xiang Co., Ltd. B Shares	2,093,003	7,336,873			
Nan Liu Enterprise Co., Ltd.	1,144,000	6,020,633			
Pacific Textiles Holdings, Ltd.	6,504,000	5,149,478			
Crystal International Group, Ltd. ^{b,c}	5,330,500	2,370,534			
		<u>28,621,004</u>			
Diversified Consumer Services: 6.4%					
New Oriental Education & Technology Group, Inc. ADR ^d	107,700	10,401,666			
Hope Education Group Co., Ltd. ^{b,c}	55,670,000	7,934,898			
China East Education Holdings, Ltd. ^{b,c,d}	4,036,500	5,745,981			
		<u>24,082,545</u>			
Hotels, Restaurants & Leisure: 4.7%					
Melco Resorts & Entertainment, Ltd. ADR	410,300	8,911,716			
Shanghai Jin Jiang International Hotels Group Co., Ltd. H Shares	32,316,000	6,574,180			
Haichang Ocean Park Holdings, Ltd. ^{b,c,d}	14,458,000	2,391,667			
		<u>17,877,563</u>			
Automobiles: 2.0%					
Geely Automobile Holdings, Ltd.	4,491,000	7,700,417			
Total Consumer Discretionary		<u>78,281,529</u>			
CONSUMER STAPLES: 14.2%					
Food Products: 5.9%					
Inner Mongolia Yili Industrial Group Co., Ltd. A Shares	1,557,511	7,589,478			
Nissin Foods Co., Ltd.	10,492,000	7,576,933			
WH Group, Ltd. ^{b,c}	6,960,000	7,060,176			
		<u>22,226,587</u>			
Beverages: 4.4%					
Wuliangye Yibin Co., Ltd. A Shares	492,749	8,483,952			
Anhui Gujing Distillery Co., Ltd. B Shares	954,693	8,287,655			
		<u>16,771,607</u>			
Food & Staples Retailing: 3.9%					
Sun Art Retail Group, Ltd.	7,852,000	7,441,211			
Yixintang Pharmaceutical Group Co., Ltd. A Shares	1,747,600	7,267,286			
		<u>14,708,497</u>			
Total Consumer Staples		<u>53,706,691</u>			
COMMUNICATION SERVICES: 13.0%					
Diversified Telecommunication Services: 5.9%					
HKBN, Ltd.	6,475,957	11,676,944			
CITIC Telecom International Holdings, Ltd.	27,051,000	10,726,584			
		<u>22,403,528</u>			
Interactive Media & Services: 4.7%					
Tencent Holdings, Ltd.	391,800	17,724,804			
Wireless Telecommunication Services: 2.4%					
China Mobile, Ltd. ADR	198,930	9,009,540			
Total Communication Services		<u>49,137,872</u>			
FINANCIALS: 9.1%					
Capital Markets: 3.8%					
Hong Kong Exchanges & Clearing, Ltd.	225,900	7,983,327			
Shenwan Hongyuan Group Co., Ltd. H Shares ^{b,c,d}	18,637,282	6,441,704			
		<u>14,425,031</u>			
Banks: 3.2%					
China Merchants Bank Co., Ltd. H Shares	2,442,500	\$12,120,710			
Insurance: 2.1%					
Ping An Insurance Group Co. of China, Ltd. H Shares	674,000	8,104,767			
Total Financials		<u>34,650,508</u>			
INDUSTRIALS: 8.1%					
Machinery: 3.9%					
Yangzijiang Shipbuilding Holdings, Ltd.	6,601,300	7,479,073			
Shanghai Mechanical and Electrical Industry Co., Ltd. B Shares	4,326,069	7,376,203			
		<u>14,855,276</u>			
Transportation Infrastructure: 2.2%					
Guangdong Provincial Expressway Development Co., Ltd. B Shares	10,498,218	8,297,119			
Marine: 2.0%					
SITC International Holdings Co., Ltd.	7,413,000	7,569,559			
Total Industrials		<u>30,721,954</u>			
INFORMATION TECHNOLOGY: 7.4%					
Software: 2.2%					
Shanghai Baosight Software Co., Ltd. B Shares	4,527,403	8,253,044			
IT Services: 2.1%					
SUNeVision Holdings, Ltd.	9,201,000	8,016,605			
Semiconductors & Semiconductor Equipment: 1.6%					
Hua Hong Semiconductor, Ltd. ^{b,c}	3,058,000	5,930,240			
Electronic Equipment, Instruments & Components: 1.5%					
Vivotek, Inc.	1,421,000	5,652,685			
Total Information Technology		<u>27,852,574</u>			
REAL ESTATE: 6.0%					
Real Estate Management & Development: 4.0%					
China Overseas Property Holdings, Ltd.	14,845,000	7,739,604			
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. B Shares	6,143,370	7,436,390			
		<u>15,175,994</u>			
Equity REITs: 2.0%					
CapitaLand Retail China Trust, REIT	6,721,400	7,752,710			
Total Real Estate		<u>22,928,704</u>			
HEALTH CARE: 4.6%					
Pharmaceuticals: 1.7%					
Tianjin Zhongxin Pharmaceutical Group Corp., Ltd. S Shares	6,837,100	6,294,412			
Health Care Providers & Services: 1.6%					
Genertec Universal Medical Group Co., Ltd. ^{b,c}	7,748,500	6,198,276			
Biotechnology: 0.7%					
Shanghai Haohai Biological Technology Co., Ltd. H Shares ^{b,c}	491,400	2,678,452			
Life Sciences Tools & Services: 0.6%					
BBI Life Sciences Corp. ^b	7,861,000	2,193,758			
Total Health Care		<u>17,364,898</u>			
MATERIALS: 4.5%					
Construction Materials: 2.6%					
Huaxin Cement Co., Ltd. B Shares	4,343,492	10,067,441			

Schedule of Investments^a (unaudited) (continued)

COMMON EQUITIES (continued)

	Shares	Value
Containers & Packaging: 1.9%		
Greatview Aseptic Packaging Co., Ltd.	12,346,000	<u>\$7,060,219</u>
Total Materials		<u>17,127,660</u>
UTILITIES: 3.8%		
Independent Power and Renewable Electricity Producers: 1.9%		
Huaneng Lancang River Hydropower, Inc. A Shares	12,398,442	<u>7,351,828</u>
Gas Utilities: 1.9%		
China Gas Holdings, Ltd.	1,926,000	<u>7,157,026</u>
Total Utilities		<u>14,508,854</u>
ENERGY: 2.5%		
Oil, Gas & Consumable Fuels: 2.5%		
China Petroleum & Chemical Corp. H Shares	13,758,000	<u>9,372,223</u>
Total Energy		<u>9,372,223</u>
TOTAL COMMON EQUITIES		<u>355,653,467</u>
(Cost \$329,416,543)		

CLOSED-END FUNDS: 3.0%

	Shares	Value
CONSUMER DISCRETIONARY: 3.0%		
Internet & Direct Marketing Retail: 3.0%		
Altaba, Inc. ^d	163,100	<u>\$11,314,247</u>
Total Consumer Discretionary		<u>11,314,247</u>
TOTAL CLOSED-END FUNDS		<u>11,314,247</u>
(Cost \$10,912,532)		
TOTAL INVESTMENTS: 96.9%		<u>366,967,714</u>
(Cost \$340,329,075)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 3.1%		<u>11,702,207</u>
NET ASSETS: 100.0%		<u>\$378,669,921</u>

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
 - b The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
 - c Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$46,751,928, which is 12.35% of net assets.
 - d Non-income producing security.
- ADR American Depositary Receipt
REIT Real Estate Investment Trust

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Beini Zhou, CFA
Lead Manager

Michael B. Han, CFA
Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MAVRX	MAVAX
CUSIP	577130693	577130685
Inception	11/30/15	11/30/15
NAV	\$11.62	\$11.55
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.77%	1.54%
After Fee Waiver and Reimbursement ²	1.50%	1.25%

Portfolio Statistics

Total # of Positions	34
Net Assets	\$25.0 million
Weighted Average Market Cap	\$26.8 billion
Portfolio Turnover ³	48.29%

Benchmark

MSCI AC Asia ex Japan Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in common stock, preferred stock and other equity securities, and convertible securities of companies located in Asia. The Fund seeks to create an investable universe of value companies that it believes trade at market values with discounts to their intrinsic value, have strong financial and market positions, have strong management and are oriented to creating value for their shareholders. Matthews assesses companies within this universe according to each of these factors.

Matthews Asia Value Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asia Value Fund returned 7.00% (Investor Class) and 7.14% (Institutional Class), while its benchmark, the MSCI All Country Asia ex Japan Index, returned 10.83% over the same period. For the quarter ending June 30, the Fund returned -1.61% (Investor Class) and -1.54% (Institutional Class), while its benchmark returned -0.56%.

Market Environment:

U.S.–China trade war news, a macroeconomic slowdown in major economies, including China, and geopolitical tension between the U.S. and Iran all added to global market uncertainty in recent months. Yet U.S. markets approached record highs in early July. Global equity investors seemed to perceive an alternate—far rosier—reality. The only logical reason that might bridge the dichotomy is low interest rates. The U.S. Federal Reserve seemed to make a 180-degree turn during the second quarter from its tightening stance in late 2018, apparently signaling a rate cut ahead.

Performance Contributors and Detractors:

The Fund lagged its benchmark during the first half of the year, primarily due to the lower beta of the overall portfolio composition as well as weak performance by South Korea's market.

A top detractor during the year-to-date period was Clear Media, a holding that we have previously commented on extensively. The company is China's dominant bus shelter advertising concessionaire. From late 2018 through the first half of 2019, China's macroeconomic slowdown translated into an overall slowdown in ad spending across many sectors. Brand advertising, which is typically featured in bus shelters, was hit particularly hard. The firm had stated that it expects a double-digit decline in its top line for the first half of the year. This led to its recent share price weakness. We continue to hold Clear Media shares, however, as we believe company fundamentals should rebound once brand ad spending in China recovers.

Honma Golf, the Hong Kong-listed Japanese golf club and accessory company, was another major detractor during the first half of the year. The firm announced its March-end full-year results during the second quarter. Earnings were weaker than expected with full-year operating profits down by double digits year over year. We feel positive after meeting with management recently and learning of some high-profile new hires in various key positions, including the head of global supply chain. Along with these key hires, the firm has been making a concerted effort and taking a methodical approach to entering the U.S. market.

On a positive note, two Chinese stocks, Anhui Gujing Distillery and Huifu Payment, were among the top contributors during the first half of the year. Anhui Gujing is a well-known liquor brand in China, and is the provincial leader in Anhui province. Many of the liquor stocks in the industry reported solid growth in recent periods so the gains in growth were seen widely across the sector, which saw good share price performance in the first half.

Huifu Payment is a provider of merchant payment services in China, and is among the largest merchant acquirers targeting micro-merchants in the country. Its business model is akin to U.S. mobile payments company Square. Following the firm's

(continued)

¹ Prospectus expense ratios.

² Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 1.25% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 1.25% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 1.25%. If the operating expenses fall below the expense limitation in a year within three years after Matthews has made a waiver or reimbursement, the Fund may reimburse Matthews up to an amount that does not cause the expenses for that year to exceed the lesser of (i) the expense limitation applicable at the time of that fee waiver and/or expense reimbursement or (ii) the expense limitation in effect at the time of recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

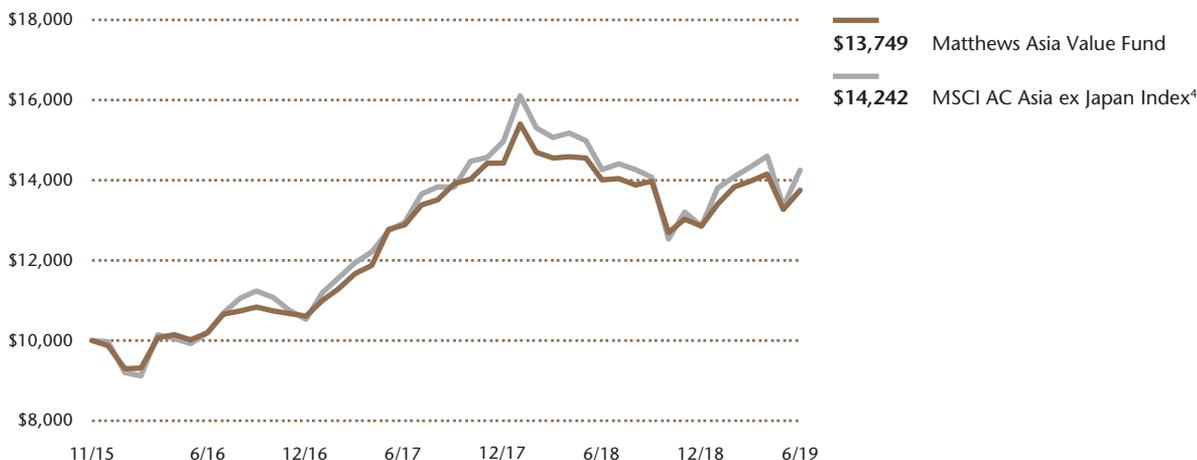
³ The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns					Inception Date
	3 Months	YTD	1 Year	3 Years	Since Inception	
Investor Class (MAVRX)	-1.61%	7.00%	-1.78%	10.52%	9.29%	11/30/15
Institutional Class (MAVAX)	-1.54%	7.14%	-1.48%	10.80%	9.58%	11/30/15
MSCI AC Asia ex Japan Index ⁴	-0.56%	10.83%	-0.18%	11.81%	10.37%	

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 matthewsasiam.com.

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



Plotted monthly. 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\$.

⁴ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

TOP TEN HOLDINGS⁵

	Sector	Country	% of Net Assets
Naspers, Ltd.	Consumer Discretionary	China/Hong Kong	7.9%
China National Accord Medicines Corp., Ltd.	Health Care	China/Hong Kong	6.5%
CK Hutchison Holdings, Ltd.	Industrials	China/Hong Kong	5.1%
Samsung SDI Co., Ltd., Pfd.	Information Technology	South Korea	4.4%
Anhui Gujing Distillery Co., Ltd.	Consumer Staples	China/Hong Kong	4.1%
Huifu Payment, Ltd.	Information Technology	China/Hong Kong	3.9%
Shinyoung Securities Co., Ltd.	Financials	South Korea	3.7%
Haw Par Corp., Ltd.	Health Care	Singapore	3.5%
Geumhwa PSC Co., Ltd.	Industrials	South Korea	3.4%
Straits Trading Co., Ltd.	Materials	Singapore	3.4%
% OF ASSETS IN TOP TEN			45.9%

⁵ Holdings may combine more than one security from same issuer and related depositary receipts.

Matthews Asia Value Fund

Portfolio Manager Commentary (unaudited) (continued)

Hong Kong IPO last summer, we initiated a position in the company when its share price fell considerably after its listing. We believe Huifu Payment's business model as well as its relationship with AliPay and Wechat Pay, two third-party digital payment giants affiliated with Alibaba and Tencent respectively, have not been well understood by the market. The fees that small merchants pay to accept non-cash payments for offline transactions in China are a mere fraction of that seen in the U.S. but recent regulatory action in China has led to rising fees. Barring a significant slowdown in China, we believe the firm should see solid growth over the next few years.

Notable Portfolio Changes:

We did not initiate any new positions during the second quarter. We did, however, add to some existing positions. We also exited a handful of holdings, including Nissin Food. Nissin Food is the China/Hong Kong subsidiary of the Japanese instant-noodle giant. The firm went public in Hong Kong in late 2017. We initiated the position in the same month after its poor initial public offering debut. The share price has done well since then and we sold out the position recently as it is now trading at around 10x Earnings Before Interest and Taxation (EBIT), in line with our estimated intrinsic value of the business.

We continued to consolidate the portfolio to fewer higher-quality holdings, and ended the quarter with 34 companies.

Outlook:

It is unclear what a market top would look like, but we believe we may be closer to a major market top given that Chinese coffee chain Luckin Coffee, which is less than two years old (and which is giving Starbucks China a run for its money), just went public and fetched a valuation close to US\$5 billion. Never mind that its revenue was a little over US\$100 million with more than US\$200 million in operating losses last year.

The market, of course, is not dictated by wishful thinking. So, we remain undistracted by what we consider to be U.S.–China trade war noise. Trade deal or not in the near term, we do not think President Trump's China deals will have much bearing on the long-term prospects of many of the quality businesses that we examine. Rather than discussing the trade war topic in meetings with management, we think it is a better use of time to further our understanding of what makes a company's business model tick, relative to its competition. We firmly believe that it is the deep understanding of the latter rather than the former that will be a key long-term source of alpha that we seek to generate for our clients.

COUNTRY ALLOCATION (%)^{6,7}

China/Hong Kong	38.5
South Korea	28.2
Japan	12.7
Singapore	6.9
Taiwan	1.7
Malaysia	1.6
United States	1.3
India	0.8
Indonesia	0.6
Cash and Other Assets, Less Liabilities	7.7

SECTOR ALLOCATION (%)⁷

Consumer Discretionary	18.9
Health Care	15.6
Industrials	14.7
Information Technology	12.2
Communication Services	9.1
Financials	8.9
Consumer Staples	7.7
Materials	5.1
Cash and Other Assets, Less Liabilities	7.7

MARKET CAP EXPOSURE (%)⁷

Mega Cap (over \$25B)	21.6
Large Cap (\$10B–\$25B)	10.8
Mid Cap (\$3B–10B)	13.3
Small Cap (under \$3B)	46.7
Cash and Other Assets, Less Liabilities	7.7

⁶ Not all countries where the Fund may invest are included in the benchmark index.

⁷ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 81.0%

	Shares	Value
CHINA/HONG KONG: 38.5%		
Naspers, Ltd. N Shares	8,200	\$1,984,812
China National Accord Medicines Corp., Ltd. B Shares	462,107	1,626,616
CK Hutchison Holdings, Ltd.	129,500	1,277,356
Anhui Gujing Distillery Co., Ltd. B Shares	116,800	1,013,937
Huifu Payment, Ltd. ^{b,c,d}	1,770,400	970,423
Clear Media, Ltd.	1,393,000	809,583
China Mobile, Ltd.	79,500	723,741
China Isotope & Radiation Corp.	303,000	715,061
Shandong Weigao Group Medical Polymer Co., Ltd. H Shares	296,000	268,600
Huangshan Tourism Development Co., Ltd. B Shares	204,887	216,853
Total China/Hong Kong		9,606,982
SOUTH KOREA: 16.9%		
Shinyoung Securities Co., Ltd.	17,510	913,742
Geumhwa PSC Co., Ltd.	29,568	858,721
NAVER Corp.	7,387	730,064
DGB Financial Group, Inc.	91,987	649,681
Hyundai Greenfood Co., Ltd.	55,158	626,140
Young Poong Corp.	697	434,625
Total South Korea		4,212,973
JAPAN: 12.7%		
YAMADA Consulting Group Co., Ltd.	31,300	581,406
Asante, Inc.	29,700	580,343
Gakujo Co., Ltd.	47,300	523,260
Honma Golf, Ltd. ^{b,d}	491,500	426,587
Medikit Co., Ltd.	7,400	406,326
Ohashi Technica, Inc.	27,300	359,767
San-A Co., Ltd.	7,100	284,079
Total Japan		3,161,768
SINGAPORE: 6.9%		
Haw Par Corp., Ltd.	84,200	878,717
Straits Trading Co., Ltd.	509,100	843,137
Total Singapore		1,721,854
TAIWAN: 1.7%		
P-Duke Technology Co., Ltd.	145,000	433,893
Total Taiwan		433,893
MALAYSIA: 1.6%		
Genting BHD	243,700	399,556
Total Malaysia		399,556
UNITED STATES: 1.3%		
Cognizant Technology Solutions Corp. Class A	5,100	323,289
Total United States		323,289
INDIA: 0.8%		
Wipro, Ltd.	48,962	199,315
Total India		199,315

	Shares	Value
INDONESIA: 0.6%		
PT Mitra Pinasthika Mustika	2,618,100	\$158,533
Total Indonesia		158,533
TOTAL COMMON EQUITIES		
		20,218,163
(Cost \$20,467,640)		

PREFERRED EQUITIES: 11.3%

	Shares	Value
SOUTH KOREA: 11.3%		
Samsung SDI Co., Ltd., Pfd.	13,796	1,091,394
Samsung Fire & Marine Insurance Co., Ltd., Pfd.	4,018	666,183
Hyundai Motor Co., Ltd., 2nd Pfd.	8,095	605,609
Samsung Electronics Co., Ltd., Pfd.	14,134	468,745
Total South Korea		2,831,931
TOTAL PREFERRED EQUITIES		
		2,831,931
(Cost \$2,867,604)		

TOTAL INVESTMENTS: 92.3%	23,050,094
(Cost \$23,335,244)	

CASH AND OTHER ASSETS,

LESS LIABILITIES: 7.7% **1,921,255**

NET ASSETS: 100.0% **\$24,971,349**

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$1,397,010, which is 5.59% of net assets.
- c Non-income producing security.
- d The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
- BHD Berhad
Pfd. Preferred

See accompanying notes to financial statements.

Matthews Asia Growth Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asia Growth Fund returned 15.78% (Investor Class) and 15.89% (Institutional Class), while its benchmark, the MSCI All Country Asia Pacific Index, returned 10.71% over the same period. For the quarter ending June 30, the Fund returned 1.28% (Investor Class) and 1.35% (Institutional Class), while the benchmark returned 0.90%.

PORTFOLIO MANAGERS

Taizo Ishida
Lead Manager

Weihao Xu
Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MPACX	MIAPX
CUSIP	577130867	577130776
Inception	10/31/03	10/29/10
NAV	\$26.04	\$26.25
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.10%	0.93%

Portfolio Statistics

Total # of Positions	62
Net Assets	\$1.1 billion
Weighted Average Market Cap	\$30.9 billion
Portfolio Turnover ²	12.12%

Benchmark

MSCI AC Asia Pacific Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 located in Asia. Asia consists of all countries and markets in Asia, and includes developed, emerging and frontier countries and markets in the Asian region. The Fund may also invest in the convertible securities, of any duration or quality, of Asian companies.

Market Environment:

Asia's capital markets rallied at the start of the year, led by Chinese equities. Volatility flared in May, followed by a rebound for equity prices in June. The dominant factors driving Asia's capital markets over the short term were political, stemming from rhetoric around trade relations between the U.S. and China. Following the recent G-20 Summit, the tone of dialogue surrounding trade issues improved, even though negotiations provided few details and trade issues are likely to linger. Despite recent volatility, China's domestic markets and the Hong Kong market were among the best-performing markets in Asia.

Japanese equities posted solid gains in the first half, even as global markets experienced swings in sentiment. Early this year, the U.S. Federal Reserve's pause in rate hikes improved investor sentiment and Japan's equity valuations came back from their lowest levels since the start of the Abenomics era. In May, however, trade friction between U.S. and China intensified, dampening Japanese export companies and Japan's technology sector in particular. The Bank of Japan's most recent Tankan Survey (announced July 1) showed further deterioration in the outlook among respondents within the manufacturing sector, reflecting weakness in exports, especially among semiconductor-related products.

Performance Contributors and Detractors:

The Fund outperformed its benchmark in the first half. The majority of the out-performance was generated during the first quarter, with performance largely flat in the second quarter. Our stock selection in China, the health care sector and small companies contributed to performance. Detractors included the Fund's allocation to Sri Lanka, its underweight to information technology and stock selection in large companies.

At an individual stock level, Chinese health care stocks were among the Fund's top contributors to performance in the first half. Health care demand in China remains robust and we continue to see the growth of domestic health care companies as part of a long-term, secular trend. Examples of our holdings in this sector include Jiangsu Hengrui Medicine, a leading Chinese drug manufacturer, and Wuxi Biologics, one of China's largest providers of outsourcing services for clinical trials. Both companies were top contributors in the half. Meanwhile, Genscript Biotech, a Nanjing-based Chinese biotech company, is a leader in global gene synthesis and DNA synthesis services markets. Genscript was also a top contributor in the half.

A detractor from performance was Chinese search engine Baidu. As Chinese consumers increasingly move to other platforms to perform searches, Baidu could see its user base shrink. Valuations for Baidu are currently fairly low, so the stock could have upside potential if the company can rekindle its growth. We continue to evaluate and monitor the position.

Notable Portfolio Changes:

Recent IPOs provided us with opportunities to invest in Chinese health care companies. In the second quarter, we added positions in drug manufacturers Hansoh Pharmaceutical Group and NextCure. We also added a position in Chinese

(continued)

¹ Prospectus expense ratios.

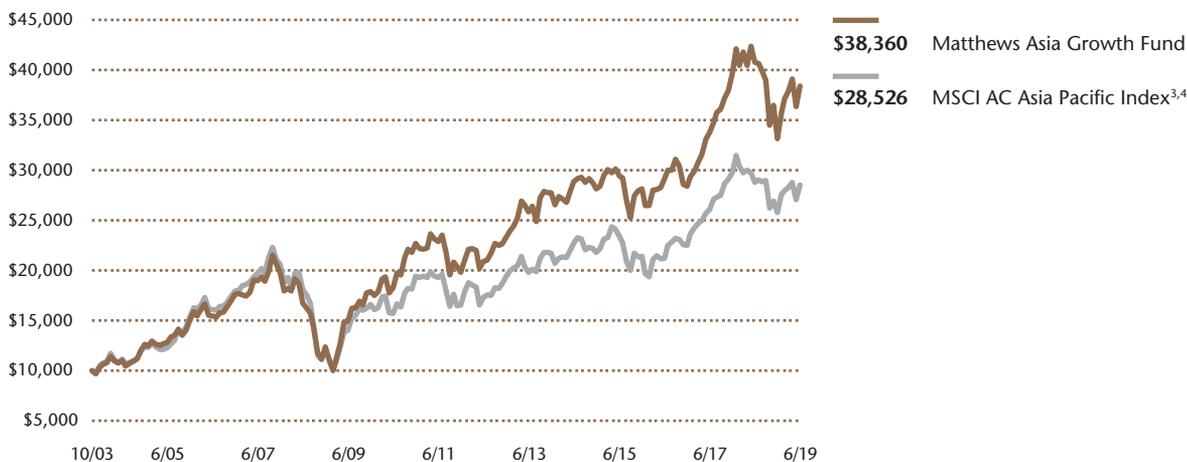
² The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Since Inception	Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years		
Investor Class (MPACX)	1.28%	15.78%	-5.84%	9.58%	5.91%	9.89%	8.96%	10/31/03
Institutional Class (MIAPX)	1.35%	15.89%	-5.65%	9.78%	6.11%	n.a.	6.79%	10/29/10
MSCI AC Asia Pacific Index ³	0.90%	10.71%	-0.76%	10.40%	4.70%	7.36%	6.92% ⁴	

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. For the Fund's most recent month-end performance, visit matthewsasia.com.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

³ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁴ Calculated from 10/31/03.

TOP TEN HOLDINGS⁵

	Sector	Country	% of Net Assets
Shenzhou International Group Holdings, Ltd.	Consumer Discretionary	China/Hong Kong	3.9%
Baozun, Inc.	Consumer Discretionary	China/Hong Kong	3.6%
HDFC Bank, Ltd.	Financials	India	3.6%
PT Bank Rakyat Indonesia Persero	Financials	Indonesia	3.6%
CSL, Ltd.	Health Care	Australia	3.3%
M3, Inc.	Health Care	Japan	3.0%
Wuxi Biologics Cayman, Inc.	Health Care	China/Hong Kong	3.0%
Terumo Corp.	Health Care	Japan	2.8%
Sony Corp.	Consumer Discretionary	Japan	2.7%
Jiangsu Hengrui Medicine Co., Ltd.	Health Care	China/Hong Kong	2.7%
% OF ASSETS IN TOP TEN			32.2%

⁵ Holdings may combine more than one security from same issuer and related depository receipts.

Matthews Asia Growth Fund

Portfolio Manager Commentary (unaudited) (continued)

biopharma company Innovent Biologics. In China's social media space, we added a position in Bilibili, an online platform for sharing short videos with a growing user base. Bilibili's platform specifically caters to Gen Z, representing consumers age 24 and younger. Gen Z grew up using mobile devices and spends more for internet content than other groups. Turning to Japan, we initiated a position in SBI Holdings, the largest online broker and second-largest among all brokerages in Japan. Unlike competitors, SBI Holding's core demographics are younger customers in their 30s and 40s, a customer base that is set to grow given Japan pensions are no longer sufficient enough to support retirement life. In Indonesia, we initiated a position in Bank Tabungan Pensiunan Nasib, a microlender with a niche market representing high growth potential.

In the second quarter, we exited positions in Japanese financial services provider Orix and Indonesian conglomerate Astra International. Both companies were long-term holdings that generated attractive returns over full market cycles. Both companies seem to be shifting into lower growth modes, however, so we exited the positions.

Outlook:

Looking ahead, economic signals appear somewhat mixed. On the positive side, interest rates are widely expected to ease or hold steady, while oil prices seem to remain in check. Both conditions are positive for Asia currencies. While trade tensions have temporarily softened, several issues remain unresolved and U.S. President Donald Trump's negotiation style has been unpredictable. Against this backdrop of uncertainty, China's policymakers have signaled a willingness to take a more proactive stance in using fiscal and monetary policy to support growth.

While Japanese equities experienced healthy gains in the first quarter, the macro environment remains muted and second quarter broad market equity returns were mixed. Underlying fundamentals are still on a downward path, and developments surrounding trade frictions remain unpredictable. We do not expect any dramatic outcomes or resolution of the current issues. On a positive note, corporate inventory levels have declined quickly in the past six months. Recent earnings results showed an earnings decline in many sectors but absolute profit levels remain higher than during past downturns.

Elsewhere in the region, elections in India and Indonesia resulted in wins for the incumbents, adding political stability to both countries. With elections concluded, reform cycles in both countries could get a boost.

COUNTRY ALLOCATION (%)^{6,7}

Japan	37.9
China/Hong Kong	30.7
Indonesia	8.2
India	4.9
Australia	4.4
Bangladesh	3.7
Sri Lanka	2.1
Thailand	1.6
Philippines	1.5
Vietnam	1.5
Taiwan	1.0
United States	0.6
Cash and Other Assets, Less Liabilities	2.0

SECTOR ALLOCATION (%)⁷

Health Care	33.5
Consumer Discretionary	21.4
Financials	13.5
Consumer Staples	8.9
Industrials	8.4
Communication Services	8.0
Information Technology	2.4
Energy	1.1
Materials	0.8
Cash and Other Assets, Less Liabilities	2.0

MARKET CAP EXPOSURE (%)⁷

Mega Cap (over \$25B)	28.1
Large Cap (\$10B–\$25B)	21.1
Mid Cap (\$3B–10B)	20.5
Small Cap (under \$3B)	28.2
Cash and Other Assets, Less Liabilities	2.0

⁶ Not all countries where the Fund may invest are included in the benchmark index.

⁷ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 98.0%

	Shares	Value		Shares	Value
JAPAN: 37.9%			INDONESIA: 8.2%		
M3, Inc.	1,843,300	\$33,826,142	PT Bank Rakyat Indonesia Persero	129,492,600	\$39,977,615
Terumo Corp.	1,041,400	31,110,218	PT Bank Tabungan Pensiunan Nasional Syariah ^b	89,471,600	21,849,107
Sony Corp.	577,800	30,363,375	PT Ace Hardware Indonesia	82,006,700	10,507,555
Nidec Corp.	218,500	30,007,696	PT Indofood CBP Sukses Makmur	13,577,500	9,759,116
SoftBank Group Corp.	613,800	29,563,878	PT Mayora Indah	54,105,900	9,500,090
Keyence Corp.	43,800	27,012,445	Total Indonesia		91,593,483
Pigeon Corp.	544,900	21,973,569	INDIA: 4.9%		
TechnoPro Holdings, Inc.	399,800	21,341,912	HDFC Bank, Ltd.	1,148,086	40,666,637
PeptiDream, Inc. ^b	411,000	21,109,770	ITC, Ltd.	2,925,894	11,602,355
Nitori Holdings Co., Ltd.	133,400	17,702,480	PC Jeweller, Ltd.	3,698,554	2,425,263
Seria Co., Ltd.	633,000	14,641,631	Total India		54,694,255
Mercari, Inc. ^b	531,300	14,153,197	AUSTRALIA: 4.4%		
Japan Elevator Service Holdings Co., Ltd.	555,100	14,100,831	CSL, Ltd.	240,892	36,476,805
Eisai Co., Ltd.	238,500	13,517,280	Oil Search, Ltd.	2,481,915	12,376,911
Ariake Japan Co., Ltd.	208,300	13,179,763	Total Australia		48,853,716
Sosei Group Corp. ^b	550,900	12,177,272	BANGLADESH: 3.7%		
FANUC Corp.	63,400	11,780,528	Square Pharmaceuticals, Ltd.	8,767,712	27,292,287
SanBio Co., Ltd. ^b	364,200	11,731,016	BRAC Bank, Ltd. ^b	17,927,755	14,105,003
SBI Holdings, Inc.	446,400	11,087,789	Total Bangladesh		41,397,290
Sysmex Corp.	153,200	10,022,358	SRI LANKA: 2.1%		
HEALIOS KK ^b	553,300	9,238,371	Sampath Bank PLC [†]	21,899,216	17,276,809
Nitto Denko Corp.	184,700	9,142,004	LOLC Holdings PLC ^b	12,121,473	6,249,775
Kyoritsu Maintenance Co., Ltd.	176,400	8,259,517	Total Sri Lanka		23,526,584
CYBERDYNE, Inc. ^b	768,500	4,484,394	THAILAND: 1.6%		
Link And Motivation, Inc.	564,400	3,185,789	Major Cineplex Group Public Co., Ltd.	18,967,100	18,086,447
Total Japan		424,713,225	Total Thailand		18,086,447
CHINA/HONG KONG: 30.6%			PHILIPPINES: 1.5%		
Shenzhou International Group Holdings, Ltd.	3,155,000	43,522,318	Jollibee Foods Corp.	2,007,890	11,045,979
Baozun, Inc. ADR ^b	818,500	40,810,410	Emperador, Inc. ^b	37,942,500	5,657,865
Wuxi Biologics Cayman, Inc. ^{b,c,d}	3,693,000	33,131,764	Total Philippines		16,703,844
Jiangsu Hengrui Medicine Co., Ltd. A Shares	3,123,824	30,063,350	VIETNAM: 1.5%		
Genscript Biotech Corp. ^b	11,934,000	29,945,395	Vietnam Dairy Products JSC	3,116,592	16,467,160
BeiGene, Ltd. ADR ^b	223,300	27,678,035	Total Vietnam		16,467,160
Huazhu Group, Ltd. ADR	686,700	24,892,875	TAIWAN: 1.0%		
Alibaba Group Holding, Ltd. ADR ^b	127,200	21,554,040	St. Shine Optical Co., Ltd.	630,000	11,197,753
Tencent Music Entertainment Group ADR ^b	920,200	13,793,798	Total Taiwan		11,197,753
Shenzhen Inovance Technology Co., Ltd. A Shares ^b	4,069,575	13,600,582			
Autohome, Inc. ADR ^b	145,500	12,457,710			
Innovent Biologics, Inc. ^{b,c,d}	3,500,500	11,825,942			
Yixintang Pharmaceutical Group Co., Ltd. A Shares	2,654,796	11,039,804			
Shanghai Haohai Biological Technology Co., Ltd. H Shares ^{c,d}	1,873,800	10,213,436			
Bilibili, Inc. ADR ^b	592,100	9,633,467			
Baidu, Inc. ADR ^b	51,600	6,055,776			
Hansoh Pharmaceutical Group Co., Ltd. ^{b,c,d}	1,070,000	2,828,514			
Total China/Hong Kong		343,047,216			

Schedule of Investments^a (unaudited) (continued)

	Shares	Value
UNITED STATES: 0.6%		
NextCure, Inc. ^b	450,000	\$6,741,000
Total United States		6,741,000
TOTAL INVESTMENTS: 98.0%		
		1,097,021,973
(Cost \$877,988,873)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 2.0%		
		22,806,092
NET ASSETS: 100.0%		
		\$1,119,828,065

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b Non-income producing security.
- c Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$57,999,656, which is 5.18% of net assets.
- d The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
- † Affiliated Issuer, as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of this issuer).

ADR American Depositary Receipt
JSC Joint Stock Co.

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Sharat Shroff, CFA

Lead Manager

Rahul Gupta

Co-Manager

Raymond Deng

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MAPTX	MIPTX
CUSIP	577130107	577130834
Inception	9/12/94	10/29/10
NAV	\$28.91	\$28.90
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.07%	0.90%
After Fee Waiver and Reimbursement ²	1.04%	0.88%

Portfolio Statistics

Total # of Positions	63
Net Assets	\$9.2 billion
Weighted Average Market Cap	\$72.0 billion
Portfolio Turnover ³	11.48%

Benchmark

MSCI AC Asia ex Japan Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 located in Asia ex Japan, which consists of all countries and markets in Asia excluding Japan, but including all other developed, emerging and frontier countries and markets in the Asian region.

Matthews Pacific Tiger Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Pacific Tiger Fund returned 7.63% (Investor Class) and 7.72% (Institutional Class), while its benchmark, the MSCI All Country Asia ex Japan Index, returned 10.83% over the same period. For the quarter ending June 30, 2019, the Fund returned 0.03% (Investor Class) and 0.10% (Institutional Class), while the benchmark returned -0.56%.

Market Environment:

The first half of the year felt like a roller-coaster ride for equity investors across the region. Asia's capital markets rallied at the start of the year, led by Chinese equities. Volatility flared in May, followed by a rebound in equity prices in June. The dominant factors driving Asia capital markets over the short term were political, stemming from rhetoric around trade relations between the U.S. and China. Following the recent G-20 Summit, the tone of trade dialogue improved, even though negotiations provided few details and trade issues are likely to linger. On a positive note, China's policymakers seem to be taking a more proactive stance in preparing China for a more uncertain macroeconomic environment. Despite recent volatility, China's domestic markets and the Hong Kong market were among the best-performing markets in Asia.

Outside of China, Asian markets were generally positive, but seemed lackluster compared with China's markets. Chinese equities returned roughly 14% year to date, while India and Indonesia's equity markets each notched roughly 8% gains respectively for the same period. Currencies were somewhat stable with the exception of the Taiwanese dollar and the Korean won, which were more exposed to the tech cycle. Larger companies tended to do better, perhaps due to index flows, but also in their prospects for having slightly better earnings profiles than some smaller companies.

Contributors and Detractors:

The Fund lagged its benchmark in the first half. Several factors weighed on relative performance, one of the most significant being an overweight allocation to India. Our holdings in India are the natural outcome of our bottom-up stock selection process. The Indian companies in our portfolio embody, we believe, many attractive investment attributes and provide opportunities for finding uncorrelated earnings growth. In the short term, however, our Indian holdings caused performance to trail the benchmark.

From a sector standpoint, our holdings in communication services were also a detractor from relative performance. While the benchmark tends to be concentrated in a couple of big technology names in China, the Fund takes a more diversified approach to investing in Asia's digital economy, seeking to spread our holdings across the region. One such holding is Naver, South Korea's largest search engine. To expand its business beyond search advertising revenues, Naver is looking to diversify its business model to include gaming, e-commerce payments and cloud-based services. To achieve these goals, Naver is making near-term investments that weigh on its earnings profile. However, we continue to like the company's long-term prospects.

For the most recent quarter, the Fund was slightly ahead of its benchmark. Strong stock selection, particularly in China, was a contributor to performance in the quarter. We continue to see increased investment opportunities in China, especially in China's dynamic service sector, which we discuss in the next section.

(continued)

1 Prospectus expense ratios.

2 Matthews has contractually agreed to waive a portion of its advisory fee and administrative and shareholder services fee if the Fund's average daily net assets are over \$3 billion, as follows: for every \$2.5 billion average daily net assets of the Fund that are over \$3 billion, the advisory fee rate and the administrative and shareholder services fee rate for the Fund with respect to such excess average daily net assets will be each reduced by 0.01%, in each case without reducing such fee rate below 0.00%. Any amount waived by Matthews pursuant to this agreement may not be recouped by Matthews. This agreement will remain in place until April 30, 2020 and may be terminated (i) at any time by the Board of Trustees upon 60 days' prior written notice to Matthews; or (ii) by Matthews at the annual expiration date of the agreement upon 60 days' prior written notice to the Trust, in each case without payment of any penalty.

3 The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Since Inception	Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years		
Investor Class (MAPTX)	0.03%	7.63%	1.14%	8.72%	5.95%	9.83%	8.54%	9/12/94
Institutional Class (MIPTX)	0.10%	7.72%	1.31%	8.91%	6.13%	n.a.	6.12%	10/29/10
MSCI AC Asia ex Japan Index ⁴	-0.56%	10.83%	-0.18%	11.81%	5.14%	8.17%	4.50% ⁵	

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 matthewsasiasia.com.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

⁴ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁵ Calculated from 8/31/94.

TOP TEN HOLDINGS⁶

	Sector	Country	% of Net Assets
Ping An Insurance Group Co. of China, Ltd.	Financials	China/Hong Kong	4.0%
Inner Mongolia Yili Industrial Group Co., Ltd.	Consumer Staples	China/Hong Kong	3.6%
China Resources Land, Ltd.	Real Estate	China/Hong Kong	3.6%
Tencent Holdings, Ltd.	Communication Services	China/Hong Kong	3.5%
AIA Group, Ltd.	Financials	China/Hong Kong	3.3%
Alibaba Group Holding, Ltd.	Consumer Discretionary	China/Hong Kong	3.2%
China Resources Beer Holdings Co., Ltd.	Consumer Staples	China/Hong Kong	2.9%
NAVER Corp.	Communication Services	South Korea	2.9%
DKSH Holding AG	Industrials	Switzerland	2.6%
Kotak Mahindra Bank, Ltd.	Financials	India	2.6%
% OF ASSETS IN TOP TEN			32.2%

⁶ Holdings may combine more than one security from same issuer and related depositary receipts.

Matthews Pacific Tiger Fund

Portfolio Manager Commentary (unaudited) (continued)

Notable Portfolio Changes:

Recent IPOs provided opportunities for the Fund to invest in Chinese health care and education companies, sectors we believe are poised to benefit from rising incomes and domestic consumer spending. To fund new positions, we trimmed holdings in South Korea and Malaysia. Meanwhile, we also rotated capital within the portfolio. A few existing holdings experienced temporary aberrations in their earnings profiles, creating opportunities to add to high-conviction positions. Before committing additional capital, we conducted thorough due diligence to garner the confidence that any disruptions were short term in nature. Beyond China, we also added capital around the margins to holdings in Indonesia.

Outlook:

Media coverage of U.S. and China trade relations tends to focus on short-term developments. Investing with a long-term view, we try to ignore the noise and remain focused on the fundamentals that actually drive growth. We pay particular attention to company earnings, as well as secular trends we see on the ground. Amid current headlines, it is easy for investors to lose sight of the transformation that is taking place among China's enormous middle class. Income growth has expanded rapidly from the eastern seaboard of China to the country's vast interior. We expect consumers in less-developed urban centers to drive China's economic growth for many years to come, so we continue to look for businesses that are geared toward that opportunity set.

Outside of China, recent elections in India and Indonesia resulted in wins for incumbents, adding a sense of political stability in both countries. With elections concluded, we are optimistic that reform cycles in both countries could get a boost. In the near term, an easing monetary environment may loosen some of the constraints on liquidity, and hence be a bit more supportive of growth. Inspired by the innovation and grit of Asia's entrepreneurs, we will continue to look for opportunities across the market-cap spectrum, including small and medium-size enterprises. As always, we will invest in companies that we believe have sustainable growth prospects that harness the rising spending power of Asia's middle class.

COUNTRY ALLOCATION (%) ^{7,8}	
China/Hong Kong	39.6
India	19.0
South Korea	10.8
Indonesia	7.4
Thailand	5.0
Taiwan	4.6
Philippines	2.6
Switzerland	2.6
Malaysia	2.1
United States	1.8
Vietnam	1.7
Japan	0.6
Cash and Other Assets, Less Liabilities	2.3

SECTOR ALLOCATION (%) ⁸	
Financials	26.3
Consumer Staples	19.8
Communication Services	15.2
Consumer Discretionary	9.3
Real Estate	7.4
Information Technology	6.8
Industrials	4.5
Health Care	4.3
Utilities	2.9
Materials	1.3
Cash and Other Assets, Less Liabilities	2.3

MARKET CAP EXPOSURE (%) ⁸	
Mega Cap (over \$25B)	44.0
Large Cap (\$10B-\$25B)	29.0
Mid Cap (\$3B-10B)	17.0
Small Cap (under \$3B)	7.7
Cash and Other Assets, Less Liabilities	2.3

⁷ Not all countries where the Fund may invest are included in the benchmark index.

⁸ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 97.7%

	Shares	Value	Shares	Value
CHINA/HONG KONG: 39.5%				
Ping An Insurance Group Co. of China, Ltd. H Shares	30,234,000	\$363,560,105		
Inner Mongolia Yili Industrial Group Co., Ltd. A Shares	68,177,514	332,217,077		
China Resources Land, Ltd.	74,174,000	326,572,216		
Tencent Holdings, Ltd.	7,067,800	319,743,166		
AIA Group, Ltd.	27,718,000	299,323,988		
Alibaba Group Holding, Ltd. ADR ^b	1,709,800	289,725,610		
China Resources Beer Holdings Co., Ltd.	56,607,775	268,933,693		
Hong Kong Exchanges & Clearing, Ltd.	6,114,000	216,069,327		
Yum China Holdings, Inc.	3,721,510	171,933,762		
China Mobile, Ltd. ADR	3,604,226	163,235,396		
Dairy Farm International Holdings, Ltd.	22,254,946	159,075,728		
Guotai Junan Securities Co., Ltd. H Shares ^{b,c,d,†}	82,304,600	146,600,437		
Fuyao Glass Industry Group Co., Ltd. H Shares ^{c,d,†}	42,879,200	133,152,824		
Kweichow Moutai Co., Ltd. A Shares	917,973	131,796,532		
Sinopharm Group Co., Ltd. H Shares	26,574,800	93,572,345		
iQIYI, Inc. ADR ^b	3,754,400	77,528,360		
Fuyao Glass Industry Group Co., Ltd. A Shares	17,242,604	57,177,673		
Wise Talent Information Technology Co., Ltd. ^{b,d}	16,143,400	42,777,933		
China East Education Holdings, Ltd. ^{b,c,d}	18,000,000	25,623,104		
Hansoh Pharmaceutical Group Co., Ltd. ^{b,c,d}	6,230,000	16,468,822		
Total China/Hong Kong		3,635,088,098		
INDIA: 19.0%				
Kotak Mahindra Bank, Ltd.	10,967,393	234,691,669		
HDFC Bank, Ltd.	6,223,409	220,440,901		
Housing Development Finance Corp., Ltd.	6,154,197	195,415,131		
Tata Power Co., Ltd. [†]	180,316,487	180,304,311		
Titan Co., Ltd.	9,015,327	174,383,624		
ITC, Ltd.	39,202,500	155,453,795		
Sun Pharmaceutical Industries, Ltd.	24,286,809	141,153,627		
Container Corp. of India, Ltd.	16,080,979	132,755,885		
Dabur India, Ltd.	21,117,482	122,528,005		
GAIL India, Ltd.	20,024,384	90,474,546		
United Spirits, Ltd. ^b	6,778,030	57,437,259		
Just Dial, Ltd. ^{b,†}	3,307,840	36,462,147		
Thermax, Ltd.	312,681	4,793,209		
Total India		1,746,294,109		
SOUTH KOREA: 10.8%				
NAVER Corp.	2,670,205	263,898,727		
Samsung Electronics Co., Ltd.	4,755,250	193,635,405		
DB Insurance Co., Ltd. [†]	3,570,463	183,370,247		
Cheil Worldwide, Inc. [†]	5,852,726	149,023,639		
Orion Holdings Corp. [†]	5,656,566	84,072,589		
E-Mart, Inc.	377,002	45,699,097		
S-1 Corp.	483,483	40,867,744		
Amorepacific Corp.	175,449	25,062,891		
Green Cross Corp.	95,114	10,026,227		
Total South Korea		995,656,566		
INDONESIA: 7.4%				
PT Bank Central Asia	100,580,000	\$213,438,421		
PT Telekomunikasi Indonesia Persero	589,405,600	172,746,344		
PT Indofood CBP Sukses Makmur	181,522,600	130,473,223		
PT Surya Citra Media	533,163,200	60,807,753		
PT Mitra Keluarga Karyasehat ^{b,d}	383,065,700	51,371,137		
PT Telekomunikasi Indonesia Persero ADR	1,710,640	50,019,114		
Total Indonesia		678,855,992		
THAILAND: 5.0%				
Central Pattana Public Co., Ltd.	94,089,000	230,193,099		
The Siam Cement Public Co., Ltd.	7,522,950	115,792,323		
Kasikornbank Public Co., Ltd.	18,431,800	113,051,175		
Total Thailand		459,036,597		
TAIWAN: 4.6%				
Delta Electronics, Inc.	33,921,182	172,402,441		
President Chain Store Corp.	16,271,608	157,474,027		
Synnex Technology International Corp.	72,350,921	90,992,688		
Total Taiwan		420,869,156		
PHILIPPINES: 2.6%				
SM Prime Holdings, Inc.	164,670,771	119,265,680		
GT Capital Holdings, Inc.	6,482,364	119,008,394		
Total Philippines		238,274,074		
SWITZERLAND: 2.6%				
DKSH Holding AG [†]	4,039,869	236,718,475		
Total Switzerland		236,718,475		
MALAYSIA: 2.1%				
Public Bank BHD	19,583,194	109,046,413		
IHH Healthcare BHD	47,676,300	66,962,526		
IHH Healthcare BHD	11,543,000	16,048,916		
Total Malaysia		192,057,855		
UNITED STATES: 1.8%				
Cognizant Technology Solutions Corp. Class A	2,592,900	164,363,931		
Total United States		164,363,931		
VIETNAM: 1.7%				
Vietnam Dairy Products JSC	28,991,060	153,180,278		
Total Vietnam		153,180,278		
JAPAN: 0.6%				
LINE Corp. ADR ^b	2,094,000	58,925,160		
Total Japan		58,925,160		
TOTAL INVESTMENTS: 97.7%		8,979,320,291		
(Cost \$6,298,369,126)				
CASH AND OTHER ASSETS, LESS LIABILITIES: 2.3%				213,646,393
NET ASSETS: 100.0%				\$9,192,966,684

Schedule of Investments^a (unaudited) (continued)

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b Non-income producing security.
- c Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$321,845,187, which is 3.50% of net assets.
- d The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
- † Affiliated Issuer, as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of this issuer).

ADR American Depositary Receipt

BHD Berhad

JSC Joint Stock Co.

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Vivek Tanneeru

Lead Manager

Winnie Chwang

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MASGX	MISFX
CUSIP	577130727	577130719
Inception	4/30/15	4/30/15
NAV	\$10.94	\$10.93
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	2.20%	2.01%
After Fee Waiver and Reimbursement ²	1.50%	1.25%

Portfolio Statistics

Total # of Positions	66
Net Assets	\$45.5 million
Weighted Average Market Cap	\$12.7 billion
Portfolio Turnover ³	22.93%

Benchmark

MSCI AC Asia ex Japan Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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. Asia consists of all countries and markets in Asia and includes developed, emerging, and frontier countries and markets in the Asia region. The Fund may also invest in convertible securities and fixed-income securities, of any duration or quality, including high yield securities, of Asian companies.

Matthews Asia ESG Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asia ESG Fund returned 9.62% (Investor Class) and 9.74% (Institutional Class), while its benchmark, the MSCI All Country Asia ex Japan Index, returned 10.83%. For the quarter ending June 30, 2019, the Matthews Asia ESG Fund returned -2.15% (Investor Class) and -2.06% (Institutional Class), while the benchmark returned -0.56%.

Market Environment:

Asia's capital markets rallied at the start of the year, led by Chinese equities. Volatility flared in May, followed by a rebound for equity prices in June. The dominant factors driving Asia capital markets over the short term were political, stemming from rhetoric around trade relations between the U.S. and China and the resultant uncertainty.

The Thai baht was Asia's top-performing currency relative to the U.S. dollar (up 6.17%) during the first half, while the Pakistani rupee was the worst (down -13.11%) for the same period. Currencies that appreciated relative to the dollar included the Japanese yen (up 1.83%), the Indonesian rupiah (up 1.79%) and the Indian rupee (up 1.79%). The Chinese renminbi was roughly flat (down -0.04%). Currencies that depreciated included the South Korean won (down -3.36%) and the Taiwan dollar (down -1.04%). Turning to financial markets, China's equity markets, as represented by the MSCI China Index (up 14.02%), were the top performers in the region for the first half, despite trade tensions. Many other Asian equity markets also enjoyed gains in the period, including Taiwan, South Korea, Malaysia and Thailand.

From a sector perspective, real estate, consumer discretionary, information technology and financials were the top-performing sectors in the benchmark in the first half. In contrast, health care was the only sector with negative benchmark returns for the first half.

Performance Contributors and Detractors:

The Fund underperformed its benchmark during the first half of the year, particularly in the second quarter, which negated the Fund's outperformance in the first quarter. This underperformance was largely due to the Fund's higher allocation to small companies relative to the benchmark, and lower allocation to the region's largest companies relative to the benchmark. During the period, Asian markets experienced a rally, disproportionately benefiting larger companies over smaller companies. The outperformance of larger companies may have been driven in part by flows into index funds. Over a full market cycle, having meaningful exposure to smaller companies can offer attractive opportunities for generating alpha, but this same exposure can cause periods of underperformance over the shorter term.

A contributor to performance during the period was New Oriental Education & Technology Group, a tutoring services company serving students in China. We initiated a position in this company in early 2019 after its stock price was beaten down toward the end of 2018 due to negative sentiment around government regulations for private education services providers and a general market sell-off. We believed the company had the scale and resources to comply with regulations, providing the company with a competitive edge over smaller players in the

(continued)

¹ Prospectus expense ratios.

² Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 1.25% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 1.25% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 1.25%. If the operating expenses fall below the expense limitation in a year within three years after Matthews has made a waiver or reimbursement, the Fund may reimburse Matthews up to an amount that does not cause the expenses for that year to exceed the lesser of (i) the expense limitation applicable at the time of that fee waiver and/or expense reimbursement or (ii) the expense limitation in effect at the time of recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

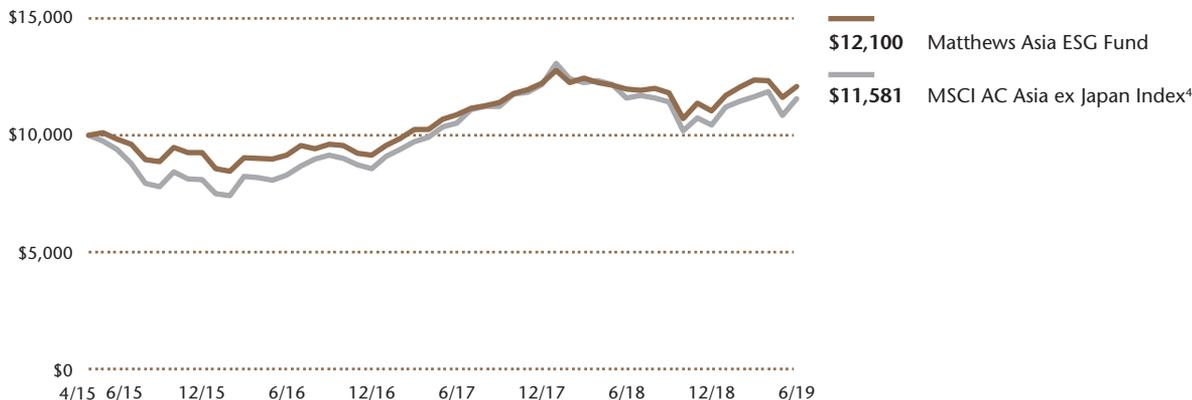
³ The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	3 Months	YTD	Average Annual Total Returns			Inception Date
			1 Year	3 Year	Since Inception	
Investor Class (MASGX)	-2.15%	9.62%	1.05%	9.80%	4.68%	4/30/15
Institutional Class (MISFX)	-2.06%	9.74%	1.23%	10.07%	4.93%	4/30/15
MSCI AC Asia ex Japan Index ⁴	-0.56%	10.83%	-0.18%	11.81%	3.59%	

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 matthewsasiam.com.

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



Plotted Monthly. 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\$.

⁴ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

TOP TEN HOLDINGS⁵

	Sector	Country	% of Net Assets
Inner Mongolia Yili Industrial Group Co., Ltd.	Consumer Staples	China/Hong Kong	5.0%
Samsung SDI Co., Ltd., Pfd.	Information Technology	South Korea	4.8%
Shriram City Union Finance, Ltd.	Financials	India	3.8%
Bandhan Bank, Ltd.	Financials	India	3.5%
Unicharm Corp.	Consumer Staples	Japan	3.4%
IndusInd Bank, Ltd.	Financials	India	3.0%
Syngene International, Ltd.	Health Care	India	2.5%
PT Bank Rakyat Indonesia Persero	Financials	Indonesia	2.5%
MTR Corp., Ltd.	Industrials	China/Hong Kong	2.5%
BRAC Bank, Ltd.	Financials	Bangladesh	2.4%
% OF ASSETS IN TOP TEN			33.4%

⁵ Holdings may combine more than one security from same issuer and related depositary receipts.

Matthews Asia ESG Fund

Portfolio Manager Commentary (unaudited) (continued)

industry. While New Oriental Education & Technology Group is a large company in the sector, we believe it still has considerable room to grow as its current market share is only a small slice of the overall opportunity set for private tutoring services in China's largest, most economically developed cities. Less-developed urban centers in China present further growth opportunities. We believe there also is further upside from its online initiatives that work in conjunction with its offline classroom infrastructure.

A detractor during the period was Indian multinational tractor and automotive manufacturer Mahindra & Mahindra. The tractor side of its business has been a strong performer over the past few years, but that cycle has shifted on concerns over potentially lower rural income growth prospects due to an adverse monsoon season in India. Meanwhile, automotive sales in India have generally been weak, creating negative sentiment toward automakers in general. Mahindra & Mahindra's auto sales have held up better than the large auto market in India, benefiting from the company's introduction of three new passenger vehicles late in 2018. While the company's stock price closed the period near an all-time low, we continue to like the company's long-term prospects and have been opportunistically adding to the position.

Notable Portfolio Changes:

As mentioned in the contributors section, we added a position in New Oriental Education & Technology Group to the portfolio in the second quarter. Offering the potential for attractive growth, the company is a good match for the Fund's objectives across many criteria. Education is a basic building block for economic progress, as well as an essential element for improving quality of life for Asia's growing middle class.

Outlook:

Looking ahead, economic signals appear somewhat mixed. On the positive side, interest rates are widely expected to ease or hold steady, while oil prices seem to remain in check. Both conditions are positives for Asia currencies. While trade tensions have temporarily softened, several issues remain unresolved and U.S. President Donald Trump's negotiation style is unpredictable. Against this backdrop of uncertainty, China's policymakers have signaled a willingness to take a more proactive stance in using fiscal and monetary policy to support growth. Elsewhere in the region, elections in India and Indonesia resulted in wins for the incumbents, adding a sense of political stability in both countries. With elections concluded, reform cycles in both countries could get a boost.

While sentiment had improved considerably by the end of the volatile first half of 2019, macroeconomic risks remain and trade tensions could resurface. The Fund's focus on high-quality companies has historically helped the portfolio weather bouts of volatility by providing an element of downside protection during market drops. In addition, our strong focus on investing in cash flow-generative companies also has created a lower volatility approach to growth investing in Asia. We continue to look for companies that can grow profits and cash flows sustainably, while improving economic, social or environmental outcomes across the region.

COUNTRY ALLOCATION (%)^{6,7}

China/Hong Kong	30.3
India	18.6
Japan	15.3
Taiwan	8.0
South Korea	7.9
Bangladesh	5.1
Indonesia	5.0
Singapore	3.2
Thailand	2.3
Philippines	2.0
Vietnam	1.2
Pakistan	0.8
Cash and Other Assets, Less Liabilities	0.3

SECTOR ALLOCATION (%)⁷

Financials	19.0
Industrials	17.6
Health Care	16.2
Consumer Discretionary	11.7
Consumer Staples	11.3
Information Technology	9.6
Communication Services	8.6
Real Estate	2.2
Materials	1.9
Utilities	1.6
Cash and Other Assets, Less Liabilities	0.3

MARKET CAP EXPOSURE (%)⁷

Mega Cap (over \$25B)	13.5
Large Cap (\$10B–\$25B)	25.4
Mid Cap (\$3B–10B)	19.1
Small Cap (under \$3B)	41.8
Cash and Other Assets, Less Liabilities	0.3

⁶ Not all countries are included in the benchmark index.

⁷ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 94.9%

	Shares	Value		Shares	Value
CHINA/HONG KONG: 30.3%			TAIWAN: 8.0%		
Inner Mongolia Yili Industrial Group Co., Ltd. A Shares	462,700	\$2,254,656	Poya International Co., Ltd.	62,000	\$839,148
MTR Corp., Ltd.	165,500	1,114,782	Sporton International, Inc.	140,903	833,824
HKBN, Ltd.	571,000	1,029,583	Delta Electronics, Inc.	121,000	614,975
CSPC Pharmaceutical Group, Ltd.	618,000	996,741	Merida Industry Co., Ltd.	76,000	449,172
China Conch Venture Holdings, Ltd.	282,000	996,364	Zhen Ding Technology Holding, Ltd.	136,000	435,095
New Oriental Education & Technology Group, Inc. ADR ^b	10,300	994,774	Taiwan Semiconductor Manufacturing Co., Ltd.	56,000	428,309
Wuxi Biologics Cayman, Inc. ^{b,c,d}	101,500	910,608	Sitronix Technology Corp.	11,000	46,061
Hong Kong Exchanges & Clearing, Ltd.	22,100	781,016	Total Taiwan		3,646,584
Haier Electronics Group Co., Ltd.	258,000	715,903	BANGLADESH: 5.1%		
Guangdong Investment, Ltd.	312,000	616,887	BRAC Bank, Ltd. ^b	1,361,221	1,070,967
Ping An Healthcare and Technology Co., Ltd. ^{b,c,d}	139,800	583,614	Square Pharmaceuticals, Ltd.	224,957	700,250
Tencent Music Entertainment Group ADR ^b	38,000	569,620	GrameenPhone, Ltd.	132,537	570,975
Xinyi Glass Holdings, Ltd.	466,000	489,512	Total Bangladesh		2,342,192
AIA Group, Ltd.	36,800	397,400	INDONESIA: 5.0%		
Contemporary Amperex Technology Co., Ltd. A Shares ^b	38,300	384,833	PT Bank Rakyat Indonesia Persero	3,706,400	1,144,259
Beijing Urban Construction Design & Development Group Co., Ltd. H Shares ^{c,d}	879,000	267,806	PT Jaya Real Property	12,125,100	454,879
Han's Laser Technology Industry Group Co., Ltd. A Shares	45,775	229,784	PT Arwana Citramulia	10,223,600	362,518
58.com, Inc. ADR ^b	3,500	217,595	PT BFI Finance Indonesia	7,542,100	320,316
Wise Talent Information Technology Co., Ltd. ^{b,d}	80,800	214,110	Total Indonesia		2,281,972
Total China/Hong Kong		13,765,588	SINGAPORE: 3.2%		
INDIA: 18.6%			SATS, Ltd.	164,400	634,311
Shriram City Union Finance, Ltd.	74,250	1,742,513	Raffles Medical Group, Ltd.	553,400	425,515
Bandhan Bank, Ltd. ^{c,d}	205,001	1,599,604	Delfi, Ltd.	423,000	406,430
IndusInd Bank, Ltd.	67,634	1,382,025	Total Singapore		1,466,256
Syngene International, Ltd. ^{c,d}	236,604	1,146,094	SOUTH KOREA: 3.1%		
Mahindra & Mahindra, Ltd.	111,832	1,061,556	iMarketKorea, Inc.	58,673	597,936
TeamLease Services, Ltd. ^b	12,129	517,460	KT Skylife Co., Ltd.	30,220	276,164
Lupin, Ltd.	46,743	511,090	Hanon Systems	21,106	213,250
Ipca Laboratories, Ltd.	16,712	222,204	DGB Financial Group, Inc.	28,334	200,116
Wipro, Ltd.	48,684	198,184	Samjin Pharmaceutical Co., Ltd.	5,358	139,449
Power Grid Corp. of India, Ltd.	30,178	90,471	Total South Korea		1,426,915
Total India		8,471,201	THAILAND: 2.3%		
JAPAN: 15.3%			Total Access Communication Public Co., Ltd. NVDR	609,300	1,052,644
Unicharm Corp.	51,900	1,564,710	Total Thailand		1,052,644
Tsukui Corp.	194,500	930,067	PHILIPPINES: 2.0%		
Sohgo Security Services Co., Ltd.	19,000	878,222	Puregold Price Club, Inc.	1,041,230	914,815
Fuji Seal International, Inc.	27,900	855,189	Total Philippines		914,815
LITALICO, Inc. ^b	33,300	582,099	VIETNAM: 1.2%		
UT Group Co., Ltd.	21,600	528,463	Nam Long Investment Corp.	427,423	534,333
Sosei Group Corp. ^b	21,300	470,822	Total Vietnam		534,333
Koa Corp.	35,500	462,002	PAKISTAN: 0.8%		
Bunka Shutter Co., Ltd.	60,000	455,532	Abbott Laboratories Pakistan, Ltd.	117,150	348,069
Career Co., Ltd.	39,700	219,250	Total Pakistan		348,069
Total Japan		6,946,356	TOTAL COMMON EQUITIES		
					43,196,925
			(Cost \$39,987,355)		

Schedule of Investments^a (unaudited) (continued)

PREFERRED EQUITIES: 4.8%

	Shares	Value
SOUTH KOREA: 4.8%		
Samsung SDI Co., Ltd., Pfd.	27,361	\$2,164,513
Total South Korea		2,164,513
TOTAL PREFERRED EQUITIES		
		2,164,513
(Cost \$ 1,955,650)		
TOTAL INVESTMENTS: 99.7%		
		45,361,438
(Cost \$ 41,943,005)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 0.3%		
		133,379
NET ASSETS: 100.0%		
		\$45,494,817

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
 - b Non-income producing security.
 - c Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$4,507,726, which is 9.91% of net assets.
 - d The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
- ADR American Depositary Receipt
 NVDR Non-voting Depositary Receipt
 Pfd. Preferred

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Taizo Ishida
Lead Manager

Robert Harvey, CFA
Lead Manager

FUND FACTS

	Investor	Institutional
Ticker	MEASX	MIASX
CUSIP	577125883	577125875
Inception	4/30/13	4/30/13
NAV	\$12.29	\$12.35
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.66%	1.50%
After Fee Waiver and Reimbursement ²	1.48%	1.25%

Portfolio Statistics

Total # of Positions	64
Net Assets	\$428.5 million
Weighted Average Market Cap	\$2.5 billion
Portfolio Turnover ³	26.09%

Benchmark

MSCI Emerging Markets Asia Index

Redemption Fee

2% within 90 calendar days of purchase

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 located in Asia excluding Japan, South Korea, Hong Kong and Singapore. The Fund may also invest in the convertible securities, of any duration or quality, of companies located in Asia excluding Japan, South Korea, Hong Kong and Singapore. Under normal market conditions, the Fund is expected to invest a substantial portion of its net assets in the emerging countries and markets in the Asian region, including, but not limited to, Bangladesh, Cambodia, China (including Taiwan, but excluding Hong Kong), India, Indonesia, Laos, Malaysia, Mongolia, Myanmar, Pakistan, Papua New Guinea, Philippines, Sri Lanka, Thailand, and Vietnam.

Matthews Emerging Asia Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Emerging Asia Fund returned -1.68% (Investor Class) and -1.52% (Institutional Class), while its benchmark, the MSCI Emerging Markets Asia Index, returned 9.87% over the same period. For the quarter ending June 30, 2019, the Matthews Emerging Asia Fund returned -6.47% (Investor Class) and -6.37% (Institutional Class), while the benchmark returned -1.13%.

Market Environment:

The first six months of 2019 were generally positive for Asian and emerging markets. China's equity markets (up 13.08%) were the top performers in the region for the first half, despite trade tensions. Many other Asian equity markets also enjoyed gains in the period, including Taiwan, South Korea, Malaysia and Thailand. Pakistan's equity market was the weakest performer in the region (down -13.82%).

As economic data in the U.S continued to soften, the U.S. Federal Reserve began to use language suggesting the potential for future rate cuts. The prospect of lower U.S. rates has provided support to Asian and emerging market currencies against the U.S. dollar as well as allowed emerging market central banks to ease monetary conditions supporting their economies.

Amid trade tensions in the period between the U.S. and China, many U.S. manufacturers that have traditionally operated in China looked to less-developed parts of Asia for opportunities to relocated operations. Vietnam, in particular, has received increased interest from companies looking to move production over the long term.

Performance Contributors and Detractors:

A significant detractor from performance in the first half of the year were the Fund's holdings in Pakistan. Pakistan's equity markets continued to suffer negative sentiment as its economy grappled with a weak currency, higher inflation, weaker growth and higher interest rates. But consumption continues apace in some areas of spending. The IMF also announced a financial-assistance package of US\$6 billion to help the country stabilize its economy. Pakistan's economy has gone through a dark tunnel, but with reforms it could, in our view, emerge stronger and more resilient.

A contributor to performance, meanwhile, was stock selection in Indonesia. Among the Fund's top-performing securities, three were Indonesian financial companies. Bank Tabungan Pensiunan Nasional Syariah, Bank Mandiri and Adira Dinamika Multi Finance each generated double-digit returns in the first half. Bank Tabungan Pensiunan Nasional Syariah is a sharia commercial bank serving millions of low-income families in Indonesia, growing its revenues as incomes rise. Bank Mandiri is the largest bank in Indonesia, offering diversified lending and financial services. And Adira Dinamika Multi Finance provides consumer financing for motorcycles and cars.

Notable Portfolio Changes:

During the second quarter, we initiated a new position in Commercial Bank of Ceylon, a Sri Lankan bank with operations in Sri Lanka, Bangladesh and Maldives.

(continued)

¹ Prospectus expense ratios.

² Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 1.25% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 1.25% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 1.25%. If the operating expenses fall below the expense limitation in a year within three years after Matthews has made a waiver or reimbursement, the Fund may reimburse Matthews up to an amount that does not cause the expenses for that year to exceed the lesser of (i) the expense limitation applicable at the time of that fee waiver and/or expense reimbursement or (ii) the expense limitation in effect at the time of recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

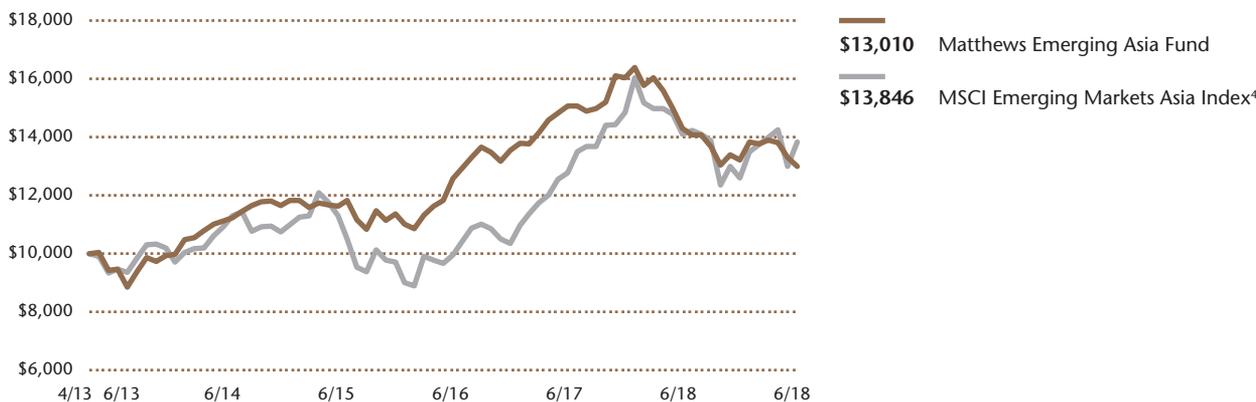
³ The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception	
Investor Class (MEASX)	-6.47%	-1.68%	-9.06%	1.13%	3.17%	4.36%	4/30/13
Institutional Class (MIASX)	-6.37%	-1.52%	-8.76%	1.39%	3.42%	4.61%	4/30/13
MSCI Emerging Markets Asia Index ⁴	-1.13%	9.87%	-1.95%	11.58%	4.85%	5.42%	

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 matthewsasiam.com.

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



Plotted monthly. 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\$.

⁴ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

TOP TEN HOLDINGS⁵

	Sector	Country	% of Net Assets
British American Tobacco Bangladesh Co., Ltd.	Consumer Staples	Bangladesh	3.3%
Vinh Hoan Corp.	Consumer Staples	Vietnam	3.2%
Saigon Beer Alcohol Beverage Corp.	Consumer Staples	Vietnam	3.2%
Cosco Capital, Inc.	Consumer Staples	Philippines	3.2%
Phu Nhuan Jewelry JSC	Consumer Discretionary	Vietnam	3.0%
PT Bank Mandiri Persero	Financials	Indonesia	3.0%
Square Pharmaceuticals, Ltd.	Health Care	Bangladesh	2.9%
L&T Finance Holdings, Ltd.	Financials	India	2.9%
PT Kino Indonesia	Consumer Staples	Indonesia	2.7%
PT Bank Tabungan Pensiunan Nasional Syariah	Financials	Indonesia	2.7%
% OF ASSETS IN TOP TEN			30.1%

⁵ Holdings may combine more than one security from same issuer and related depositary receipts.

Matthews Emerging Asia Fund

Portfolio Manager Commentary (unaudited) (continued)

We also exited positions in The City Bank, a Bangladeshi private bank; Dinh Vu Port Investment, a Vietnamese port services provider; and Hum Network, a broadcasting company based in Pakistan. We used proceeds from the sales of these securities to rotate capital within the portfolio, selectively adding to companies with the most attractive valuations and long-term growth potential.

Outlook:

Looking ahead, geopolitical risks in the Middle East could lead to higher oil prices should tensions between Iran and the U.S. or U.K. escalate. Higher oil prices would present challenges for many emerging economies that import most of their energy. On a positive note, elections in India and Indonesia resulted in wins for the incumbents, adding a sense of political stability in both countries. With elections concluded, reform cycles in both countries could get a boost. Elsewhere, Vietnam continues to perform well, having a strong domestic economy and strong domestic demand. Also, we are seeing continued foreign direct investment in Vietnam, which could keep its economy in good stead. The Fund remains focused on the least-developed economies in Asia, which we believe have attractive structural growth potential over the long term.

COUNTRY ALLOCATION (%) ^{6,7}	
Vietnam	20.0
Indonesia	19.3
Bangladesh	12.5
Sri Lanka	10.3
Pakistan	10.2
Philippines	9.0
India	8.8
China/Hong Kong	3.5
Australia	0.9
Singapore	0.7
Cash and Other Assets, Less Liabilities	4.8

SECTOR ALLOCATION (%) ⁷	
Consumer Staples	30.4
Financials	22.4
Consumer Discretionary	19.3
Industrials	7.2
Health Care	5.9
Materials	3.1
Information Technology	3.0
Real Estate	2.7
Energy	1.2
Cash and Other Assets, Less Liabilities	4.8

MARKET CAP EXPOSURE (%) ⁷	
Mega Cap (over \$25B)	3.0
Large Cap (\$10B–\$25B)	2.5
Mid Cap (\$3B–10B)	11.2
Small Cap (under \$3B)	78.5
Cash and Other Assets, Less Liabilities	4.8

⁶ Not all countries where the Fund may invest are included in the benchmark index.

⁷ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 95.2%

	Shares	Value	Shares	Value
VIETNAM: 20.0%				
Vinh Hoan Corp.	3,648,160	\$13,790,939		
Saigon Beer Alcohol Beverage Corp.	1,166,670	13,775,662		
Phu Nhuan Jewelry JSC	4,127,364	12,952,499		
Nam Long Investment Corp.	6,686,161	8,358,556		
Taisun International Holding Corp.†	2,127,000	8,296,034		
Mobile World Investment Corp.	1,360,605	5,424,478		
Military Commercial Joint Stock Bank	5,602,258	5,032,683		
Domesco Medical Import Export JSC	1,464,250	4,523,750		
Vietnam National Seed Group JSC†	1,126,522	4,248,929		
Thien Long Group Corp.	1,717,046	4,127,185		
Tien Phong Plastic JSC ^b	1,861,224	2,715,366		
Lix Detergent JSC	1,254,405	2,314,500		
Total Vietnam		85,560,581		
INDONESIA: 19.3%				
PT Bank Mandiri Persero	22,312,800	12,668,070		
PT Kino Indonesia	57,504,900	11,763,522		
PT Bank Tabungan Pensiunan Nasional Syariah ^b	47,530,100	11,606,926		
PT Gudang Garam	2,005,200	10,915,333		
PT Ramayana Lestari Sentosa	99,165,900	9,897,287		
PT Adira Dinamika Multi Finance	12,164,900	8,481,633		
PT Hexindo Adiperkasa	22,802,000	4,938,886		
PT Mayora Indah	21,437,800	3,764,118		
PT BFI Finance Indonesia	73,579,500	3,124,948		
PT Catur Sentosa Adiprana	70,131,000	2,915,005		
PT Matahari Department Store	10,458,400	2,555,014		
Total Indonesia		82,630,742		
BANGLADESH: 12.5%				
British American Tobacco Bangladesh Co., Ltd.	882,150	14,099,909		
Square Pharmaceuticals, Ltd.	4,057,147	12,629,158		
Berger Paints Bangladesh, Ltd.	519,834	9,003,906		
BRAC Bank, Ltd. ^b	11,427,267	8,990,620		
Olympic Industries, Ltd.	1,548,417	4,373,615		
Marico Bangladesh, Ltd.	239,603	4,282,096		
Total Bangladesh		53,379,304		
SRI LANKA: 10.3%				
Sampath Bank PLC	13,699,337	10,807,731		
John Keells Holdings PLC	13,729,019	10,789,058		
Teejay Lanka PLC	29,116,858	5,361,613		
Ceylon Cold Stores PLC	1,376,891	4,447,523		
LOLC Holdings PLC ^b	7,511,241	3,872,761		
Commercial Bank of Ceylon PLC	6,298,901	3,279,804		
Expolanka Holdings PLC	94,231,424	3,043,254		
Ceylon Tobacco Co. PLC	361,292	2,620,209		
Total Sri Lanka		44,221,953		
PAKISTAN: 10.2%				
PAK Suzuki Motor Co., Ltd.†	5,826,000	\$8,350,053		
Indus Motor Co., Ltd.	1,084,910	8,176,181		
Meezan Bank, Ltd.	12,560,697	6,853,148		
United Bank, Ltd.	4,824,000	4,450,461		
Shifa International Hospitals, Ltd.†	2,783,351	3,829,612		
GlaxoSmithKline Consumer Healthcare Pakistan, Ltd.	2,770,557	3,347,214		
ICI Pakistan, Ltd.	936,350	3,120,991		
Hascol Petroleum, Ltd.	6,977,877	2,997,320		
Pakistan Petroleum, Ltd.	1,670,095	1,511,468		
Akzo Nobel Pakistan, Ltd.	1,975,300	1,237,113		
Total Pakistan		43,873,561		
PHILIPPINES: 9.0%				
Cosco Capital, Inc.	102,051,200	13,714,257		
Universal Robina Corp.	3,030,400	9,819,608		
Shakey's Pizza Asia Ventures, Inc.	22,796,200	6,184,585		
Emperador, Inc. ^b	30,712,800	4,579,795		
STI Education Systems Holdings, Inc.	296,157,000	4,277,470		
Total Philippines		38,575,715		
INDIA: 8.8%				
L&T Finance Holdings, Ltd.	7,526,004	12,551,341		
Vakrangee, Ltd.	15,511,435	7,597,393		
Praj Industries, Ltd.	2,525,370	5,144,155		
Shriram Transport Finance Co., Ltd.	268,352	4,200,300		
PC Jeweller, Ltd.	6,189,535	4,058,681		
Caplin Point Laboratories, Ltd.	489,805	3,202,289		
Poly Medicure, Ltd.	343,725	952,337		
Total India		37,706,496		
CHINA/HONG KONG: 3.5%				
Luk Fook Holdings International, Ltd.	2,797,000	8,760,465		
Tongda Group Holdings, Ltd.	69,640,000	5,342,205		
Future Bright Holdings, Ltd.	16,806,000	924,716		
Total China/Hong Kong		15,027,386		
AUSTRALIA: 0.9%				
Oil Search, Ltd.	746,290	3,721,628		
Total Australia		3,721,628		
SINGAPORE: 0.7%				
Yoma Strategic Holdings, Ltd.	10,610,166	3,022,157		
Total Singapore		3,022,157		
TOTAL INVESTMENTS: 95.2%				407,719,523
(Cost \$445,813,418)				
CASH AND OTHER ASSETS, LESS LIABILITIES: 4.8%				20,767,701
NET ASSETS: 100.0%				\$428,487,224

Schedule of Investments^a (unaudited) (continued)

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b Non-income producing security.
- † Affiliated Issuer, as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of this issuer).
- JSC Joint Stock Co.

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Michael J. Oh, CFA

Lead Manager

Sunil Asnani

Co-Manager

Tiffany Hsiao, CFA

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MATFX	MITEX
CUSIP	577130883	577125859
Inception	12/27/99	4/30/13
NAV	\$13.41	\$13.49
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.19%	1.02%

Portfolio Statistics

Total # of Positions	43
Net Assets	\$292.3 million
Weighted Average Market Cap	\$98.7 billion
Portfolio Turnover ²	85.73%

Benchmark

MSCI AC Asia ex Japan Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 located in Asia that Matthews believes are innovators in their products, services, processes, business models, management, use of technology, or approach to creating, expanding or servicing their markets. Asia consists of all countries and markets in Asia, including developed, emerging, and frontier countries and markets in the Asian region.

Matthews Asia Innovators Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asia Innovators Fund returned 19.09% (Investor Class) and 19.17% (Institutional Class), while its benchmark, the MSCI All Country Asia ex Japan Index, returned 10.83% over the same period. For the quarter ending June 30, 2019, the Fund returned 1.67% (Investor Class) and 1.81% (Institutional Class), while the benchmark returned -0.56%.

Market Environment:

Asia's capital markets rallied at the start of the year, led by Chinese equities. Volatility flared in May, followed by a rebound for equity prices in June. The dominant factors driving Asia capital markets over the short term were political, stemming from rhetoric around trade relations between the U.S. and China. Following the recent G-20 Summit, the tone of dialogue surrounding trade issues improved, even though negotiations provided few details and trade issues are likely to linger. Despite recent volatility, China's domestic markets and the Hong Kong market were among the best-performing markets in Asia.

As economic data in the U.S. continued to soften, the U.S. Federal Reserve began to use language suggesting the potential for future rate cuts. The prospect of lower U.S. rates provided support to Asian and emerging market currencies against the U.S. dollar as well as allowed emerging market central banks to ease monetary conditions to support their economies. While China's policymakers have not yet rolled out significant stimulus, market participants seemed reassured by incremental shifts in policy support for economic growth.

Performance Contributors and Detractors:

The Fund outperformed its benchmark in the first half, as well as in the second quarter. An important contributor to performance was stock selection in China. When the U.S.-China trade negotiations faltered toward the end of 2018, we saw an opportunity to buy quality Chinese growth stocks at lower valuations. We took advantage of market conditions to concentrate our China holdings into fewer positions, while adding to some of our existing, higher-conviction names. This approach yielded strong results in the first half as Chinese equities rallied, outperforming the rest of Asia. A mild detractor from performance during the period, meanwhile, was stock selection in South Korea.

Among individual stocks, a major contributor during the first half was China International Travel Service, an operator of duty-free stores. With a dominant market position in duty-free stores in China, the company has been well-positioned to take advantage of several secular trends, including increased outbound Chinese travel, rising incomes and rising luxury sales. Consumers who used to make duty-free purchases abroad can now make them at home. The company's focus on China's domestic consumers provides attractive growth potential and we believe the company has demonstrated strong execution on its marketing plans.

In contrast, South Korean food producer Orion detracted from performance. The company's stock price declined on slowing domestic sales growth, but we remain constructive on the company's underlying business model. In addition to selling its products in South Korea, it also sells in Vietnam and Russia, where sales have been stronger. Orion's product innovation remains sound and we continue to like the company's long-term prospects, so we will continue to monitor and evaluate the position.

Notable Portfolio Changes:

During the second quarter, we added several new stocks to the portfolio. Among these new positions, Innovent Biologics is one of China's largest biosimilar companies, with a strong pipeline of new products in development. We believe Innovent

(continued)

¹ Prospectus expense ratios.

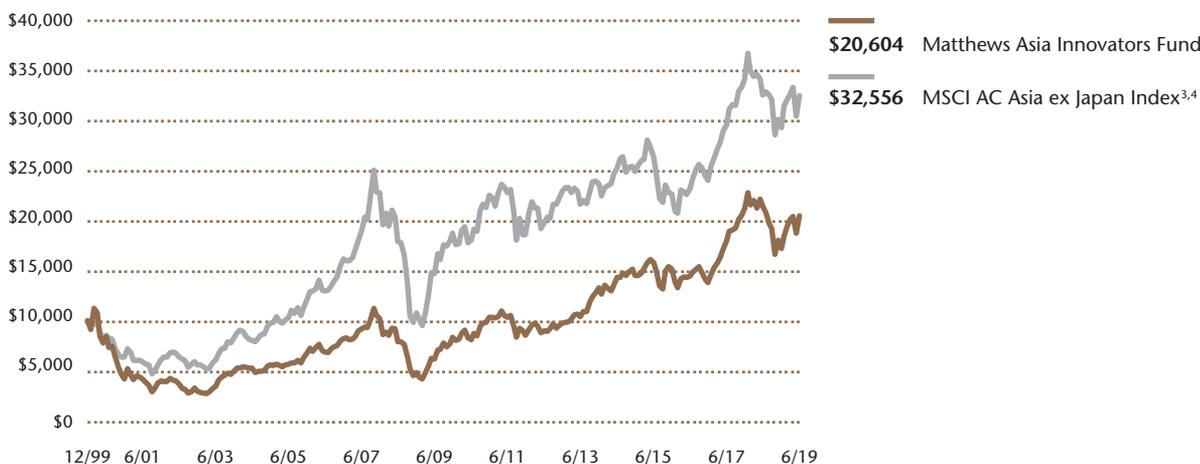
² The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Since Inception	Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years		
Investor Class (MATFX)	1.67%	19.09%	-4.36%	12.26%	7.34%	12.51%	3.77%	12/27/1999
Institutional Class (MITEX)	1.81%	19.17%	-4.11%	12.49%	7.55%	n.a.	11.38%	4/30/2013
MSCI AC Asia ex Japan Index ³	-0.56%	10.83%	-0.18%	11.81%	5.14%	8.17%	6.24% ⁴	

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. For the Fund's most recent month-end performance, visit matthewsasia.com.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

³ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁴ Calculated from 12/31/99.

TOP TEN HOLDINGS⁵

	Sector	Country	% of Net Assets
Alibaba Group Holding, Ltd.	Consumer Discretionary	China/Hong Kong	7.2%
HDFC Bank, Ltd.	Financials	India	5.8%
Tencent Holdings, Ltd.	Communication Services	China/Hong Kong	5.4%
Ping An Insurance Group Co. of China, Ltd.	Financials	China/Hong Kong	4.5%
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.	Consumer Staples	China/Hong Kong	3.9%
China International Travel Service Corp., Ltd.	Consumer Discretionary	China/Hong Kong	3.7%
Jiangsu Hengrui Medicine Co., Ltd.	Health Care	China/Hong Kong	3.7%
AIA Group, Ltd.	Financials	China/Hong Kong	3.4%
Inner Mongolia Yili Industrial Group Co., Ltd.	Consumer Staples	China/Hong Kong	3.1%
PT Bank Rakyat Indonesia Persero	Financials	Indonesia	3.0%
% OF ASSETS IN TOP TEN			43.7%

⁵ Holdings may combine more than one security from same issuer and related depositary receipts.

COUNTRY ALLOCATION (%) ^{6,7}	
China/Hong Kong	61.6
India	11.9
South Korea	10.2
Indonesia	5.6
Bangladesh	2.5
Vietnam	2.4
Philippines	1.4
Cash and Other Assets, Less Liabilities	4.4
SECTOR ALLOCATION (%) ⁷	
Financials	23.8
Consumer Discretionary	19.0
Communication Services	17.1
Health Care	14.6
Consumer Staples	14.0
Information Technology	4.3
Real Estate	2.8
Cash and Other Assets, Less Liabilities	4.4
MARKET CAP EXPOSURE (%) ⁷	
Mega Cap (over \$25B)	55.8
Large Cap (\$10B–\$25B)	10.3
Mid Cap (\$3B–10B)	15.3
Small Cap (under \$3B)	14.2
Cash and Other Assets, Less Liabilities	4.4

⁶ Not all countries are included in the benchmark index.

⁷ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Matthews Asia Innovators Fund

Portfolio Manager Commentary (unaudited) (continued)

is well-positioned to capture market share in oncology treatments. Another new Chinese health care company, drug manufacturer Hansoh Pharmaceutical Group, is a recent IPO in China's domestic A-share market. Hansoh focused on oncology, as well as other treatments. Turning to South Korea, we added pharmaceutical company Hugel, which continues to innovate, revamping its product line-up and channel strategies. During the second quarter, we exited several positions, including the Mumbai-based IndusInd Bank and Bangkok-based banking group Kasikornbank. In both cases, we were seeking to replace these holdings with higher quality, more innovative companies.

Outlook:

Looking ahead, we expect interest rates to ease or hold steady, while oil prices seem to remain in check. Both conditions are positives for Asia currencies. China's policymakers also have signaled a willingness to take a more proactive stance in using fiscal and monetary policy to support growth. Elections in India and Indonesia resulted in wins for the incumbents, adding a sense of political stability in both countries. With elections concluded, reform cycles in both countries could get a boost.

Trade tensions between the U.S. and China present both risks and opportunities. While these tensions can disrupt markets over the short term, we believe they strengthen the case for investing in Asia equities over the long term. China is likely to become increasingly self-sufficient as it looks for ways to replace imports impacted by tariffs and is likely to create shifts in the competitive landscape in the process. Investing with a long-term view, we seek to take advantage of short-term market disruptions by buying quality growth companies at attractive valuations.

Innovative companies will continue to find ways to grow and prosper. Asia's consumers enjoy rising income levels and consistently seek to upgrade their quality of life in areas from health care and education, to technology and consumer staples. The growing purchasing power of the Asian consumer creates attractive opportunities for long-term investors with a sharp focus on innovation.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 93.3%

	Shares	Value
CHINA/HONG KONG: 61.7%		
Alibaba Group Holding, Ltd. ADR ^b	124,300	\$21,062,635
Tencent Holdings, Ltd.	350,300	15,847,369
Ping An Insurance Group Co. of China, Ltd. H Shares	1,090,000	13,107,115
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. A Shares	643,650	11,419,573
China International Travel Service Corp., Ltd. A Shares	841,872	10,876,208
Jiangsu Hengrui Medicine Co., Ltd. A Shares	1,118,055	10,760,042
AIA Group, Ltd.	933,800	10,084,015
Inner Mongolia Yili Industrial Group Co., Ltd. A Shares	1,877,336	9,147,929
China Resources Land, Ltd.	1,870,000	8,233,209
Wuxi Biologics Cayman, Inc. ^{b,c,d}	910,000	8,164,069
Momo, Inc. ADR	177,900	6,368,820
Bilibili, Inc. ADR ^b	383,600	6,241,172
Silergy Corp.	307,000	6,018,933
58.com, Inc. ADR ^b	85,000	5,284,450
Meituan Dianping Class B ^{b,d}	567,100	4,981,013
GreenTree Hospitality Group, Ltd. ADR	371,077	4,824,001
Tencent Music Entertainment Group ADR ^b	296,156	4,439,379
Genscript Biotech Corp. ^b	1,510,000	3,788,968
Haidilao International Holding, Ltd. ^{c,d}	890,000	3,713,926
BeiGene, Ltd. ADR ^b	29,600	3,668,920
Innovent Biologics, Inc. ^{b,c,d}	1,084,000	3,662,140
Midea Group Co., Ltd. A Shares	407,821	3,089,780
iQIYI, Inc. ADR ^b	123,300	2,546,145
Sun Art Retail Group, Ltd.	1,606,000	1,521,980
Hansoh Pharmaceutical Group Co., Ltd. ^{b,c,d}	542,000	1,432,761
Total China/Hong Kong		180,284,552
INDIA: 11.9%		
HDFC Bank, Ltd.	478,904	16,963,376
Housing Development Finance Corp., Ltd.	215,007	6,827,149
Info Edge India, Ltd.	172,029	5,606,484
Kotak Mahindra Bank, Ltd.	247,560	5,297,546
Total India		34,694,555
SOUTH KOREA: 7.9%		
LG Household & Health Care, Ltd.	5,389	6,137,885
Orion Corp.	73,241	5,872,008
Hugel, Inc. ^b	10,869	3,950,842
Yuhan Corp.	17,230	3,650,232
NAVER Corp.	35,741	3,532,315
Total South Korea		23,143,282
INDONESIA: 5.6%		
PT Bank Rakyat Indonesia Persero	28,877,400	8,915,178
PT Bank Tabungan Pensiunan Nasional Syariah ^b	19,829,700	4,842,444
PT Mayora Indah	15,221,400	2,672,623
Total Indonesia		16,430,245

	Shares	Value
BANGLADESH: 2.4%		
Square Pharmaceuticals, Ltd.	1,161,588	\$3,615,811
BRAC Bank, Ltd. ^b	4,508,541	3,547,181
Total Bangladesh		7,162,992
VIETNAM: 2.4%		
Mobile World Investment Corp.	983,293	3,920,206
Phu Nhuan Jewelry JSC	960,253	3,013,467
Total Vietnam		6,933,673
PHILIPPINES: 1.4%		
Puregold Price Club, Inc.	4,761,770	4,183,646
Total Philippines		4,183,646
TOTAL COMMON EQUITIES		272,832,945
(Cost \$226,903,809)		
PREFERRED EQUITIES: 2.3%		
SOUTH KOREA: 2.3%		
Samsung Electronics Co., Ltd., Pfd.	199,826	6,627,102
Total South Korea		6,627,102
TOTAL PREFERRED EQUITIES		6,627,102
(Cost \$5,710,033)		
TOTAL INVESTMENTS: 95.6%		279,460,047
(Cost \$232,613,842)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 4.4%		12,858,940
NET ASSETS: 100.0%		\$292,318,987

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b Non-income producing security.
- c Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$16,972,896, which is 5.81% of net assets.
- d The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
- ADR American Depositary Receipt
JSC Joint Stock Co.
Pfd. Preferred

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Andrew Mattock, CFA

Lead Manager

Winnie Chwang

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MCHFX	MICFX
CUSIP	577130701	577130818
Inception	2/19/98	10/29/10
NAV	\$17.57	\$17.55
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.10%	0.91%

Portfolio Statistics

Total # of Positions	46
Net Assets	\$863.5 million
Weighted Average Market Cap	\$158.3 billion
Portfolio Turnover ²	96.98%

Benchmarks

MSCI China Index

MSCI China All Shares Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 located in China. China includes its administrative and other districts, such as Hong Kong.

Matthews China Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews China Fund returned 22.27% (Investor Class) and 22.47% (Institutional Class), while its benchmark, the MSCI China Index, returned 13.08% over the same period. For the quarter ending June 30, 2019, the Matthews China Fund returned -1.46% (Investor Class) and -1.40% (Institutional Class), while the benchmark returned -3.92%.

Market Environment:

Chinese equities posted some of the strongest results in Asia in the first six months, even amid rising volatility during the second quarter. Equity prices rallied from January through April, then fell in May as trade-related uncertainty escalated. In June, equities regained a bit of ground as trade conflicts receded. While China's policymakers have not yet rolled out significant stimulus, market participants seemed reassured by incremental shifts in policy support for economic growth. These efforts include a mild easing in credit policy, accommodative monetary policy and a fiscal policy that includes consumer-friendly tax cuts. Chinese corporate earnings remain relatively robust and valuations continue to be some of the most attractive within emerging markets. While the Chinese economy is slowing slightly, the government's easing posture could help to mitigate some tail risks in the near term.

Performance Contributors and Detractors:

The Fund outperformed its benchmark in the first half, while also providing some downside protection during the volatile second quarter. From a sector perspective, stock selection in consumer staples, communication services, financials and real estate were all positive contributors to relative and absolute performance in the first half. The Fund's holdings in the information technology sector were the only relative detractors in the half due to stock selection.

Among individual stocks, a strong contributor was Wuliangye Yibin. As the second-largest liquor company in China, Wuliangye Yibin specializes in manufacturing "baijiu," a clear liquor made from grain. Demonstrating high return on invested capital, Wuliangye Yibin also enjoys improving earnings and a solid growth outlook. We believe the company has more room for expanding its profit margins relative to its largest peer. Wuliangye Yibin is introducing premium products into its line-up, which works in its favor and creates an opportunity to grow its overall market share. Consumer spending is an important theme for our bottom-up research process and we find Wuliangye Yibin to be a compelling long-term growth opportunity within the consumer staples sector.

Meanwhile, a detractor was Focus Media Information Technology, one of the largest outdoor advertising companies in China. Focus Media's advertising capabilities include digital screens in the elevators of commercial buildings, as well as traditional billboards and outdoor poster boards. With access to hundreds of thousands of billboards and digital screens, Focus Media can easily deploy large-scale ad campaigns in China. Owing to softness in the general economy, however, advertising spending has slowed, hurting recent earnings and sending the stock price lower during the reporting period. Despite short-term weakness in its stock price, we continue to like the company's long-term prospects. We believe it enjoys a strong competitive and dominant position and remains well-positioned for future growth.

Notable Portfolio Changes:

During the second quarter, we added two new positions, Luxshare Precision Industry and Lepu Medical Technology Beijing, both representing China's domestic A-share market. Luxshare Precision Industry is a handset component maker

(continued)

¹ Prospectus expense ratios.

² The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Since Inception	Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years		
Investor Class (MCHFX)	-1.46%	22.27%	-3.79%	18.21%	8.43%	7.42%	9.68%	2/19/98
Institutional Class (MICFX)	-1.40%	22.47%	-3.55%	18.45%	8.60%	n.a.	3.75%	10/29/10
MSCI China Index ³	-3.92%	13.08%	-6.55%	14.51%	7.58%	6.39%	4.47% ⁴	
MSCI China All Shares Index ³	-3.76%	17.70%	-2.39%	9.93%	8.00%	5.06%	n.a. ⁵	

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. For the Fund's most recent month-end performance, visit matthewsasia.com.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

³ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁴ Calculated from 2/28/98.

⁵ Index performance data prior to 11/25/08 is not available.

TOP TEN HOLDINGS⁵

	Sector	% of Net Assets
Alibaba Group Holding, Ltd.	Consumer Discretionary	10.9%
Tencent Holdings, Ltd.	Communication Services	9.5%
Ping An Insurance Group Co. of China, Ltd.	Financials	4.9%
China Construction Bank Corp.	Financials	4.5%
Industrial & Commercial Bank of China, Ltd.	Financials	4.5%
New China Life Insurance Co., Ltd.	Financials	4.1%
Agricultural Bank of China, Ltd.	Financials	3.8%
AIA Group, Ltd.	Financials	3.3%
China Resources Land, Ltd.	Real Estate	2.9%
Wuliangye Yibin Co., Ltd.	Consumer Staples	2.8%
% OF ASSETS IN TOP TEN		51.2%

⁵ Holdings may combine more than one security from same issuer and related depository receipts.

Matthews China Fund

Portfolio Manager Commentary (unaudited) (continued)

moving into new business areas by focusing on higher value manufacturing opportunities and diversifying its client base. The company demonstrates strong execution and its addressable market continues to expand. Lepu Medical Technology, a pharmaceutical and medical device company, has expanded its core business from medical stents to include cardiovascular drugs. Earlier this year, Lepu was also first to market with a new product line of biodegradable stents, designed to dissolve after use. The company projects attractive profit growth and is attractively valued. During the quarter, we exited a small position in China Shenhua Energy, as we saw little upside potential in coal prices, which remained the most important earnings catalyst for the company.

Outlook:

We are incrementally more positive in our outlook for China. Following the recent G-20 Summit, the tone of dialogue surrounding trade issues improved. Though negotiations provided few details, they likely represented the best outcome that the market could expect. Mindful of how fluid trade talks tend to be, we believe it is possible the upcoming 2020 U.S. presidential elections could put additional pressure on President Trump to negotiate. Skepticism around trade aside, Chinese corporate earnings continue to be among the strongest in emerging markets, albeit with a moderate slowdown in economic activity in China. Should the Chinese economy slow further, most market watchers expect Chinese policymakers to act swiftly to maintain economic stability.

We continue to find a lot of value in the current market, especially given frequent shifts in sentiment related to daily headlines. Investing with a long-term view, we ignore the noise and focus on the fundamentals that promote growth. We pay particular attention to company earnings, as well as secular trends we see on the ground. Amid the current news cycle, it is easy for investors to lose sight of the transformation that is taking place among China's enormous middle class. Income growth has expanded rapidly from the eastern seaboard of China to the country's vast interior. We expect consumers in less-developed urban centers to drive China's economic growth for many years and look for businesses geared toward those opportunity sets.

COUNTRY ALLOCATION (%)⁶

China/Hong Kong	94.9
Cash and Other Assets, Less Liabilities	5.1

SECTOR ALLOCATION (%)⁶

Financials	30.6
Consumer Discretionary	23.0
Communication Services	14.6
Real Estate	8.0
Consumer Staples	6.6
Information Technology	4.5
Health Care	3.4
Materials	2.4
Energy	0.9
Industrials	0.8
Cash and Other Assets, Less Liabilities	5.1

MARKET CAP EXPOSURE (%)⁶

Mega Cap (over \$25B)	64.0
Large Cap (\$10B-\$25B)	10.8
Mid Cap (\$3B-10B)	17.3
Small Cap (under \$3B)	2.8
Cash and Other Assets, Less Liabilities	5.1

⁶ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 94.9%

	Shares	Value
FINANCIALS: 30.6%		
Banks: 12.9%		
China Construction Bank Corp. H Shares	45,327,660	\$39,072,620
Industrial & Commercial Bank of China, Ltd. H Shares	53,423,000	38,994,591
Agricultural Bank of China, Ltd. H Shares	78,928,000	33,033,536
		<u>111,100,747</u>
Insurance: 12.3%		
New China Life Insurance Co., Ltd. H Shares	7,274,600	35,397,289
AIA Group, Ltd.	2,625,200	28,349,280
Ping An Insurance Group Co. of China, Ltd. A Shares	1,933,411	24,991,582
Ping An Insurance Group Co. of China, Ltd. H Shares	1,457,000	17,520,244
		<u>106,258,395</u>
Capital Markets: 5.4%		
Hong Kong Exchanges & Clearing, Ltd.	458,100	16,189,296
CITIC Securities Co., Ltd. H Shares	7,671,000	15,998,882
China International Capital Corp., Ltd. H Shares ^{b,c}	7,311,600	14,758,382
		<u>46,946,560</u>
Total Financials		<u>264,305,702</u>
CONSUMER DISCRETIONARY: 23.0%		
Internet & Direct Marketing Retail: 14.0%		
Alibaba Group Holding, Ltd. ADR ^d	555,300	94,095,585
Ctrip.com International, Ltd. ADR ^d	386,900	14,280,479
JD.com, Inc. ADR ^d	423,779	12,836,266
		<u>121,212,330</u>
Hotels, Restaurants & Leisure: 3.1%		
China International Travel Service Corp., Ltd. A Shares	1,129,178	14,587,936
Galaxy Entertainment Group, Ltd.	1,744,000	11,731,889
		<u>26,319,825</u>
Household Durables: 2.3%		
Midea Group Co., Ltd. A Shares	2,606,891	19,750,626
Automobiles: 2.0%		
Brilliance China Automotive Holdings, Ltd.	15,866,000	17,546,067
Specialty Retail: 1.6%		
Zhongsheng Group Holdings, Ltd.	4,934,000	13,757,201
Total Consumer Discretionary		<u>198,586,049</u>
COMMUNICATION SERVICES: 14.6%		
Interactive Media & Services: 13.7%		
Tencent Holdings, Ltd.	1,821,300	82,394,554
58.com, Inc. ADR ^d	212,700	13,223,559
Momo, Inc. ADR	242,300	8,674,340
YY, Inc. ADR ^d	119,900	8,355,831
SINA Corp. ^d	142,600	6,150,338
		<u>118,798,622</u>
Entertainment: 0.9%		
Tencent Music Entertainment Group ADR ^d	290,700	4,357,593
iQIYI, Inc. ADR ^d	148,600	3,068,590
		<u>7,426,183</u>
Total Communication Services		<u>126,224,805</u>

	Shares	Value
REAL ESTATE: 8.0%		
Real Estate Management & Development: 8.0%		
China Resources Land, Ltd.	5,768,000	\$25,395,267
Times China Holdings, Ltd.	9,295,000	18,609,247
CIFI Holdings Group Co., Ltd.	21,900,000	14,430,633
China Overseas Property Holdings, Ltd.	20,890,000	10,891,232
Total Real Estate		<u>69,326,379</u>
CONSUMER STAPLES: 6.6%		
Beverages: 5.0%		
Wuliangye Yibin Co., Ltd. A Shares	1,410,347	24,282,783
Kweichow Moutai Co., Ltd. A Shares	132,789	19,064,972
		<u>43,347,755</u>
Food Products: 1.6%		
Inner Mongolia Yili Industrial Group Co., Ltd. A Shares	2,722,997	13,268,687
Total Consumer Staples		<u>56,616,442</u>
INFORMATION TECHNOLOGY: 4.5%		
Electronic Equipment, Instruments & Components: 2.8%		
Luxshare Precision Industry Co., Ltd. A Shares	2,520,340	9,135,184
AVIC Jonhon Optronic Technology Co., Ltd. A Shares	1,813,623	8,848,497
Kingboard Holdings, Ltd.	2,409,500	6,710,845
		<u>24,694,526</u>
IT Services: 0.8%		
Chinasoft International, Ltd.	14,170,000	6,979,702
Technology Hardware, Storage & Peripherals: 0.7%		
Focus Media Information Technology Co., Ltd. A Shares	7,504,767	5,799,184
Semiconductors & Semiconductor Equipment: 0.2%		
ASM Pacific Technology, Ltd.	148,100	1,518,381
Total Information Technology		<u>38,991,793</u>
HEALTH CARE: 3.5%		
Pharmaceuticals: 1.8%		
Sino Biopharmaceutical, Ltd.	14,706,000	15,045,349
Health Care Equipment & Supplies: 1.0%		
Lepu Medical Technology Beijing Co., Ltd. A Shares	2,634,606	8,838,487
Health Care Technology: 0.7%		
Ping An Healthcare and Technology Co., Ltd. ^{b,c,d}	1,396,400	5,829,464
Total Health Care		<u>29,713,300</u>
MATERIALS: 2.4%		
Construction Materials: 1.7%		
Anhui Conch Cement Co., Ltd. A Shares	2,202,329	13,319,104
China Jushi Co., Ltd. A Shares	996,797	1,385,630
		<u>14,704,734</u>
Chemicals: 0.7%		
Wanhua Chemical Group Co., Ltd. A Shares	969,634	6,053,111
Total Materials		<u>20,757,845</u>

Schedule of Investments^a (unaudited) (continued)

COMMON EQUITIES (continued)

	Shares	Value
ENERGY: 0.9%		
Oil, Gas & Consumable Fuels: 0.9%		
China Petroleum & Chemical Corp. H Shares	11,250,000	<u>\$7,663,723</u>
Total Energy		<u>7,663,723</u>
INDUSTRIALS: 0.8%		
Professional Services: 0.8%		
51job, Inc. ADR ^d	94,400	<u>7,127,200</u>
Total Industrials		<u>7,127,200</u>
TOTAL INVESTMENTS: 94.9%		819,313,238
(Cost \$797,202,659)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 5.1%		<u>44,139,077</u>
NET ASSETS: 100.0%		<u>\$863,452,315</u>

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
 - b Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$20,587,846, which is 2.38% of net assets.
 - c The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
 - d Non-income producing security.
- ADR American Depositary Receipt

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Sunil Asnani

Lead Manager

Sharat Shroff, CFA

Co-Manager

Peeyush Mittal

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MINDX	MIDNX
CUSIP	577130859	577130768
Inception	10/31/05	10/29/10
NAV	\$26.92	\$27.18
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.09%	0.90%

Portfolio Statistics

Total # of Positions	53
Net Assets	\$1.5 billion
Weighted Average Market Cap	\$17.3 billion
Portfolio Turnover ²	20.87%

Benchmark

S&P Bombay Stock Exchange 100 Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its net assets, which include borrowings for investment purposes, in publicly traded common stocks, preferred stocks and convertible securities of companies located in India.

Matthews India Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews India Fund returned 2.28% (Investor Class) and 2.34% (Institutional Class) while its benchmark, the S&P Bombay Stock Exchange 100 Index, returned 8.52%. For the quarter ending June 30, the Fund returned -3.06% (Investor Class) and -3.07% (Institutional Class), while its benchmark returned 1.78%.

Market Environment:

India's equity markets were somewhat more volatile during the second quarter of the year compared to the first quarter. We continued to see investors pull funds out of small- and mid-capitalization stocks in favor of large capitalization stocks.

Earlier in the year, India's general elections were conducted over seven phases, spanning about six weeks and concluding with the victory of Prime Minister Narendra Modi's party by a decisive mandate. Stock market reaction after Modi's party easily secured a majority in the lower house of parliament was relatively muted, suggesting that markets were already discounting Modi's success.

The Reserve Bank of India (RBI), the country's central bank, continued with monetary policy easing, cutting repo rates twice during the second quarter amid benign consumer inflation and a softer economic growth rate. The U.S. Federal Reserve indicated a more accommodative monetary policy stance and also allowed the RBI greater freedom to bring down policy rates.

India's financials sector continued to witness tight liquidity on the back of solvency concerns for some non-banking financial (NBFC) firms. Lack of funding to NBFCs has negatively impacted asset financing across the country. This, in turn, has contributed to slowing GDP growth. Thus far, the central government has been averse to infusing capital in these failing NBFCs, a prudent decision in our view.

Performance Contributors and Detractors:

The Fund's underperformance during both the second quarter and year-to-date periods could be attributed to a mix of challenges with stock selection and allocation. India's small- and mid-cap equity markets had underperformed for quite some time and the portfolio's higher allocation to these segments contributed to the relative underperformance versus the benchmark. Also, our exposure to a few banks with significant exposure to risky assets such as infrastructure leasing and financial services firms was a performance detractor. One such holding was Yes Bank. We had hoped that the bank's change in management as well as increased scrutiny by the central bank would improve its governance and accounting transparency. However, it had brought forward hitherto undisclosed risk exposure, which led to the stock's significant underperformance. While we believed the current management had the right intentions, we exited our position as we became more wary of the holding amid its crisis of liquidity and solvency. We also trimmed our exposure to IndusInd Bank, where the problem was less pronounced but our conviction in the management's ability to deliver secular and profitable growth was shaken.

Another stock-specific challenge to the portfolio during the second quarter came from our position in Blue Dart Express, India's leading express logistics provider. Blue Dart has not benefited enough from the growth in e-commerce, where it had underinvested in expanding its last-mile reach compared to certain start-up competitors. In recent quarters, the company began to try to rectify the situation by investing more toward this end, and this led to its underperformance. This was driven by a margin contraction, part of which we believe should recover.

(continued)

¹ Prospectus expense ratios.

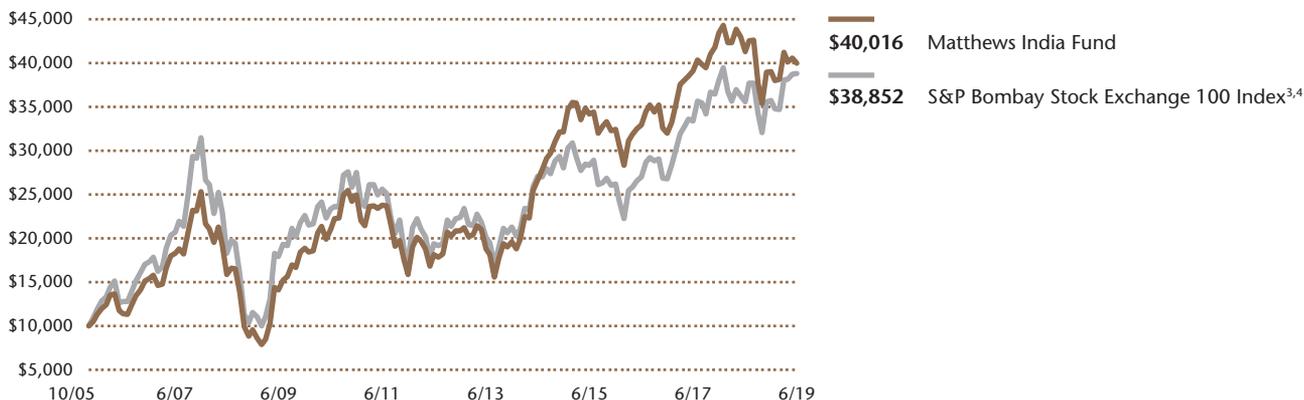
² The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns							Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	
Investor Class (MINDX)	-3.06%	2.28%	-3.28%	6.61%	8.43%	11.02%	10.68%	10/31/05
Institutional Class (MIDNX)	-3.07%	2.34%	-3.13%	6.81%	8.64%	n.a.	5.53%	10/29/10
S&P Bombay Stock Exchange 100 Index ³	1.78%	8.52%	9.04%	12.87%	7.46%	8.06%	10.44% ⁴	

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. For the Fund's most recent month-end performance, visit matthewsasiasia.com.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

³ It is not possible to invest directly in an index. Source: Index data from S&P BSE 100 Index and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁴ Calculated from 10/31/05.

TOP TEN HOLDINGS⁵

	Sector	% of Net Assets
HDFC Bank, Ltd.	Financials	6.0%
Suzuki Motor Corp.	Consumer Discretionary	5.9%
Eicher Motors, Ltd.	Consumer Discretionary	5.0%
Kotak Mahindra Bank, Ltd.	Financials	4.5%
VST Industries, Ltd.	Consumer Staples	4.0%
Axis Bank, Ltd.	Financials	3.9%
Cholamandalam Investment and Finance Co., Ltd.	Financials	3.8%
Wipro, Ltd.	Information Technology	3.3%
ITC, Ltd.	Consumer Staples	3.0%
Shriram City Union Finance, Ltd.	Financials	2.9%
% OF ASSETS IN TOP TEN		42.3%

⁵ Holdings may combine more than one security from same issuer and related depository receipts.

Matthews India Fund

Portfolio Manager Commentary (unaudited) (continued)

The Fund's underperformance in the second quarter was partly mitigated by our avoidance of energy stocks, and stock-specific factors within the communication services and health care sectors. Within communication services, we have avoided stressed media and telecom companies. Instead, we held Info Edge India, a profitable and growing internet company. Within health care, we initiated a new position in Syngene International, a leading clinical contract research organization that has been able to build a track record of quality outsourced custom research within small molecules. While Syngene is not immune to pricing pressures, its business is quite sticky and underpenetrated, leaving enough headroom for profitable growth.

Notable Portfolio Changes:

We exited Yes Bank and Emami during the second quarter. We had long held our position in Emami but had been trimming it over the years due to rich valuations amid deteriorating fundamentals. During the first half of the year, we sold out of the holding completely as we felt that the company's internal systems and practices were not robust enough to deal with certain external shocks, including India's demonetization program, the Goods and Services Tax and recent liquidity issues in the financial sector.

In addition to Syngene, we also initiated new positions in certain small-cap financial companies led by strong management in underpenetrated segments, and in Lupin, a transnational pharmaceutical firm. Lupin's stock price underwent substantial correction due to certain FDA observations in its plants, which also affected its approval for new molecules in the U.S. market. The company has, however, increased its addressable market size within the domestic market using innovation and by building relationships with doctors using practices that are more sustainable and, in our view, it should be able to recover from its earnings slump in the near to medium term.

Outlook:

A primary challenge seems to be growth, not just in India but globally, and it would be simplistic to believe that India would be immune to the global events such as U.S.–China trade conflicts, Fed policy moves and economic slowdown. Given the backdrop, we believe that India's central bank should continue to relax monetary policy and we expect Modi to continue pushing for reforms and policy stimulus to return the economy to a higher growth trajectory. Some specific initiatives include affordable housing, an "electricity-for-all" campaign and increasing farmer incomes through a multipronged approach of infrastructure spending, direct benefits transfer and farm productivity measures. Despite government efforts, weak monsoons in India can be a spoilsport. Monsoon rainfall across the country currently is far short of long-term averages, and if the trend continues it is likely to have a negative impact on farm productivity. That in turn would lead to a rise in food inflation. At a sector level, we expect the pricing pressures in overseas pharmaceutical companies to moderate. Within financials, we anticipate India's liquidity woes to settle and find equilibrium as stronger NBFCs, banks and corporations take over, replacing weaker ones.

COUNTRY ALLOCATION (%) ⁶	
India	91.2
Japan	5.9
United States	2.3
Cash and Other Assets, Less Liabilities	0.5

SECTOR ALLOCATION (%) ⁶	
Financials	38.3
Consumer Discretionary	13.7
Consumer Staples	12.5
Information Technology	12.2
Health Care	11.1
Industrials	6.6
Materials	3.0
Communication Services	2.0
Cash and Other Assets, Less Liabilities	0.5

MARKET CAP EXPOSURE (%) ⁶	
Mega Cap (over \$25B)	23.6
Large Cap (\$10B–\$25B)	12.0
Mid Cap (\$3B–10B)	20.5
Small Cap (under \$3B)	43.3
Cash and Other Assets, Less Liabilities	0.5

⁶ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 99.5%

	Shares	Value		Shares	Value
FINANCIALS: 38.3%					
Banks: 21.8%					
HDFC Bank, Ltd.	2,483,613	\$87,972,667			
Kotak Mahindra Bank, Ltd.	3,092,902	66,185,130			
Axis Bank, Ltd. ^b	4,913,532	57,537,242			
DCB Bank, Ltd.	11,969,871	41,122,740			
IndusInd Bank, Ltd.	1,434,610	29,314,659			
Bandhan Bank, Ltd. ^{c,d}	3,589,314	28,007,097			
AU Small Finance Bank, Ltd. ^{c,d}	1,009,868	10,302,488			
		320,442,023			
Consumer Finance: 11.5%					
Cholamandalam Investment and Finance Co., Ltd.	13,471,420	55,740,211			
Shriram City Union Finance, Ltd.	1,827,872	42,896,835			
Bajaj Finance, Ltd.	699,054	37,270,216			
Sundaram Finance, Ltd.	695,531	16,844,377			
CreditAccess Grameen, Ltd. ^b	2,032,000	15,283,440			
		168,035,079			
Thrifths & Mortgage Finance: 2.7%					
Aavas Financiers, Ltd. ^b	1,174,534	25,511,265			
Housing Development Finance Corp., Ltd.	463,821	14,727,777			
		40,239,042			
Capital Markets: 2.3%					
CRISIL, Ltd.	1,209,256	26,063,099			
Indian Energy Exchange, Ltd. ^{c,d}	3,497,308	7,304,502			
		33,367,601			
Total Financials		562,083,745			
CONSUMER DISCRETIONARY: 13.7%					
Automobiles: 10.9%					
Suzuki Motor Corp.	1,839,100	86,522,548			
Eicher Motors, Ltd.	266,539	73,865,116			
		160,387,664			
Household Durables: 2.8%					
Symphony, Ltd.	1,821,995	32,548,750			
LA Opala RG, Ltd.	2,937,800	8,254,483			
		40,803,233			
Total Consumer Discretionary		201,190,897			
CONSUMER STAPLES: 12.5%					
Tobacco: 7.0%					
VST Industries, Ltd. [†]	1,167,175	58,149,139			
ITC, Ltd.	11,237,066	44,559,519			
		102,708,658			
Personal Products: 2.8%					
Bajaj Consumer Care, Ltd.	6,084,114	29,073,565			
Dabur India, Ltd.	1,186,347	6,883,431			
Marico, Ltd.	1,003,404	5,390,634			
		41,347,630			
Food Products: 2.7%					
Zyduz Wellness, Ltd.	1,734,795	\$33,624,660			
Nestle India, Ltd.	30,163	5,205,543			
		38,830,203			
Total Consumer Staples		182,886,491			
INFORMATION TECHNOLOGY: 12.2%					
IT Services: 11.7%					
Wipro, Ltd.	12,047,428	49,042,902			
NIIT Technologies, Ltd.	1,831,786	35,694,753			
Cognizant Technology Solutions Corp. Class A	535,500	33,945,345			
Mphasis, Ltd.	1,464,076	21,305,741			
eClerx Services, Ltd.	1,786,518	19,844,449			
Larsen & Toubro Infotech, Ltd. ^{c,d}	302,596	8,021,258			
Tata Consultancy Services, Ltd.	137,397	4,433,726			
		172,288,174			
Software: 0.5%					
Tata Elxsi, Ltd.	578,649	7,418,464			
Total Information Technology		179,706,638			
HEALTH CARE: 11.1%					
Pharmaceuticals: 8.8%					
Alembic Pharmaceuticals, Ltd.	4,147,557	30,567,387			
Caplin Point Laboratories, Ltd. [†]	3,870,311	25,303,651			
Ajanta Pharma, Ltd.	1,804,060	24,976,190			
Natco Pharma, Ltd.	2,922,192	22,652,429			
Lupin, Ltd.	1,337,380	14,622,977			
Eris Lifesciences, Ltd. ^{b,c,d}	1,585,606	11,713,879			
		129,836,513			
Life Sciences Tools & Services: 1.6%					
Syngene International, Ltd. ^{c,d}	4,785,970	23,182,911			
Health Care Equipment & Supplies: 0.7%					
Poly Medicare, Ltd.	3,594,824	9,959,945			
Total Health Care		162,979,369			
INDUSTRIALS: 6.6%					
Machinery: 3.3%					
AIA Engineering, Ltd. ^b	992,659	25,787,619			
Ashok Leyland, Ltd.	18,445,155	23,305,017			
		49,092,636			
Airlines: 2.0%					
InterGlobe Aviation, Ltd. ^{c,d}	1,312,651	29,639,562			
Air Freight & Logistics: 1.3%					
Blue Dart Express, Ltd.	475,939	18,513,546			
Total Industrials		97,245,744			
MATERIALS: 3.0%					
Chemicals: 2.7%					
UPL, Ltd.	1,618,842	21,987,307			
Castrol India, Ltd.	5,743,813	11,030,517			
Pidilite Industries, Ltd.	322,373	5,671,136			
Gulf Oil Lubricants India, Ltd.	105,452	1,313,959			
		40,002,919			

Schedule of Investments^a (unaudited) (continued)

COMMON EQUITIES (continued)

	Shares	Value
Metals & Mining: 0.3%		
NMDC, Ltd.	2,713,195	<u>\$4,437,718</u>
Total Materials		<u>44,440,637</u>
COMMUNICATION SERVICES: 2.1%		
Interactive Media & Services: 2.1%		
Info Edge India, Ltd.	923,698	<u>30,103,632</u>
Total Communication Services		<u>30,103,632</u>
TOTAL INVESTMENTS: 99.5%		<u>1,460,637,153</u>
(Cost \$1,291,453,321)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 0.5%		
		<u>8,058,539</u>
NET ASSETS: 100.0%		<u><u>\$1,468,695,692</u></u>

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b Non-income producing security.
- c Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$118,171,697, which is 8.05% of net assets.
- d The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
- † Affiliated Issuer, as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of this issuer).

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Taizo Ishida

Lead Manager

Shuntaro Takeuchi

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MJFOX	MIJFX
CUSIP	577130800	577130792
Inception	12/31/98	10/29/10
NAV	\$21.08	\$21.12
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	0.91%	0.85%

Portfolio Statistics

Total # of Positions	53
Net Assets	\$2.7 billion
Weighted Average Market Cap	\$22.7 billion
Portfolio Turnover ²	46.11%

Benchmark

MSCI Japan Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 located in Japan.

Matthews Japan Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Japan Fund returned 13.76% (Investor Class) and 13.73% (Institutional Class), while its benchmark, the MSCI Japan Index, returned 7.97% over the same period. For the quarter ending June 30, 2019, the Fund returned 0.96% (Investor Class) and 0.96% (Institutional Class), while its benchmark returned 1.05%.

Market Environment:

Japanese equities posted solid gains in the first half, even as global markets experienced swings in sentiment. Early this year, the U.S. Federal Reserve's pause in rate hikes improved investor sentiment and Japan equity valuations came back from their lowest levels since the start of the Abenomics era. In May, however, trade friction between U.S. and China intensified, with tariff hikes and a temporary U.S. ban of Huawei products dampening export companies and the technology sector in particular.

The larger macro environment, meanwhile, continues to slow. Global manufacturing PMI for May came in at 49.8, its lowest level since October 2012. A reading of below 50 indicates a contraction of manufacturing activity. The Bank of Japan's most recent Tankan Survey (announced July 1) showed further deterioration in the outlook among respondents within the manufacturing sector, reflecting the weakness of exports, especially among semiconductor-related products. Domestic consumption remained sluggish, and we expect this will continue with Japan's consumption tax increasing in October to 10% from the current 8%.

Performance Contributors and Detractors:

The Fund's outperformance during the first six months of the year was driven by strong stock selection among smaller and midsize companies, which make up roughly half of the portfolio. While index returns were largely driven by large-cap companies performing better than small caps, we were able to overcome the overall trend with stock selection. From a sector perspective, stock selection in information technology (IT), industrials and health care were positive contributors to performance. Our focus on productivity improvement through software, IT services and automation helped us capture attractive returns within the sector, despite the cyclical downturn in semiconductors and sluggish industrial production. Our holdings in the consumer discretionary sector, meanwhile, detracted from performance.

Turning to individual securities, Net One Systems was a strong contributor in the first half. The company is transforming from a hardware-centric business model to one that is maintenance- and service-oriented, experiencing margin expansion along the way. Telecom and venture capital firm SoftBank also contributed to performance. SoftBank's share price rose following the announcement of a massive 600 billion yen (US\$5.5 billion) stock buyback. The recent IPO of transportation network company Uber in the U.S. and other unicorn companies going public also spurred interest in other pre-IPO companies that SoftBank and its Vision Fund currently hold.

The largest detractor from performance was dollar-shop retailer Seria. Seria has long enjoyed much higher operating margins than its peers. Competition has intensified, however, while the overall retail environment remain sluggish. Home fashion goods retailer Ryohin Keikaku also was a detractor to performance, after the company reported fiscal year earnings below the guidance that was revised down only three months earlier. Although we believe in the long-term brand equity of the firm's marquee products, we continue to monitor and evaluate its growth prospects and execution abilities.

(continued)

¹ Prospectus expense ratios.

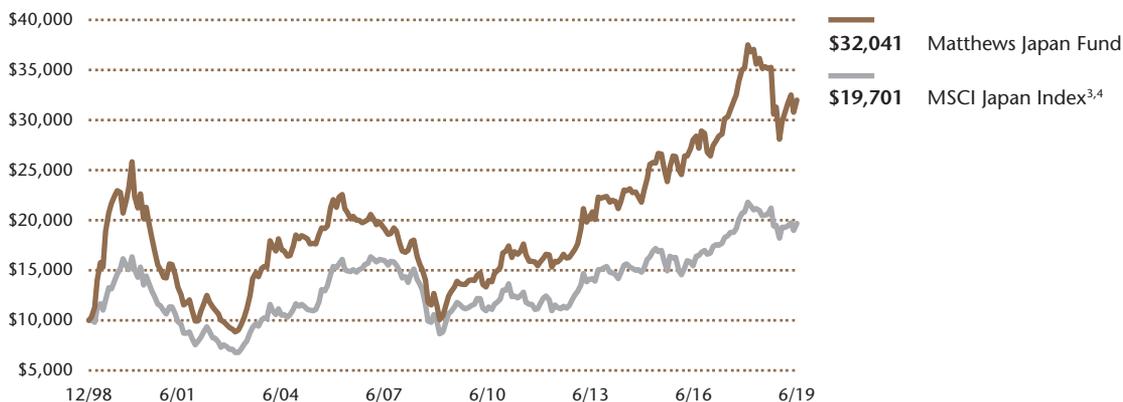
² The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Since Inception	Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years		
Investor Class (MJFOX)	0.96%	13.76%	-9.27%	4.53%	6.77%	9.54%	5.85%	12/31/98
Institutional Class (MIJFX)	0.96%	13.73%	-9.22%	4.61%	6.86%	n.a.	9.21%	10/29/10
MSCI Japan Index ³	1.05%	7.97%	-3.83%	8.44%	4.82%	6.11%	3.36% ⁴	

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. For the Fund's most recent month-end performance, visit matthewsasiasia.com.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

³ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definitions.

⁴ Calculated from 12/31/98.

TOP TEN HOLDINGS⁵

	Sector	% of Net Assets
Tokio Marine Holdings, Inc.	Financials	4.0%
Terumo Corp.	Health Care	3.4%
Nippon Telegraph & Telephone Corp.	Communication Services	3.4%
Kyowa Exeo Corp.	Industrials	3.4%
Keyence Corp.	Information Technology	3.4%
ITOCHU Techno-Solutions Corp.	Information Technology	3.1%
NET One Systems Co., Ltd.	Information Technology	2.9%
Kao Corp.	Consumer Staples	2.7%
SoftBank Group Corp.	Communication Services	2.7%
Nidec Corp.	Industrials	2.6%
% OF ASSETS IN TOP TEN		31.6%

⁵ Holdings may combine more than one security from same issuer and related depositary receipts.

COUNTRY ALLOCATION (%) ⁶	
Japan	98.9
Cash and Other Assets, Less Liabilities	1.1
SECTOR ALLOCATION (%) ⁶	
Industrials	23.8
Information Technology	18.7
Health Care	14.8
Consumer Discretionary	14.3
Consumer Staples	9.1
Communication Services	8.2
Financials	6.3
Real Estate	2.5
Materials	1.1
Cash and Other Assets, Less Liabilities	1.1
MARKET CAP EXPOSURE (%) ⁶	
Mega Cap (over \$25B)	31.5
Large Cap (\$10B-\$25B)	15.5
Mid Cap (\$3B-10B)	26.0
Small Cap (under \$3B)	25.9
Cash and Other Assets, Less Liabilities	1.1

⁶ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Matthews Japan Fund

Portfolio Manager Commentary (unaudited) (continued)

Notable Portfolio Changes:

During the half, we continued to reduce our exposure to cyclical stocks, taking advantage of the market rally in January. We reallocated the proceeds to higher-quality companies that were sold off toward the end of last year, which were trading at the lower end of their price range despite their ability to grow in a slower macro environment. We also conducted research on high-quality growth companies in cyclical sectors, but we still think it would be premature to build a substantial position in these sectors.

Regarding new positions, we initiated a position in Yahoo Japan. The company in May announced a corporate structure change resulting in Altaba and SoftBank Group selling out and Yahoo Japan coming under the umbrella of SoftBank's domestic telecom business. The company can now focus on online ads and e-commerce, two bright spots of growth in Japan. We also initiated a position in SBI Holdings, the largest online broker and second-largest among all brokerages in Japan. Unlike its competitors where a majority of assets under management are held by clients in their 60s and 70s, SBI Holding's core demographics are customers in their 30s and 40s, which is set to grow given that Japan pensions are no longer sufficient to support retirement life. And we initiated a position in Shionogi, a pharmaceutical company focused on small molecule drugs in infectious disease areas. During the quarter, we exited two positions—ORIX and Suzuki Motor—and found more compelling investment themes elsewhere.

Outlook:

While Japanese equities experienced healthy gains in the first quarter, the macro environment remained muted and second-quarter broad market equity returns were mixed. Underlying fundamentals are still on a downward path, and developments surrounding trade frictions remain unpredictable. We do not expect any dramatic outcomes or resolution of current issues. On a positive note, corporate inventory levels have declined quickly in the past six months. Recent earnings results showed an earnings decline in many sectors but absolute profit levels remain higher than during past downturns.

Additionally, given earnings growth no longer drives return-on-equity improvement, share buybacks by Japanese companies are at a record level, with many companies using their cash holdings to bolster equity performance. While valuations have risen a bit, they remain near the low end of their historical range. The MSCI Japan Index's price-to-book ratio is now 1.20X, up from the lows of a 1.16X level at the end of 2018. While Japanese corporate earnings tend to be procyclical with higher earnings volatility than developed-market peers, we continue to believe the earnings capability of Japanese companies has improved meaningfully over the past economic cycle, driven by better corporate governance and a higher focus on capital efficiency.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 98.9%

	Shares	Value		Shares	Value
INDUSTRIALS: 23.9%					
Professional Services: 8.9%					
Recruit Holdings Co., Ltd.	1,677,300	\$56,159,178			
Persol Holdings Co., Ltd.	2,244,200	52,909,484			
Nihon M&A Center, Inc.	2,148,800	51,760,257			
TechnoPro Holdings, Inc.	928,500	49,564,696			
Outsourcing, Inc.	2,255,100	27,512,518			
		<u>237,906,133</u>			
Building Products: 6.4%					
Daikin Industries, Ltd.	498,300	65,246,871			
Sanwa Holdings Corp.	5,271,000	56,814,127			
Aica Kogyo Co., Ltd.	1,464,900	49,101,807			
		<u>171,162,805</u>			
Construction & Engineering: 3.4%					
Kyowa Exeo Corp.	3,606,600	<u>90,001,037</u>			
Electrical Equipment: 2.7%					
Nidec Corp.	514,200	<u>70,617,654</u>			
Machinery: 2.5%					
MISUMI Group, Inc.	1,343,100	33,855,319			
SMC Corp.	87,800	32,914,030			
		<u>66,769,349</u>			
Total Industrials		<u>636,456,978</u>			
INFORMATION TECHNOLOGY: 18.7%					
IT Services: 8.2%					
ITOCHU Techno-Solutions Corp.	3,230,900	83,060,850			
NET One Systems Co., Ltd.	2,818,100	77,932,131			
Otsuka Corp.	1,416,400	57,119,236			
		<u>218,112,217</u>			
Electronic Equipment, Instruments & Components: 5.9%					
Keyence Corp.	145,000	89,424,762			
Shimadzu Corp.	1,482,500	36,496,327			
Murata Manufacturing Co., Ltd.	686,700	30,915,736			
		<u>156,836,825</u>			
Semiconductors & Semiconductor Equipment: 2.4%					
Lasertec Corp.	666,200	26,421,381			
Rohm Co., Ltd.	340,000	22,907,803			
Disco Corp.	86,200	14,224,368			
		<u>63,553,552</u>			
Software: 2.2%					
Infomart Corp.	3,800,700	<u>59,569,180</u>			
Total Information Technology		<u>498,071,774</u>			
HEALTH CARE: 14.8%					
Health Care Equipment & Supplies: 7.7%					
Terumo Corp.	3,055,400	91,275,361			
Asahi Intecc Co., Ltd.	2,230,400	55,133,519			
Nakanishi, Inc.	1,834,800	33,738,602			
Sysmex Corp.	372,400	24,362,441			
		<u>204,509,923</u>			
Health Care Technology: 2.6%					
M3, Inc.	3,781,600	<u>69,395,616</u>			
Pharmaceuticals: 2.5%					
Shionogi & Co., Ltd.	725,000	\$41,892,561			
Eisai Co., Ltd.	458,900	26,008,720			
		<u>67,901,281</u>			
Biotechnology: 2.0%					
PeptiDream, Inc. ^b	1,042,100	<u>53,524,309</u>			
Total Health Care		<u>395,331,129</u>			
CONSUMER DISCRETIONARY: 14.3%					
Auto Components: 3.3%					
Nifco, Inc.	2,051,600	50,939,614			
Denso Corp.	906,200	38,210,927			
		<u>89,150,541</u>			
Household Durables: 2.6%					
Sony Corp.	1,324,000	<u>69,576,165</u>			
Specialty Retail: 2.6%					
Nitori Holdings Co., Ltd.	516,500	<u>68,540,713</u>			
Distributors: 2.2%					
PALTAC Corp.	1,068,200	<u>58,855,191</u>			
Multiline Retail: 1.8%					
Seria Co., Ltd.	1,504,700	34,804,520			
Ryohin Keikaku Co., Ltd.	74,100	13,425,788			
		<u>48,230,308</u>			
Hotels, Restaurants & Leisure: 1.2%					
Kyoritsu Maintenance Co., Ltd.	683,600	<u>32,007,970</u>			
Internet & Direct Marketing Retail: 0.6%					
Mercari, Inc. ^b	614,600	<u>16,372,210</u>			
Total Consumer Discretionary		<u>382,733,098</u>			
CONSUMER STAPLES: 9.1%					
Personal Products: 4.7%					
Kao Corp.	957,100	73,030,914			
Kose Corp.	314,600	53,098,800			
		<u>126,129,714</u>			
Food Products: 1.7%					
Ariake Japan Co., Ltd.	740,700	<u>46,866,301</u>			
Household Products: 1.7%					
Pigeon Corp.	1,107,700	<u>44,668,970</u>			
Food & Staples Retailing: 1.0%					
San-A Co., Ltd.	658,700	<u>26,355,317</u>			
Total Consumer Staples		<u>244,020,302</u>			
COMMUNICATION SERVICES: 8.2%					
Diversified Telecommunication Services: 3.4%					
Nippon Telegraph & Telephone Corp.	1,956,000	<u>91,129,463</u>			
Wireless Telecommunication Services: 2.8%					
SoftBank Group Corp.	1,513,200	<u>72,883,773</u>			
Interactive Media & Services: 1.5%					
Yahoo Japan Corp.	13,680,100	<u>40,240,643</u>			

Schedule of Investments^a (unaudited) (continued)

COMMON EQUITIES (continued)

	Shares	Value
Entertainment: 0.5%		
Nintendo Co., Ltd.	38,400	<u>\$14,088,912</u>
Total Communication Services		<u>218,342,791</u>
FINANCIALS: 6.3%		
Insurance: 4.0%		
Tokio Marine Holdings, Inc.	2,150,800	<u>107,917,177</u>
Capital Markets: 1.2%		
SBI Holdings, Inc.	1,265,000	<u>31,420,369</u>
Banks: 1.1%		
Mitsubishi UFJ Financial Group, Inc.	6,194,200	<u>29,502,818</u>
Total Financials		<u>168,840,364</u>
REAL ESTATE: 2.5%		
Real Estate Management & Development: 2.5%		
Relo Group, Inc.	2,686,500	<u>67,846,196</u>
Total Real Estate		<u>67,846,196</u>

	Shares	Value
MATERIALS: 1.1%		
Chemicals: 1.1%		
Fuso Chemical Co., Ltd.	1,470,500	<u>\$29,303,120</u>
Total Materials		<u>29,303,120</u>
TOTAL INVESTMENTS: 98.9%		
2,640,945,752		
(Cost \$2,393,915,292)		
CASH AND OTHER ASSETS,		
LESS LIABILITIES: 1.1%		
		<u>28,576,964</u>
NET ASSETS: 100.0%		
		<u>\$2,669,522,716</u>

a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).

b Non-income producing security.

See accompanying notes to financial statements.

Matthews Korea Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Korea Fund returned -0.87% (Investor Class) and -0.65% (Institutional Class), while its benchmark, the Korea Composite Stock Price Index, returned 0.69% over the same period. For the quarter ending June 30, 2019, the Matthews Korea Fund returned -2.16% (Investor Class) and -1.93% (Institutional Class), while the benchmark returned -2.24%.

PORTFOLIO MANAGERS

Michael J. Oh, CFA

Lead Manager

Elli Lee

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MAKOX	MIKOX
CUSIP	577130305	577130826
Inception	1/3/95	10/29/10
NAV	\$4.54	\$4.58
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.14%	1.02%

Portfolio Statistics

Total # of Positions	38
Net Assets	\$150.4 million
Weighted Average Market Cap	\$50.1 billion
Portfolio Turnover ²	35.60%

Benchmark

Korea Composite Stock Price Index

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 located in South Korea.

Market Environment:

South Korea's equity market was mostly flat in the first half and lagged broader emerging markets as fears of a slowdown in global growth and trade conflicts weighed on sentiment. Exports represent a significant part of South Korea's GDP, making its economy vulnerable to disruptions in export volume. In addition, corporate earnings were weak, causing valuations to appear more expensive than South Korea's historical average. The Bank of Korea (BOK) is poised to lower rates to support its sluggish economy but most market participants expect a slow and measured response as the BOK seems content to wait out the U.S.-China trade negotiations before taking monetary action.

Performance Contributors and Detractors:

The Fund underperformed its benchmark in the first half, primarily due to our underweight in the information technology (IT) sector relative to the index. IT stocks rebounded and outperformed South Korea's broader equity market in the first quarter of 2019, dampening our relative performance. Information technology makes up close to a third of the Korea Composite Stock Price Index, representing what we feel is a high level of concentration risk in a single sector for index-based strategies. As active managers, we seek to manage concentration risk by building a diversified portfolio from the bottom up. From a sector perspective, a contributor to performance was strong stock selection among our health care holdings. The health care sector benefits from a drug development pipeline, an aging domestic population and rising demand for lifestyle upgrades.

Turning to individual securities, Samsung Electronics was a contributor to performance in the first half. As one of the world's largest supplier of memory chips, Samsung's stock price rose in the first half on market expectations of a rebound in chip demand and prices. LG Household & Health Care, a South Korean cosmetics and skin care company, also contributed to performance. A rise in the company's stock price reflected its solid earnings growth and strong brand recognition. Hyundai Mobis, the parts and services arm of Hyundai Motors, also contributed to returns as a result of the company's restructuring efforts and earnings recovery. Chat platform Kakao performed well after successfully building a strong customer base within the platform for an integrated payments system and gaining market share in digital advertising.

In contrast, South Korean confectionary maker Orion detracted from performance. Following the gradual easing of tensions between South Korea and China around the THAAD missile tests conducted by the U.S. in 2017, some investors hoped that Orion's sales to Chinese consumers might regain ground. The recovery ended up being slower than expected and the company's stock price declined. However, we remain constructive on the company's underlying business with footprints across the region. Household product maker Lock&Lock's share price was also volatile amid a restructuring process, but we expect the company to expand its addressable market and products and improve business efficiency. Meanwhile, e-commerce company Café24's stock price suffered on an earnings miss on hiring, but we maintain a positive view as South Korea's e-commerce market is still growing and Café 24 should benefit from growing demand in the sector.

(continued)

¹ Prospectus expense ratios.

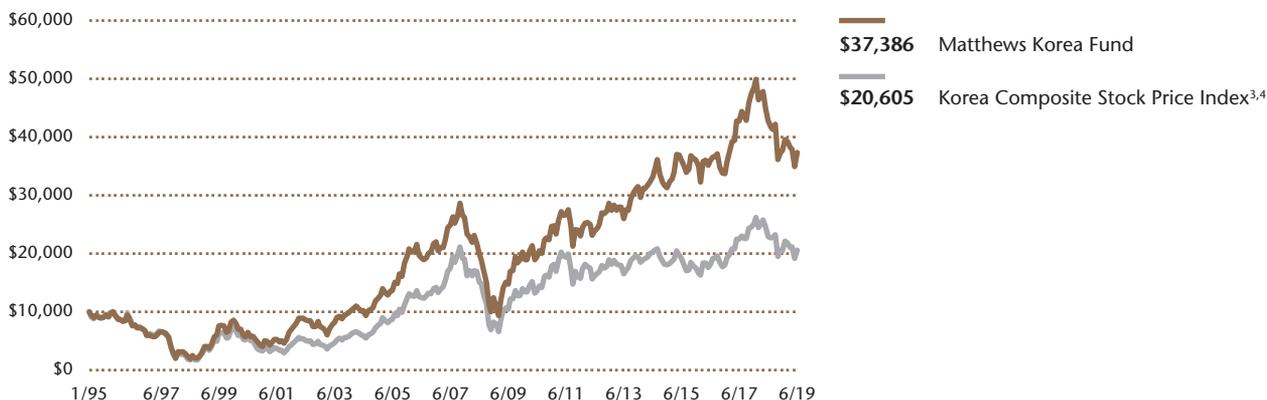
² The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Since Inception	Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years		
Investor Class (MAKOX)	-2.16%	-0.87%	-12.65%	1.36%	2.41%	9.77%	5.53%	01/03/95
Institutional Class (MIKOX)	-1.93%	-0.65%	-12.46%	1.51%	2.59%	n.a.	6.08%	10/29/10
Korea Composite Stock Price Index ³	-2.24%	0.69%	-10.15%	4.48%	0.32%	6.99%	3.00% ⁴	

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. For the Fund's most recent month-end performance, visit matthewsasias.com.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

³ Korea Composite Stock Price Index performance data may be readjusted periodically by the Korea Exchange due to certain factors, including the declaration of dividends. It is not possible to invest directly in an index. Source: Index data from Korea Composite Stock Price Index and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁴ Calculated from 1/3/95.

TOP TEN HOLDINGS⁵

	Sector	% of Net Assets
Samsung Electronics Co., Ltd., Pfd.	Information Technology	10.6%
LG Household & Health Care, Ltd., Pfd.	Consumer Staples	5.0%
Hyundai Mobis Co., Ltd.	Consumer Discretionary	4.9%
Samsung Electronics Co., Ltd.	Information Technology	4.1%
Samsung Fire & Marine Insurance Co., Ltd., Pfd.	Financials	3.9%
BGF Retail Co., Ltd.	Consumer Staples	3.5%
NAVER Corp.	Communication Services	3.4%
Hyundai Motor Co., Ltd., 2nd Pfd.	Consumer Discretionary	3.3%
Shinhan Financial Group Co., Ltd.	Financials	3.3%
Yuhan Corp.	Health Care	2.9%
% OF ASSETS IN TOP TEN		44.9%

⁵ Holdings may combine more than one security from same issuer and related depositary receipts.

Matthews Korea Fund

Portfolio Manager Commentary (unaudited) (continued)

Notable Portfolio Changes:

During the first half, we exited brick-and-mortar retailer E-Mart, which was getting squeezed by online competitors and saw declining same-store sales growth. Losing conviction in the company's long-term prospects, we decided to exit the position. Meanwhile, we also exited electronics retailer Lotte Hi-Mart.

Outlook:

A high domestic minimum wage and slowing global trade both present near-term challenges for South Korea's economy. Regionally, trade conflicts between Japan and South Korea have also begun to surface, driven by political concerns on both sides.

On a positive note, South Korea's high minimum wage and aging population could encourage more businesses to invest in products and services that improve efficiency and productivity over time. It is early days for these efforts, but we are seeing examples of software as a service, a variation of cloud computing, gain traction as a way for companies to get more productivity out of their workforces. We also continue to see signs of improved corporate governance and shareholder-return policies, which is welcome news for long-term investors.

As South Korea's overall economic picture remains mixed, we believe active security selection is essential to capturing the country's long-term growth potential. As bottom-up investors, we look for companies that can grow organically without the assistance of strong macroeconomic tailwinds. We continue to look for companies that can benefit from domestic consumption within South Korea, as well as those companies headquartered in South Korea that are effectively competing and innovating in global markets.

COUNTRY ALLOCATION (%) ⁶	
South Korea	96.3
Cash and Other Assets, Less Liabilities	3.7

SECTOR ALLOCATION (%) ⁶	
Information Technology	20.7
Financials	18.0
Consumer Staples	16.4
Consumer Discretionary	15.5
Health Care	8.2
Materials	7.8
Communication Services	4.7
Energy	2.7
Industrials	2.2
Cash and Other Assets, Less Liabilities	3.7

MARKET CAP EXPOSURE (%) ⁶	
Mega Cap (over \$25B)	19.4
Large Cap (\$10B–\$25B)	33.7
Mid Cap (\$3B–10B)	20.0
Small Cap (under \$3B)	23.1
Cash and Other Assets, Less Liabilities	3.7

⁶ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 66.8%

	Shares	Value
FINANCIALS: 14.1%		
Banks: 7.9%		
Shinhan Financial Group Co., Ltd.	127,453	\$4,957,168
Hana Financial Group, Inc.	120,567	3,907,858
KB Financial Group, Inc.	74,426	2,950,187
		<u>11,815,213</u>
Capital Markets: 4.3%		
Kiwoom Securities Co., Ltd.	46,919	3,324,541
Shinyoung Securities Co., Ltd.	61,635	3,216,362
		<u>6,540,903</u>
Insurance: 1.9%		
DB Insurance Co., Ltd.	54,341	2,790,821
Total Financials		<u>21,146,937</u>
CONSUMER DISCRETIONARY: 10.8%		
Auto Components: 6.8%		
Hyundai Mobis Co., Ltd.	35,852	7,314,649
Hankook Tire & Technology Co., Ltd.	94,882	2,884,301
		<u>10,198,950</u>
Specialty Retail: 2.2%		
Cuckoo Homesys Co., Ltd.	75,570	3,324,242
Hotels, Restaurants & Leisure: 1.8%		
Modetour Network, Inc.	155,140	2,652,724
Total Consumer Discretionary		<u>16,175,916</u>
CONSUMER STAPLES: 10.2%		
Food Products: 4.3%		
Orion Corp.	52,951	4,245,282
Orion Holdings Corp.	147,529	2,192,699
		<u>6,437,981</u>
Food & Staples Retailing: 3.5%		
BGF Retail Co., Ltd.	28,862	5,274,223
Tobacco: 2.4%		
KT&G Corp.	41,762	3,563,776
Total Consumer Staples		<u>15,275,980</u>
INFORMATION TECHNOLOGY: 10.1%		
Technology Hardware, Storage & Peripherals: 4.1%		
Samsung Electronics Co., Ltd.	150,616	6,133,135
Electronic Equipment, Instruments & Components: 2.7%		
Samsung SDI Co., Ltd.	19,888	4,080,308
Semiconductors & Semiconductor Equipment: 1.7%		
Koh Young Technology, Inc.	35,047	2,526,604
IT Services: 1.6%		
Cafe24 Corp. ^b	46,497	2,479,527
Total Information Technology		<u>15,219,574</u>
HEALTH CARE: 8.2%		
Pharmaceuticals: 4.5%		
Yuhan Corp.	20,558	4,355,280
DongKook Pharmaceutical Co., Ltd.	46,758	2,366,072
		<u>6,721,352</u>
Biotechnology: 2.1%		
Hugel, Inc. ^b	8,908	3,238,026
Health Care Equipment & Supplies: 1.6%		
Interjo Co., Ltd.	108,571	2,410,739
Total Health Care		<u>12,370,117</u>

	Shares	Value
MATERIALS: 5.1%		
Metals & Mining: 3.3%		
POSCO	17,598	\$3,735,792
Korea Zinc Co., Ltd.	2,950	1,216,727
		<u>4,952,519</u>
Containers & Packaging: 1.8%		
Lock&Lock Co., Ltd.	200,431	2,708,669
Total Materials		<u>7,661,188</u>
COMMUNICATION SERVICES: 4.7%		
Interactive Media & Services: 4.7%		
NAVER Corp.	52,345	5,173,303
Kakao Corp.	16,881	1,924,189
Total Communication Services		<u>7,097,492</u>
INDUSTRIALS: 2.2%		
Commercial Services & Supplies: 2.2%		
S-1 Corp.	39,273	3,319,659
Total Industrials		<u>3,319,659</u>
ENERGY: 1.4%		
Oil, Gas & Consumable Fuels: 1.4%		
SK Innovation Co., Ltd.	11,055	1,523,819
S-Oil Corp.	8,335	605,377
Total Energy		<u>2,129,196</u>
TOTAL COMMON EQUITIES		100,396,059
(Cost \$100,118,871)		
PREFERRED EQUITIES: 29.5%		
INFORMATION TECHNOLOGY: 10.6%		
Technology Hardware, Storage & Peripherals: 10.6%		
Samsung Electronics Co., Ltd., Pfd.	481,814	15,979,054
Total Information Technology		<u>15,979,054</u>
CONSUMER STAPLES: 6.2%		
Personal Products: 6.2%		
LG Household & Health Care, Ltd., Pfd.	10,684	7,461,946
Amorepacific Corp., Pfd.	25,584	1,913,648
Total Consumer Staples		<u>9,375,594</u>
CONSUMER DISCRETIONARY: 4.7%		
Automobiles: 4.7%		
Hyundai Motor Co., Ltd., 2nd Pfd.	66,302	4,960,236
Hyundai Motor Co., Ltd., Pfd.	31,477	2,158,004
Total Consumer Discretionary		<u>7,118,240</u>
FINANCIALS: 4.0%		
Insurance: 4.0%		
Samsung Fire & Marine Insurance Co., Ltd., Pfd.	35,724	5,923,023
Total Financials		<u>5,923,023</u>
MATERIALS: 2.7%		
Chemicals: 2.7%		
LG Chem, Ltd., Pfd.	23,841	4,042,912
Total Materials		<u>4,042,912</u>

Schedule of Investments^a (unaudited) (continued)

PREFERRED EQUITIES *(continued)*

	Shares	Value
ENERGY: 1.3%		
Oil, Gas & Consumable Fuels: 1.3%		
S-Oil Corp., Pfd.	37,310	<u>\$1,922,683</u>
Total Energy		<u>1,922,683</u>
TOTAL PREFERRED EQUITIES		
		<u>44,361,506</u>
(Cost \$36,523,378)		
TOTAL INVESTMENTS: 96.3%		
		<u>144,757,565</u>
(Cost \$136,642,249)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 3.7%		
		<u>5,620,429</u>
NET ASSETS: 100.0%		
		<u>\$150,377,994</u>

a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).

b Non-income producing security.

Pfd. Preferred

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Lydia So, CFA
Lead Manager

Beini Zhou, CFA **Tiffany Hsiao, CFA**
Co-Manager Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MSMLX	MISMX
CUSIP	577125206	577125867
Inception	9/15/08	4/30/13
NAV	\$17.46	\$17.43
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.51%	1.37%
After Fee Waiver and Reimbursement ²	1.46%	1.25%

Portfolio Statistics

Total # of Positions	70
Net Assets	\$191.6 million
Weighted Average Market Cap	\$1.4 billion
Portfolio Turnover ³	69.79%

Benchmark

MSCI AC Asia ex Japan Small Cap Index

Redemption Fee

2% within first 90 calendar days of purchase

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 Small Companies located in Asia ex Japan, which consists of all countries and markets in Asia excluding Japan, but including all other developed, emerging and frontier countries and markets in the Asian region.

Matthews Asia Small Companies Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews Asia Small Companies Fund returned 12.65% (Investor Class) and 12.74% (Institutional Class), while its benchmark, the MSCI All Country Asia ex Japan Small Cap Index, returned 5.34%. For the quarter ending June 30, the Fund returned 2.89% (Investor Class) and 2.95% (Institutional Class), outperforming its benchmark, which returned -2.94%.

Market Environment:

Asia's equity markets and investor sentiment were strong during the first four months of 2019 due to optimism over a resolution in trade talks between the U.S. and China. Developments took a negative turn, however, as President Trump threatened to impose certain tariffs on Chinese goods, as well as certain restrictions on the trading of technology products and services. China announced it would increase tariffs on U.S. goods in response. The escalated tensions led to immediate sell-offs in global markets. In addition, investors braced for the possibility that prolonged political and economic conflicts would weaken the global economy. Hopes for interest rate cuts by the U.S. Federal Reserve grew as recent economic data in the U.S. suggested that the economy might have softened, while investors awaited positive news from negotiations between Trump and President Xi during the late June G-20 summit.

Meanwhile, national elections in Indonesia and India concluded during the second quarter of 2019. As anticipated in Indonesia, President Joko Widodo (Jokowi) won by a wide margin. For his second-term agenda, it is expected that he will act rapidly on major policies aimed at improving efficiencies in the economy and conducive to attracting foreign direct investments (FDI). In India, a major overhang on its equity market was removed following its late May election, which saw a victorious ruling National Democratic Alliance (NDA) led by Prime Minister Narendra Modi.

Performance Contributors and Detractors:

During the first six months of 2019, the portfolio's absolute return was largely driven by both our overweight and stock selection in China/Hong Kong. Favorable stock selection in South Korea, Taiwan and India were also key factors that helped propel solid absolute performance, especially amid the market sell-offs in the second quarter. For the first six months, our China/Hong Kong holdings Yihai International and Times China Holdings were key performance contributors. Yihai, a hotpot soup-based condiment manufacturer, registered a strong run-up thanks to solid earnings momentum. Likewise, real estate developer Times China impressed investors with solid earnings and project pipelines. However, some holdings in Vietnam and Malaysia were performance detractors due to an uncertain outlook that stemmed from negative corporate developments during the first half of 2019. Vietnam's Yeah 1 Group, a media platform company, experienced operating issues with a subsidiary, which stood to adversely impact the company's growth momentum. The company's share price fell sharply and we exited the holding during the first half of the year.

By sector, our overweight and stock selection in health care, industrials and consumer staples were key drivers for our outperformance over the benchmark, while

(continued)

1 Prospectus expense ratios.

2 Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 1.25% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 1.25% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 1.25%. If the operating expenses fall below the expense limitation in a year within three years after Matthews has made a waiver or reimbursement, the Fund may reimburse Matthews up to an amount that does not cause the expenses for that year to exceed the lesser of (i) the expense limitation applicable at the time of that fee waiver and/or expense reimbursement or (ii) the expense limitation in effect at the time of recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

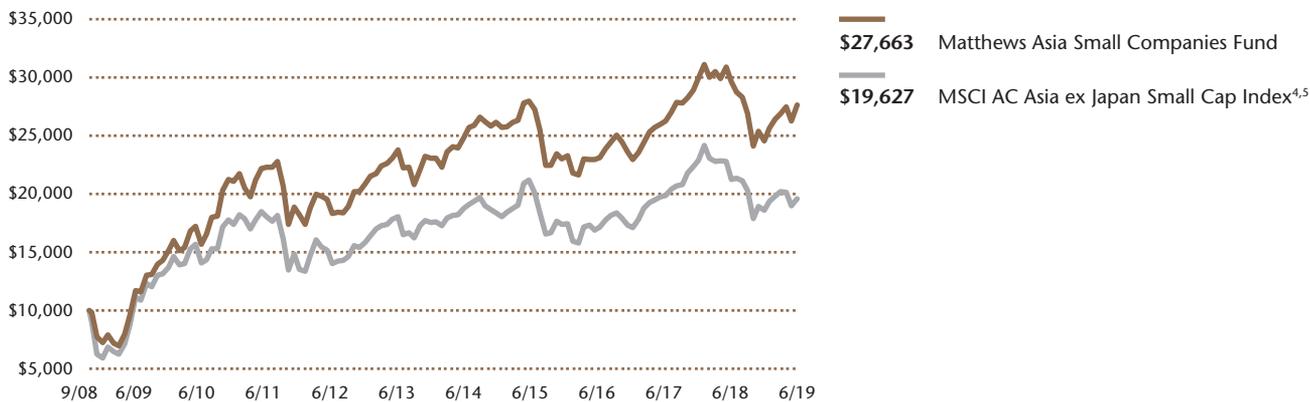
3 The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Since Inception	Inception Date
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years		
Investor Class (MSMLX)	2.89%	12.65%	-6.71%	6.15%	1.45%	9.06%	9.89%	09/15/08
Institutional Class (MISMX)	2.95%	12.74%	-6.54%	6.37%	1.67%	n.a.	3.20%	04/30/13
MSCI AC Asia ex Japan Small Cap Index ⁴	-2.94%	5.34%	-7.69%	4.58%	0.54%	6.08%	6.45% ⁵	

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.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

⁴ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁵ Calculated from 9/15/08.

TOP TEN HOLDINGS⁶

	Sector	Country	% of Net Assets
Silergy Corp.	Information Technology	China/Hong Kong	3.5%
Vitasoy International Holdings, Ltd.	Consumer Staples	China/Hong Kong	2.7%
Chief Telecom, Inc.	Communication Services	Taiwan	2.1%
Great Tree Pharmacy Co., Ltd.	Consumer Staples	Taiwan	2.1%
Sunny Friend Environmental Technology Co., Ltd.	Industrials	Taiwan	2.0%
PT Arwana Citramulia	Industrials	Indonesia	1.9%
BBI Life Sciences Corp.	Health Care	China/Hong Kong	1.9%
Taiwan Paiho, Ltd.	Consumer Discretionary	Taiwan	1.9%
Douzone Bizon Co., Ltd.	Information Technology	South Korea	1.8%
DCB Bank, Ltd.	Financials	India	1.8%
% OF ASSETS IN TOP TEN			21.7%

⁶ Holdings may combine more than one security from same issuer and related depository receipts.

Matthews Asia Small Companies Fund

Portfolio Manager Commentary (unaudited) (continued)

some holdings in the communication services sector lagged. Our health care holding, Procter & Gamble Health, performed strongly in the first half of the year thanks to stable demand in India for vitamin supplements and over-the-counter medicines. Within the information technology sector, South Korea's Café24, an e-commerce platform enabler, experienced sharp drops in share price and contractions in valuations multiples. While the domestic business was growing well, investors were wary of its investment in overseas expansion plans that have eroded earnings in the short to medium term.

Notable Portfolio Changes:

During the second quarter, we initiated a few positions in China A-share holdings. One new such addition was application software firm Glodon, which focuses on construction engineering and project cost management verticals. We believe there will be a growing need for digitalization in China's construction industry and are favorably disposed toward Glodon's early mover advantage and willingness to make investments in cloud services. We also initiated a position in Innovent Biologics, a China-based biopharmaceutical company, during the market sell-off. Valuations became attractive while company fundamentals remained solid. We are constructive on the company's long-term prospects, namely its drug pipeline and commercialization plans. We did, however, exit China Yuhua Education due to growing uncertainty over the company's capital allocation decisions and acquisition strategy. In India, we exited auto parts maker Gabriel India due to lack of growth visibility as the end demand in the automobile market continued to soften. With the proceeds we selectively added to existing Indian holdings when we saw share price weakness to build up our positions.

In Indonesia, we initiated a position in Sarimelati Kencana, a master franchisee of Pizza Hut in Indonesia. While the company has been publicly listed for just over a year, it actually has been operating for decades. We like the company because it enjoys strong brand recognition and an ability to expand its store network methodically. We believe that the company is well-positioned to capture the demand of the country's young demographic.

Outlook:

With major elections having concluded without surprising outcomes in Thailand, Indonesia, the Philippines and India, investors now seem likely to focus on corporate earnings and economic fundamentals. Trade tensions between the U.S. and China may continue to cause market volatility, but we believe that many domestically oriented businesses in Asia could present opportunities for long-term investors as their revenue streams are tied to structural growth in domestic demand propelled by digitization and connectivity. With this backdrop, we have built a portfolio of holdings that possess strong market positioning and sound financial health. We believe that they are well-positioned to grow with a niche focus. We are hopeful that there will be plenty of attractive investment opportunities for us to uncover as market expectations are not currently elevated.

Looking ahead, the trajectory of U.S.–China relations remains unpredictable as the two countries work through conflicts. We are mindful of challenges, such as the impact on consumer sentiment and corporate spending cycles. We remain constructive, however, on China's solid prospects for transitioning its economy to one that is more service-oriented. We believe this will help mitigate external shocks. China continues to strengthen due to innovation occurring in its health care and technology sectors, as well as the expansion of its digital economy. In spite of an uncertain geopolitical backdrop, we continue to focus on selecting companies that possess the attributes that can lead them to grow and compound in size over the long term.

COUNTRY ALLOCATION (%) ^{7,8}	
China/Hong Kong	27.6
India	14.7
Taiwan	13.2
South Korea	9.2
Thailand	7.3
Indonesia	5.9
Vietnam	5.9
Malaysia	2.6
Singapore	1.5
Australia	1.2
Philippines	1.1
Japan	1.1
Cash and Other Assets, Less Liabilities	8.7

SECTOR ALLOCATION (%) ⁸	
Information Technology	17.9
Health Care	13.4
Industrials	12.6
Consumer Discretionary	11.8
Financials	10.0
Consumer Staples	9.9
Materials	5.9
Real Estate	5.1
Communication Services	4.7
Cash and Other Assets, Less Liabilities	8.7

MARKET CAP EXPOSURE (%) ^{8,9}	
Mega Cap (over \$25B)	0.0
Large Cap (\$10B–\$25B)	0.0
Mid Cap (\$3B–10B)	12.7
Small Cap (under \$3B)	78.6
Cash and Other Assets, Less Liabilities	8.7

⁷ Not all countries where the Fund may invest are included in the benchmark index.

⁸ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

⁹ The Fund defines Small Companies as companies with market capitalization generally between \$100 million and \$3 billion or the largest company included in the Fund's primary benchmark, the MSCI All Country Asia ex Japan Small Cap Index.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 91.3%

	Shares	Value
CHINA/HONG KONG: 27.7%		
Silergy Corp.	341,000	\$6,685,525
Vitasoy International Holdings, Ltd.	1,084,000	5,212,928
BBI Life Sciences Corp. ^b	13,101,000	3,656,077
Huifu Payment, Ltd. ^{b,c,d}	5,615,200	3,077,903
Yihai International Holding, Ltd.	591,000	3,066,036
Kingdee International Software Group Co., Ltd.	2,396,000	2,595,552
Times China Holdings, Ltd.	1,277,000	2,556,644
Precision Tsugami China Corp., Ltd. ^b	2,368,000	2,535,005
Genscript Biotech Corp. ^d	1,008,000	2,529,324
SUNeVision Holdings, Ltd.	2,752,000	2,397,750
SITC International Holdings Co., Ltd.	2,187,000	2,233,189
Glodon Co., Ltd. A Shares	434,100	2,082,632
China Isotope & Radiation Corp.	881,200	2,079,575
Microport Scientific Corp.	2,728,000	2,028,119
Midea Real Estate Holding, Ltd. ^{b,c}	789,800	2,018,757
Shanghai Haohai Biological Technology Co., Ltd. H Shares ^{b,c}	361,100	1,968,231
Innovent Biologics, Inc. ^{b,c,d}	524,000	1,770,260
Qutoutiao, Inc. ADR ^d	405,900	1,599,246
China Beststudy Education Group ^{b,d}	3,892,000	1,215,674
Centre Testing International Group Co., Ltd. A Shares	563,470	887,340
Joyoung Co., Ltd. A Shares	262,602	797,123
Total China/Hong Kong		52,992,890
INDIA: 14.7%		
DCB Bank, Ltd.	1,010,775	3,472,538
Procter & Gamble Health, Ltd.	52,990	3,157,202
Galaxy Surfactants, Ltd. ^b	174,051	3,120,127
Syngene International, Ltd. ^{b,c}	643,288	3,116,043
NIIT Technologies, Ltd.	138,666	2,702,089
Cholamandalam Investment and Finance Co., Ltd.	623,643	2,580,425
AIA Engineering, Ltd. ^d	78,841	2,048,157
ICICI Securities, Ltd. ^{b,c}	635,977	2,027,406
Zyodus Wellness, Ltd.	67,887	1,315,820
M.M. Forgings, Ltd.	168,660	1,202,507
Shankara Building Products, Ltd.	173,576	1,107,562
Tube Investments of India, Ltd.	183,110	1,018,662
Spencer's Retail, Ltd. ^d	608,513	928,715
Greaves Cotton, Ltd.	189,266	398,171
Total India		28,195,424
TAIWAN: 13.2%		
Chief Telecom, Inc.	612,000	3,998,606
Great Tree Pharmacy Co., Ltd.	1,493,414	3,971,918
Sunny Friend Environmental Technology Co., Ltd.	431,000	3,838,653
Taiwan Paiho, Ltd.	1,261,000	3,652,597
Global PMX Co., Ltd.	697,000	2,802,419
Advanced Ceramic X Corp.	335,000	2,605,609
Alchip Technologies, Ltd.	753,000	2,256,299
Kuobrothers Corp. [†]	1,321,000	2,232,892
Total Taiwan		25,358,993

	Shares	Value
SOUTH KOREA: 9.2%		
Douzone Bizon Co., Ltd.	65,394	\$3,532,351
Value Added Technology Co., Ltd.	110,822	2,723,108
Yuhan Corp.	12,367	2,619,990
Tongyang Pile, Inc. ^d	454,508	2,348,772
Cafe24 Corp. ^d	32,517	1,734,021
Hy-Lok Corp.	116,533	1,725,817
Cosmecca Korea Co., Ltd.	91,586	1,634,322
Koentec Co., Ltd.	132,128	1,346,444
Total South Korea		17,664,825
THAILAND: 7.3%		
Plan B Media Public Co., Ltd. F Shares	13,316,600	3,389,178
Rich Sport Public Co., Ltd.	26,802,600	3,204,023
Humanica Public Co., Ltd.	11,168,100	2,878,176
TOA Paint Thailand Public Co., Ltd.	2,066,700	2,459,189
AP Thailand Public Co., Ltd.	8,296,000	2,123,402
Total Thailand		14,053,968
VIETNAM: 5.9%		
Saigon Cargo Service Corp.	482,000	3,327,418
Nam Long Investment Corp.	2,402,294	3,003,175
FPT Digital Retail JSC	968,070	2,658,506
Ho Chi Minh City Securities Corp.	2,234,190	2,244,490
Total Vietnam		11,233,589
INDONESIA: 5.8%		
PT Arwana Citramulia	103,521,400	3,670,765
PT BFI Finance Indonesia	70,458,800	2,992,410
PT Bank Tabungan Pensiunan Nasional Syariah ^d	11,081,900	2,706,218
PT Sarimelati Kencana ^b	24,072,700	1,857,317
Total Indonesia		11,226,710
MALAYSIA: 2.6%		
Bursa Malaysia BHD	1,904,500	3,226,625
D&O Green Technologies BHD	14,023,700	1,763,956
Total Malaysia		4,990,581
SINGAPORE: 1.5%		
Delfi, Ltd.	3,032,700	2,913,902
Total Singapore		2,913,902
AUSTRALIA: 1.2%		
OZ Minerals, Ltd.	315,770	2,235,200
Total Australia		2,235,200
PHILIPPINES: 1.1%		
Wilcon Depot, Inc.	6,312,200	2,069,776
Total Philippines		2,069,776

Schedule of Investments^a (unaudited) (continued)

	Shares	Value
JAPAN: 1.1%		
CKD Corp.	200,900	\$2,048,648
Total Japan		<u>2,048,648</u>
TOTAL INVESTMENTS: 91.3%		
		<u>174,984,506</u>
(Cost \$176,612,954)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 8.7%		
		<u>16,569,559</u>
NET ASSETS: 100.0%		
		<u>\$191,554,065</u>

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
- b The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
- c Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$13,978,600, which is 7.30% of net assets.
- d Non-income producing security.
- † Affiliated Issuer, as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of this issuer).

ADR American Depositary Receipt

BHD Berhad

JSC Joint Stock Co.

See accompanying notes to financial statements.



PORTFOLIO MANAGERS

Tiffany Hsiao, CFA

Lead Manager

Lydia So, CFA

Co-Manager

FUND FACTS

	Investor	Institutional
Ticker	MCSMX	MICHX
CUSIP	577125404	577125842
Inception	5/31/11	11/30/17
NAV	\$11.37	\$11.40
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.97%	1.79%
After Fee Waiver and Reimbursement ²	1.50%	1.25%

Portfolio Statistics

Total # of Positions	48
Net Assets	\$73.0 million
Weighted Average Market Cap	\$2.1 billion
Portfolio Turnover ³	76.67%

Benchmark

MSCI China Small Cap Index

Redemption Fee

2% within first 90 calendar days of purchase

OBJECTIVE

Long-term capital appreciation.

STRATEGY

Under normal market conditions, the 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 Small Companies located in China. China includes its administrative and other districts, such as Hong Kong.

Matthews China Small Companies Fund

Portfolio Manager Commentary (unaudited)

For the first half of 2019, the Matthews China Small Companies Fund returned 18.69% (Investor Class) and 18.87% (Institutional Class), outperforming its benchmark, the MSCI China Small Cap Index, which returned 7.99% over the same period. For the quarter ending June 30, the Fund was mostly flat at 0.80% (Investor Class) and 0.89% (Institutional Class), while its benchmark fell -6.09%.

Market Environment:

Global markets were heavily influenced by geopolitics in the second quarter of 2019 following a first-quarter recovery. In May, U.S. President Donald Trump's decision to implement additional tariffs on Chinese imports surprised many market participants. All major indices in Hong Kong and China retreated from the first quarter's strong gains, which had been driven in part by a recovery in investor sentiment over macroeconomic data and also market optimism that incremental fiscal and monetary stimulus policies would further lift consumer sentiment. Such optimistic assumptions were quickly reversed by trade fears in the second quarter. Longer term, we still expect structural growth in China's economy—particularly among companies that benefit from an increase in domestic sourcing of key value-added components as the trade conflict may escalate.

From both a top-down and bottom-up perspective, we continue to anticipate long-term sustainable growth in the Chinese economy and in corporate earnings. The market's concerns over escalating trade tensions should, in our view, have little impact on China's smaller companies given their domestic focus and lower dependence on financial leverage.

Performance Contributors and Detractors:

During the second quarter of 2019, strong stock selection in the information technology and consumer staples sectors contributed most to the Fund's out-performance versus the benchmark. The biggest drag on performance came from the health care sector due to poor stock selection.

Top contributors to Fund performance during the quarter included Yihai International Holding and Asia Cement China Holdings. Yihai International Holding manufactures and sells a leading hot pot soup base and condiment brand for both restaurants and consumers. We believe the company has strong growth visibility given the popularity of its restaurant chain and its rapidly growing new business in restaurant supplies. Asia Cement China Holdings is a subsidiary of Taiwan's Asia Cement Corporation and a top producer of cement, concrete and other related products in China's Jiangxi, Hubei and Sichuan provinces. The cement industry continues to benefit from supply-side reform due to higher environmental considerations in China. The cement business is also relatively insulated from trade conflicts given the difficulty in profitably transporting such materials over long distances.

TK Group Holdings, a plastics and mold manufacturer, was a top detractor to Fund performance during both the first half of the year and in the second quarter. TK Group shares underperformed the market in the first half because the company generates a significant portion of revenues from U.S.-based technology companies. We believe the mid- to long-term position of the company remains sound, however, as it

(continued)

1 Prospectus expense ratios.

2 Matthews has contractually agreed (i) to waive fees and reimburse expenses to the extent needed to limit Total Annual Fund Operating Expenses (excluding Rule 12b-1 fees, taxes, interest, brokerage commissions, short sale dividend expenses, expenses incurred in connection with any merger or reorganization or extraordinary expenses such as litigation) of the Institutional Class to 1.25% first by waiving class specific expenses (i.e., shareholder service fees specific to a particular class) of the Institutional Class and then, to the extent necessary, by waiving non-class specific expenses of the Institutional Class, and (ii) if any Fund-wide expenses (i.e., expenses that apply to both the Institutional Class and the Investor Class) are waived for the Institutional Class to maintain the 1.25% expense limitation, to waive an equal amount (in annual percentage terms) of those same expenses for the Investor Class. The Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement for the Investor Class may vary from year to year and will in some years exceed 1.25%. If the operating expenses fall below the expense limitation in a year within three years after Matthews has made a waiver or reimbursement, the Fund may reimburse Matthews up to an amount that does not cause the expenses for that year to exceed the lesser of (i) the expense limitation applicable at the time of that fee waiver and/or expense reimbursement or (ii) the expense limitation in effect at the time of recoupment. This agreement will remain in place until April 30, 2020 and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

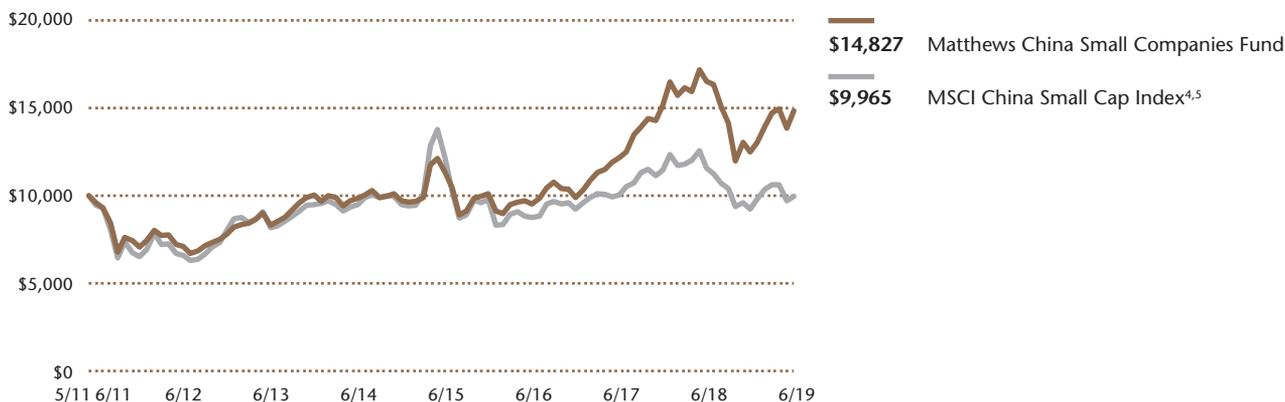
3 The lesser of fiscal year 2018 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

PERFORMANCE AS OF JUNE 30, 2019

	Average Annual Total Returns						Inception date
	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception	
Investor Class (MCSMX)	0.80%	18.69%	-10.36%	15.99%	8.51%	4.99%	05/31/11
Institutional Class (MICHX)	0.89%	18.87%	-10.08%	n.a.	n.a.	2.62%	11/30/17
MSCI China Small Cap Index ⁴	-6.09%	7.99%	-13.89%	4.47%	1.00%	-0.04% ⁵	

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 matthewsasiasia.com.

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



Plotted monthly. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gains distributions or redemption of Fund shares. Values are in US\$.

⁴ It is not possible to invest directly in an index. Source: Index data from Morgan Stanley Capital International and Bloomberg; total return calculations performed by BNY Mellon Investment Servicing (US) Inc. Please see page 88 for index definition.

⁵ Calculated from 5/31/11

TOP TEN HOLDINGS⁶

	Sector	% of Net Assets
Silergy Corp.	Information Technology	8.2%
SITC International Holdings Co., Ltd.	Industrials	5.2%
Sunny Friend Environmental Technology Co., Ltd.	Industrials	5.1%
Asia Cement China Holdings Corp.	Materials	3.9%
Joy City Property, Ltd.	Real Estate	3.5%
Yihai International Holding, Ltd.	Consumer Staples	3.5%
SUNeVision Holdings, Ltd.	Information Technology	3.0%
Greentown Service Group Co., Ltd.	Industrials	3.0%
China Overseas Property Holdings, Ltd.	Real Estate	2.8%
China Meidong Auto Holdings, Ltd.	Consumer Discretionary	2.6%
% OF ASSETS IN TOP TEN		40.8%

⁶ Holdings may combine more than one security from same issuer and related depositary receipts.

Matthews China Small Companies Fund

Portfolio Manager Commentary (unaudited) (continued)

is included among new supply-chain planning outside of China. Ultimately, TK Group's customers appear to care more about quality than additional costs due to the significant yield rate differences between good and bad producers.

Notable Portfolio Changes:

During the quarter, we initiated a position in Centre Testing International Group after tracking its operational turnaround for several years. Among non-state-owned enterprises in China, the company is the leading testing and inspections provider for environmental firms, food, consumer and industrial products and electronic materials. Due to changes in management that have driven higher returns on investment for existing assets, we expect strong free cash flow generation on top of rising structural demand to benefit shareholders.

We exited our position in Shanghai Putailai New Energy Technology during the quarter as we expect China's electric vehicle material and equipment suppliers to have limited demand and pricing visibility after multiple rounds of subsidy cuts. In addition, a newly announced stimulus measure that will instead benefit internal combustion engine cars is likely to hurt electric vehicle demand.

Outlook:

We remain optimistic about China's small-cap market amid heightened market volatility as we focus rigorously on the sound fundamentals of our portfolio companies. From a macroeconomic perspective, we believe China can stabilize its economy through fiscal spending, tax reform, interest rate adjustments and currency management. In addition, we believe that steps to correct China's structural issues are on the right track, despite the near-term pains of a deleveraging economy. We are focused on finding innovative and capital-efficient small companies that are relatively insulated from macroeconomic uncertainties. We will continue to seek companies with sustainable, quality earnings streams, strong cash flows and good balance sheets that can weather uncertain economic conditions. We believe sectors such as industrial automation, health care and technology are among the most attractive from a secular growth perspective.

COUNTRY ALLOCATION (%) ⁷	
China/Hong Kong	86.4
Taiwan	6.2
Japan	2.4
Cash and Other Assets, Less Liabilities	5.0

SECTOR ALLOCATION (%) ⁷	
Information Technology	22.1
Industrials	18.6
Health Care	14.1
Consumer Discretionary	12.1
Real Estate	9.4
Consumer Staples	7.5
Materials	7.2
Energy	4.1
Cash and Other Assets, Less Liabilities	5.0

MARKET CAP EXPOSURE (%) ^{7,8}	
Mega Cap (over \$25B)	0.0
Large Cap (\$10B-\$25B)	0.0
Mid Cap (\$3B-10B)	17.7
Small Cap (under \$3B)	77.4
Cash and Other Assets, Less Liabilities	5.0

⁷ Source: FactSet Research Systems. Percentage values in data are rounded to the nearest tenth of one percent, so 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.

⁸ The Fund defines Small Companies as companies with market capitalization generally between \$100 million and \$3 billion or the largest company included in the Fund's primary benchmark, the MSCI China Small Cap Index.

Schedule of Investments^a (unaudited)

COMMON EQUITIES: 95.0%

	Shares	Value
INFORMATION TECHNOLOGY: 22.1%		
Semiconductors & Semiconductor Equipment: 11.3%		
Silergy Corp.	307,000	\$6,018,933
Hua Hong Semiconductor, Ltd. ^{b,c}	708,000	1,372,992
Alchip Technologies, Ltd.	285,000	853,978
		<u>8,245,903</u>
IT Services: 4.4%		
SUNeVision Holdings, Ltd.	2,505,000	2,182,545
GDS Holdings, Ltd. ADR ^d	26,800	1,006,876
		<u>3,189,421</u>
Software: 3.8%		
Kingdee International Software Group Co., Ltd.	1,326,000	1,436,436
Glodon Co., Ltd. A Shares	144,600	693,731
Sangfor Technologies, Inc. A Shares	52,406	667,708
		<u>2,797,875</u>
Electronic Equipment, Instruments & Components: 2.6%		
China Youzan, Ltd. ^d	30,672,000	1,884,763
China High Precision Automation Group, Ltd. ^{d,e}	195,000	249
		<u>1,885,012</u>
Total Information Technology		<u>16,118,211</u>
INDUSTRIALS: 18.5%		
Commercial Services & Supplies: 8.0%		
Sunny Friend Environmental Technology Co., Ltd.	415,000	3,696,151
Greentown Service Group Co., Ltd. ^c	2,680,000	2,165,600
		<u>5,861,751</u>
Marine: 5.2%		
SITC International Holdings Co., Ltd.	3,702,000	3,780,185
Machinery: 3.1%		
TK Group Holdings, Ltd.	2,670,000	1,317,825
Precision Tsugami China Corp., Ltd. ^c	877,000	938,851
		<u>2,256,676</u>
Professional Services: 2.2%		
Centre Testing International Group Co., Ltd. A Shares	1,048,912	1,651,804
Total Industrials		<u>13,550,416</u>
HEALTH CARE: 14.1%		
Biotechnology: 7.5%		
Innovent Biologics, Inc. ^{b,c,d}	414,000	1,398,640
Shanghai Haohai Biological Technology Co., Ltd. H Shares ^{b,c}	235,500	1,283,629
Zai Lab, Ltd. ADR ^d	33,600	1,171,632
CStone Pharmaceuticals ^{b,c,d}	597,000	880,402
Amoy Diagnostics Co., Ltd. A Shares	99,960	763,201
		<u>5,497,504</u>
Life Sciences Tools & Services: 2.3%		
Genscript Biotech Corp. ^d	416,000	1,043,848
BBI Life Sciences Corp. ^c	2,253,000	628,742
		<u>1,672,590</u>
Health Care Equipment & Supplies: 2.1%		
China Isotope & Radiation Corp.	351,400	829,281
Microport Scientific Corp.	990,000	736,011
		<u>1,565,292</u>
Health Care Providers & Services: 1.3%		
C-MER Eye Care Holdings, Ltd. ^c	1,634,000	913,583
Pharmaceuticals: 0.9%		
CanSino Biologics, Inc. H Shares ^{b,c,d}	151,200	644,541
Total Health Care		<u>10,293,510</u>

	Shares	Value
CONSUMER DISCRETIONARY: 12.1%		
Specialty Retail: 2.6%		
China Meidong Auto Holdings, Ltd.	2,752,000	\$1,916,469
Leisure Products: 2.4%		
Honma Golf, Ltd. ^{b,c}	2,016,500	1,750,179
Textiles, Apparel & Luxury Goods: 2.1%		
Pacific Textiles Holdings, Ltd.	1,248,000	988,092
Chow Sang Sang Holdings International, Ltd.	377,000	555,949
		<u>1,544,041</u>
Internet & Direct Marketing Retail: 1.8%		
Baozun, Inc. ADR ^d	26,600	1,326,276
Diversified Consumer Services: 1.6%		
China Yuhua Education Corp., Ltd. ^{b,c}	2,006,000	875,217
China Beststudy Education Group ^{c,d}	916,000	286,114
		<u>1,161,331</u>
Hotels, Restaurants & Leisure: 1.6%		
Huangshan Tourism Development Co., Ltd. B Shares	900,596	953,193
Future Bright Holdings, Ltd.	3,000,000	165,069
		<u>1,118,262</u>
Total Consumer Discretionary		<u>8,816,558</u>
REAL ESTATE: 9.4%		
Real Estate Management & Development: 9.4%		
Joy City Property, Ltd.	20,578,000	2,581,158
China Overseas Property Holdings, Ltd.	3,895,000	2,030,701
Times China Holdings, Ltd.	733,000	1,467,518
Midea Real Estate Holding, Ltd. ^{b,c}	308,400	788,282
Total Real Estate		<u>6,867,659</u>
CONSUMER STAPLES: 7.5%		
Food Products: 6.0%		
Yihai International Holding, Ltd.	488,000	2,531,685
Jonjee Hi-Tech Industrial And Commercial Holding Co., Ltd. A Shares	298,024	1,859,685
		<u>4,391,370</u>
Food & Staples Retailing: 1.5%		
Yixintang Pharmaceutical Group Co., Ltd. A Shares	254,626	1,058,846
Total Consumer Staples		<u>5,450,216</u>
MATERIALS: 7.2%		
Construction Materials: 3.9%		
Asia Cement China Holdings Corp.	1,775,000	2,845,932
Chemicals: 1.8%		
China BlueChemical, Ltd. H Shares	4,890,000	1,333,945
Containers & Packaging: 1.5%		
CPMC Holdings, Ltd.	2,791,000	1,084,970
Total Materials		<u>5,264,847</u>

Schedule of Investments^a (unaudited) (continued)

COMMON EQUITIES *(continued)*

	Shares	Value
ENERGY: 4.1%		
Oil, Gas & Consumable Fuels: 4.1%		
China Aviation Oil Singapore Corp., Ltd.	1,637,100	\$1,598,808
Sinopec Kantons Holdings, Ltd.	3,394,000	1,419,226
Total Energy		<u>3,018,034</u>
TOTAL INVESTMENTS: 95.0%		
		<u>69,379,451</u>
(Cost \$68,385,492)		
CASH AND OTHER ASSETS,		
LESS LIABILITIES: 5.0%		<u>3,613,686</u>
NET ASSETS: 100.0%		<u>\$72,993,137</u>

- a Certain securities were fair valued under the valuation policies approved by the Board of Trustees (Note 2-A).
 - b Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration normally to qualified institutional buyers. The security has been determined to be liquid in accordance with procedures adopted by the Funds' Board of Trustees. At June 30, 2019, the aggregate value is \$8,993,881, which is 12.32% of net assets.
 - c The securities may be resold to qualified foreign investors and foreign institutional buyers under Regulation S of the Securities Act of 1933.
 - d Non-income producing security.
 - e Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- ADR American Depositary Receipt

See accompanying notes to financial statements.

Index Definitions

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 ALBI includes bonds from the following countries: China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

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 capitalization-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.

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, Pakistan, 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, Pakistan, Philippines, Singapore, South Korea, Taiwan and Thailand.

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 Emerging Markets (EM) Asia Index** is a free float-adjusted market capitalization-weighted index of the stock

markets of China, India, Indonesia, Malaysia, Pakistan, Philippines, South Korea, Taiwan and Thailand.

The **MSCI China All Shares Index** captures large and mid-cap representation across China A shares, B shares, H shares, Red Chips (issued by entities owned by national or local governments in China), P Chips (issued by companies controlled by individuals in China and deriving substantial revenues in China), and foreign listings (*e.g.*, ADRs). The index aims to reflect the opportunity set of China share classes listed in Hong Kong, Shanghai, Shenzhen and outside of China.

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

The **MSCI Japan Index** is a free float-adjusted market capitalization-weighted index of Japanese equities listed in Japan.

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

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

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, and 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).

Disclosures

Fund Holdings: The Fund holdings shown in this report are as of June 30, 2019. Holdings are subject to change at any time, so holdings shown in this report may not reflect current Fund holdings. The Funds file complete schedules of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-PORT. The Funds' Forms N-PORT are available on the SEC's website at www.sec.gov. Complete schedules of investments are also available without charge, upon request, from the Funds by calling us at 800.789.ASIA (2742).

Proxy Voting Record: The Funds' Statement of Additional Information containing a description of the policies and procedures that the Funds have used to vote proxies relating to portfolio securities, along with each Fund's proxy voting record relating

to portfolio securities held during the most recent 12-month period ended June 30, is available upon request, at no charge, at the Funds' website at matthewsasiasia.com or by calling 800.789.ASIA (2742), or on the SEC's website at www.sec.gov.

Shareholder Reports and Prospectuses: To reduce the Funds' expenses, we try to identify related shareholders in a household and send only one copy of the Funds' prospectus and financial reports to that address. This process, called "householding," will continue indefinitely unless you instruct us otherwise. At any time you may view the Funds' current prospectus, summary prospectus and financial reports on our website. If you prefer to receive individual copies of the Funds' prospectus or financial reports, please call us at 800.789.ASIA (2742).

Disclosure of Fund Expenses *(unaudited)*

We believe it is important for you to understand the impact of fees regarding your investment. All mutual funds have operating expenses. As a shareholder of a mutual fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of the fund. A fund's operating expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing fees (in dollars) of investing in your fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

This table illustrates your fund's costs in two ways:

Actual Fund Return: This section helps you to estimate the actual operating expenses, after any applicable fee waivers, that you paid over the period. The "Ending Account Value" shown is derived from the fund's actual return for the past six month period, the "Expense Ratio" column shows the period's annualized expense ratio, and the "Operating Expenses Paid During Period" column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the fund at the beginning of the period. You may use the information here, together with your account value, to estimate the expenses that you paid over the period. To do so, simply divide your account

value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your fund in the first line under the heading entitled "Operating Expenses Paid During Period."

Hypothetical 5% Return: This section is intended to help you compare your fund's costs with those of other mutual funds. It assumes that the fund had an annual return of 5% before operating expenses, but that the expense ratio is unchanged. In this case, because the return used is not the fund's actual return, the results do not apply to your investment. This example is useful in making comparisons to other mutual funds because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on an assumed 5% annual return. You can assess your fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Please note that the operating expenses shown in the table are meant to highlight and help you compare your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees.

Matthews Asia Funds does not charge any sales loads, exchange fees, or 12b-1 fees, but these may be present in other funds to which you compare this data. Therefore, the hypothetical portions of the table are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

Disclosure of Fund Expenses (unaudited) (continued)

	INVESTOR CLASS				INSTITUTIONAL CLASS			
	Beginning Account Value 1/1/19	Ending Account Value 6/30/19	Expense Ratio ¹	Operating Expenses Paid During Period 1/1/19–6/30/19 ²	Beginning Account Value 1/1/19	Ending Account Value 6/30/19	Expense Ratio ¹	Operating Expenses Paid During Period 1/1/19–6/30/19 ²
ASIA FIXED INCOME STRATEGIES								
Matthews Asia Strategic Income Fund								
Actual Fund Return	\$1,000.00	\$1,083.90	1.15%	\$5.94	\$1,000.00	\$1,086.30	0.90%	\$4.66
Hypothetical 5% Returns	\$1,000.00	\$1,030.50	1.15%	\$5.79	\$1,000.00	\$1,029.26	0.90%	\$4.53
Matthews Asia Credit Opportunities Fund								
Actual Fund Return	\$1,000.00	\$1,093.90	1.15%	\$5.97	\$1,000.00	\$1,096.30	0.90%	\$4.68
Hypothetical 5% Returns	\$1,000.00	\$1,030.50	1.15%	\$5.79	\$1,000.00	\$1,029.26	0.90%	\$4.53
ASIA GROWTH AND INCOME STRATEGIES								
Matthews Asian Growth and Income Fund								
Actual Fund Return	\$1,000.00	\$1,129.20	1.10%	\$5.81	\$1,000.00	\$1,130.20	0.96%	\$5.07
Hypothetical 5% Returns	\$1,000.00	\$1,030.25	1.10%	\$5.54	\$1,000.00	\$1,029.56	0.96%	\$4.83
Matthews Asia Dividend Fund								
Actual Fund Return	\$1,000.00	\$1,058.20	1.02%	\$5.21	\$1,000.00	\$1,058.80	0.92%	\$4.70
Hypothetical 5% Returns	\$1,000.00	\$1,029.85	1.02%	\$5.13	\$1,000.00	\$1,029.36	0.92%	\$4.63
Matthews China Dividend Fund								
Actual Fund Return	\$1,000.00	\$1,155.10	1.12%	\$5.98	\$1,000.00	\$1,155.80	1.00%	\$5.35
Hypothetical 5% Returns	\$1,000.00	\$1,030.35	1.12%	\$5.64	\$1,000.00	\$1,029.75	1.00%	\$5.03
ASIA VALUE STRATEGY								
Matthews Asia Value Fund								
Actual Fund Return	\$1,000.00	\$1,070.00	1.50%	\$7.70	\$1,000.00	\$1,071.40	1.25%	\$6.42
Hypothetical 5% Returns	\$1,000.00	\$1,032.23	1.50%	\$7.56	\$1,000.00	\$1,030.99	1.25%	\$6.29
ASIA GROWTH STRATEGIES								
Matthews Asia Growth Fund								
Actual Fund Return	\$1,000.00	\$1,157.80	1.09%	\$5.83	\$1,000.00	\$1,158.90	0.93%	\$4.98
Hypothetical 5% Returns	\$1,000.00	\$1,030.20	1.09%	\$5.49	\$1,000.00	\$1,029.41	0.93%	\$4.68
Matthews Pacific Tiger Fund								
Actual Fund Return	\$1,000.00	\$1,076.30	1.05%	\$5.41	\$1,000.00	\$1,077.20	0.90%	\$4.64
Hypothetical 5% Returns	\$1,000.00	\$1,030.00	1.05%	\$5.28	\$1,000.00	\$1,029.26	0.90%	\$4.53
Matthews Asia ESG Fund								
Actual Fund Return	\$1,000.00	\$1,096.20	1.50%	\$7.80	\$1,000.00	\$1,097.40	1.25%	\$6.50
Hypothetical 5% Returns	\$1,000.00	\$1,032.23	1.50%	\$7.56	\$1,000.00	\$1,030.99	1.25%	\$6.29
Matthews Emerging Asia Fund								
Actual Fund Return	\$1,000.00	\$983.20	1.50%	\$7.38	\$1,000.00	\$984.80	1.25%	\$6.15
Hypothetical 5% Returns	\$1,000.00	\$1,032.23	1.50%	\$7.56	\$1,000.00	\$1,030.99	1.25%	\$6.29
Matthews Asia Innovators Fund								
Actual Fund Return	\$1,000.00	\$1,190.90	1.20%	\$6.52	\$1,000.00	\$1,191.70	1.05%	\$5.71
Hypothetical 5% Returns	\$1,000.00	\$1,030.75	1.20%	\$6.04	\$1,000.00	\$1,030.00	1.05%	\$5.28
Matthews China Fund								
Actual Fund Return	\$1,000.00	\$1,222.70	1.10%	\$6.06	\$1,000.00	\$1,224.70	0.92%	\$5.07
Hypothetical 5% Returns	\$1,000.00	\$1,030.25	1.10%	\$5.54	\$1,000.00	\$1,029.36	0.92%	\$4.63
Matthews India Fund								
Actual Fund Return	\$1,000.00	\$1,022.80	1.11%	\$5.57	\$1,000.00	\$1,023.40	0.93%	\$4.67
Hypothetical 5% Returns	\$1,000.00	\$1,030.30	1.11%	\$5.59	\$1,000.00	\$1,029.41	0.93%	\$4.68
Matthews Japan Fund								
Actual Fund Return	\$1,000.00	\$1,137.60	0.93%	\$4.93	\$1,000.00	\$1,137.30	0.87%	\$4.61
Hypothetical 5% Returns	\$1,000.00	\$1,029.41	0.93%	\$4.68	\$1,000.00	\$1,029.11	0.87%	\$4.38
Matthews Korea Fund								
Actual Fund Return	\$1,000.00	\$991.30	1.18%	\$5.83	\$1,000.00	\$993.50	1.06%	\$5.24
Hypothetical 5% Returns	\$1,000.00	\$1,030.65	1.18%	\$5.94	\$1,000.00	\$1,030.05	1.06%	\$5.34

1 Annualized, based on the Fund's most recent fiscal half-year expenses.

2 Operating expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by 181 days, then divided by 365.

Disclosure of Fund Expenses *(unaudited) (continued)*

	INVESTOR CLASS				INSTITUTIONAL CLASS			
	Beginning Account Value 1/1/19	Ending Account Value 6/30/19	Expense Ratio ¹	Operating Expenses Paid During Period 1/1/19–6/30/19 ²	Beginning Account Value 1/1/19	Ending Account Value 6/30/19	Expense Ratio ¹	Operating Expenses Paid During Period 1/1/19–6/30/19 ²
ASIA SMALL COMPANY STRATEGIES								
Matthews Asia Small Companies Fund								
Actual Fund Return	\$1,000.00	\$1,126.50	1.50%	\$7.91	\$1,000.00	\$1,127.40	1.25%	\$6.59
Hypothetical 5% Returns	\$1,000.00	\$1,032.23	1.50%	\$7.56	\$1,000.00	\$1,030.99	1.25%	\$6.29
Matthews China Small Companies Fund								
Actual Fund Return	\$1,000.00	\$1,186.90	1.50%	\$8.13	\$1,000.00	\$1,188.70	1.25%	\$6.78
Hypothetical 5% Returns	\$1,000.00	\$1,032.23	1.50%	\$7.56	\$1,000.00	\$1,030.99	1.25%	\$6.29

1 Annualized, based on the Fund's most recent fiscal half-year expenses.

2 Operating expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by 181 days, then divided by 365.

Statements of Assets and Liabilities *(unaudited)*

June 30, 2019

	Matthews Asia Strategic Income Fund	Matthews Asia Credit Opportunities Fund	Matthews Asian Growth and Income Fund
ASSETS:			
Investments at value (A) (Note 2-A and 7):			
Unaffiliated issuers	\$108,520,408	\$54,071,709	\$1,393,562,108
Cash	3,126,849	2,348,262	22,375,224
Cash pledged collateral for forward foreign currency exchange contracts	490,000	—	—
Segregated foreign currency at value	20,337	6,962	—
Foreign currency at value (B)	1,087	122	495,639
Dividends, interest and other receivable	2,178,338	1,005,508	5,816,718
Receivable for securities sold	—	1,458,392	—
Receivable for capital shares sold	137,587	21,475	1,041,320
Unrealized appreciation on forward foreign currency exchange contracts	130,886	—	—
Prepaid expenses	17,651	28,649	31,165
TOTAL ASSETS	114,623,143	58,941,079	1,423,322,174
LIABILITIES:			
Payable for securities purchased	—	1,357,805	—
Payable for capital shares redeemed	188,825	61,116	1,403,657
Unrealized depreciation on forward foreign currency exchange contracts	556,972	—	—
Unrealized depreciation on swaps	54,169	—	—
Deferred foreign capital gains tax liability (Note 2-F)	39,619	—	—
Due to Advisor (Note 5)	44,627	16,794	758,231
Administration and accounting fees payable (Note 5)	1,484	735	18,738
Administration and shareholder servicing fees payable (Note 5)	12,793	6,381	158,572
Custodian fees payable	5,381	151	112,565
Intermediary service fees payable (Note 5)	39,814	8,459	315,413
Professional fees payable	36,996	34,821	32,631
Transfer agent fees payable	741	171	9,301
Accrued other expenses payable	13,233	9,574	111,879
TOTAL LIABILITIES	994,654	1,496,007	2,920,987
NET ASSETS	\$113,628,489	\$57,445,072	\$1,420,401,187
NET ASSETS:			
Investor Class	\$39,139,951	\$11,264,207	\$825,573,651
Institutional Class	74,488,538	46,180,865	594,827,536
TOTAL	\$113,628,489	\$57,445,072	\$1,420,401,187

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Asia Strategic Income Fund	Matthews Asia Credit Opportunities Fund	Matthews Asian Growth and Income Fund
SHARES OUTSTANDING:			
(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with a \$0.001 par value)			
Investor Class	3,582,846	1,075,705	53,121,661
Institutional Class	6,817,991	4,410,655	38,341,071
TOTAL	10,400,837	5,486,360	91,462,732
NET ASSET VALUE:			
Investor Class, offering price and redemption price	\$10.92	\$10.47	\$15.54
Institutional Class, offering price and redemption price	\$10.93	\$10.47	\$15.51
NET ASSETS CONSISTS OF:			
Capital paid-in	\$113,404,380	\$56,220,540	\$1,251,198,066
Total distributable earnings/(accumulated loss)	224,109	1,224,532	169,203,121
NET ASSETS	\$113,628,489	\$57,445,072	\$1,420,401,187
(A) Investments at cost:			
Unaffiliated Issuers	\$104,936,223	\$53,081,339	\$1,240,128,162
(B) Foreign Currency at Cost	\$1,086	\$124	\$495,430

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Asia Dividend Fund	Matthews China Dividend Fund	Matthews Asia Value Fund
ASSETS:			
Investments at value (A) (Note 2-A and 7):			
Unaffiliated issuers	\$4,837,354,766	\$366,967,714	\$23,050,094
Affiliated issuers	1,110,828,937	—	—
Cash	95,765,571	13,400,130	1,840,241
Segregated foreign currency at value	163,639	15,156	—
Foreign currency at value (B)	24,687,806	410,370	81,186
Dividends, interest and other receivable	14,017,046	829,261	54,458
Receivable for securities sold	33,043,851	7,895	—
Receivable for capital shares sold	6,816,791	827,243	26,152
Prepaid expenses	63,467	31,421	18,727
TOTAL ASSETS	6,122,741,874	382,489,190	25,070,858
LIABILITIES:			
Payable for securities purchased	30,634,434	3,096,729	—
Payable for capital shares redeemed	15,304,381	351,144	15,846
Deferred foreign capital gains tax liability (Note 2-F)	4,942,899	—	8,014
Due to Advisor (Note 5)	3,217,908	198,041	3,283
Administration and accounting fees payable (Note 5)	80,519	4,899	356
Administration and shareholder servicing fees payable (Note 5)	651,131	41,440	2,859
Custodian fees payable	295,708	14,445	3,018
Intermediary service fees payable (Note 5)	855,888	40,156	14,052
Professional fees payable	25,525	31,894	27,950
Transfer agent fees payable	19,932	1,900	337
Accrued other expenses payable	184,584	38,621	23,794
TOTAL LIABILITIES	56,212,909	3,819,269	99,509
NET ASSETS	\$6,066,528,965	\$378,669,921	\$24,971,349
NET ASSETS:			
Investor Class	\$2,710,989,835	\$276,272,043	\$18,897,260
Institutional Class	3,355,539,130	102,397,878	6,074,089
TOTAL	\$6,066,528,965	\$378,669,921	\$24,971,349

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Asia Dividend Fund	Matthews China Dividend Fund	Matthews Asia Value Fund
SHARES OUTSTANDING:			
(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with a \$0.001 par value)			
Investor Class	161,112,601	16,963,208	1,626,144
Institutional Class	199,467,818	6,286,822	526,022
TOTAL	360,580,419	23,250,030	2,152,166
NET ASSET VALUE:			
Investor Class, offering price and redemption price	\$16.83	\$16.29	\$11.62
Institutional Class, offering price and redemption price	\$16.82	\$16.29	\$11.55
NET ASSETS CONSISTS OF:			
Capital paid-in	\$5,354,547,295	\$358,716,357	\$26,336,308
Total distributable earnings/(accumulated loss)	711,981,670	19,953,564	(1,364,959)
NET ASSETS	\$6,066,528,965	\$378,669,921	\$24,971,349
(A) Investments at cost:			
Unaffiliated Issuers	\$4,149,256,869	\$340,329,075	\$23,335,244
Affiliated Issuers	904,078,249	—	—
(B) Foreign Currency at Cost	\$24,804,300	\$410,336	\$81,189

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Asia Growth Fund	Matthews Pacific Tiger Fund	Matthews Asia ESG Fund
ASSETS:			
Investments at value (A) (Note 2-A and 7):			
Unaffiliated issuers	\$1,079,745,164	\$7,829,615,622	\$45,361,438
Affiliated issuers	17,276,809	1,149,704,669	—
Cash	29,269,038	201,381,558	533,846
Segregated foreign currency at value	—	170,946	701
Foreign currency at value (B)	238,444	22,066,580	116,252
Dividends, interest and other receivable	866,406	28,214,920	129,917
Receivable for securities sold	—	9,419,119	—
Receivable for capital shares sold	1,295,098	8,227,345	27,939
Prepaid expenses	34,811	131,637	23,899
TOTAL ASSETS	1,128,725,770	9,248,932,396	46,193,992
LIABILITIES:			
Payable for securities purchased	5,453,829	102,095	403,895
Payable for capital shares redeemed	863,539	15,813,464	2,447
Deferred foreign capital gains tax liability (Note 2-F)	1,534,737	32,766,180	183,303
Due to Advisor (Note 5)	597,623	4,809,514	17,230
Administration and accounting fees payable (Note 5)	14,752	120,510	589
Administration and shareholder servicing fees payable (Note 5)	125,047	938,674	5,044
Custodian fees payable	68,303	549,209	17,204
Intermediary service fees payable (Note 5)	163,086	774,889	10,152
Professional fees payable	32,948	39,148	32,301
Transfer agent fees payable	4,693	18,695	178
Accrued other expenses payable	39,148	33,334	26,832
TOTAL LIABILITIES	8,897,705	55,965,712	699,175
NET ASSETS	\$1,119,828,065	\$9,192,966,684	\$45,494,817
NET ASSETS:			
Investor Class	\$528,787,329	\$2,811,333,085	\$15,825,173
Institutional Class	591,040,736	6,381,633,599	29,669,644
TOTAL	\$1,119,828,065	\$9,192,966,684	\$45,494,817

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Asia Growth Fund	Matthews Pacific Tiger Fund	Matthews Asia ESG Fund
SHARES OUTSTANDING:			
(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with a \$0.001 par value)			
Investor Class	20,306,353	97,253,645	1,447,162
Institutional Class	22,520,119	220,846,251	2,715,628
TOTAL	42,826,472	318,099,896	4,162,790
NET ASSET VALUE:			
Investor Class, offering price and redemption price	\$26.04	\$28.91	\$10.94
Institutional Class, offering price and redemption price	\$26.25	\$28.90	\$10.93
NET ASSETS CONSISTS OF:			
Capital paid-in	\$896,187,007	\$6,260,486,153	\$42,456,879
Total distributable earnings/(accumulated loss)	223,641,058	2,932,480,531	3,037,938
NET ASSETS	\$1,119,828,065	\$9,192,966,684	\$45,494,817
(A) Investments at cost:			
Unaffiliated Issuers	\$849,144,789	\$4,932,460,673	\$41,943,005
Affiliated Issuers	28,844,084	1,365,908,453	—
(B) Foreign Currency at Cost	\$238,602	\$22,039,122	\$116,958

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Emerging Asia Fund	Matthews Asia Innovators Fund	Matthews China Fund
ASSETS:			
Investments at value (A) (Note 2-A and 7):			
Unaffiliated issuers	\$382,994,895	\$279,460,047	\$819,313,238
Affiliated issuers	24,724,628	—	—
Cash	20,185,571	10,467,743	48,885,352
Segregated foreign currency at value	—	2,894	34,943
Foreign currency at value (B)	1,197,697	3,189,056	469,573
Dividends, interest and other receivable	1,187,940	423,216	6,059,499
Receivable for securities sold	1,890,179	322,239	720,279
Receivable for capital shares sold	1,598,036	132,160	1,242,598
Prepaid expenses	32,819	28,171	21,318
TOTAL ASSETS	433,811,765	294,025,526	876,746,800
LIABILITIES:			
Payable for securities purchased	553,727	299,502	11,337,862
Payable for capital shares redeemed	1,091,741	351,337	997,881
Deferred foreign capital gains tax liability (Note 2-F)	2,752,846	733,210	—
Due to Advisor (Note 5)	279,201	152,478	445,190
Administration and accounting fees payable (Note 5)	5,763	3,759	11,066
Administration and shareholder servicing fees payable (Note 5)	48,877	31,909	93,086
Custodian fees payable	180,704	28,781	22,509
Foreign capital gains tax payable (Note 2-F)	263,784	—	—
Intermediary service fees payable (Note 5)	72,401	38,278	105,570
Professional fees payable	26,901	30,821	28,585
Transfer agent fees payable	1,898	2,956	11,564
Accrued other expenses payable	46,698	33,508	241,172
TOTAL LIABILITIES	5,324,541	1,706,539	13,294,485
NET ASSETS	\$428,487,224	\$292,318,987	\$863,452,315
NET ASSETS:			
Investor Class	\$108,416,138	\$174,601,920	\$709,970,242
Institutional Class	320,071,086	117,717,067	153,482,073
TOTAL	\$428,487,224	\$292,318,987	\$863,452,315

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Emerging Asia Fund	Matthews Asia Innovators Fund	Matthews China Fund
SHARES OUTSTANDING:			
(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with a \$0.001 par value)			
Investor Class	8,818,240	13,018,861	40,403,281
Institutional Class	25,923,473	8,728,827	8,745,387
TOTAL	34,741,713	21,747,688	49,148,668
NET ASSET VALUE:			
Investor Class, offering price and redemption price	\$12.29	\$13.41	\$17.57
Institutional Class, offering price and redemption price	\$12.35	\$13.49	\$17.55
NET ASSETS CONSISTS OF:			
Capital paid-in	\$464,607,097	\$247,953,183	\$855,407,490
Total distributable earnings/(accumulated loss)	(36,119,873)	44,365,804	8,044,825
NET ASSETS	\$428,487,224	\$292,318,987	\$863,452,315
(A) Investments at cost:			
Unaffiliated Issuers	\$408,343,262	\$232,613,842	\$797,202,659
Affiliated Issuers	37,470,156	—	—
(B) Foreign Currency at Cost			
	\$1,199,486	\$3,231,348	\$469,480

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews India Fund	Matthews Japan Fund	Matthews Korea Fund
ASSETS:			
Investments at value (A) (Note 2-A and 7):			
Unaffiliated issuers	\$1,377,184,363	\$2,640,945,752	\$144,757,565
Affiliated issuers	83,452,790	—	—
Cash	5,427,436	30,001,250	6,073,206
Foreign currency at value (B)	7,919,711	3,607,360	—
Dividends, interest and other receivable	3,139,681	1,740,175	345,940
Receivable for securities sold	31,212,643	—	397
Receivable for capital shares sold	5,957,603	1,510,526	219,785
Prepaid expenses	26,655	40,920	22,551
TOTAL ASSETS	1,514,320,882	2,677,845,983	151,419,444
LIABILITIES:			
Payable for securities purchased	5,575,485	3,762	716,951
Payable for capital shares redeemed	13,367,623	5,915,792	123,657
Deferred foreign capital gains tax liability (Note 2-F)	24,571,282	—	—
Due to Advisor (Note 5)	827,594	1,457,111	79,338
Administration and accounting fees payable (Note 5)	20,511	36,536	1,945
Administration and shareholder servicing fees payable (Note 5)	173,203	304,792	16,597
Custodian fees payable	157,923	75,846	9,878
Foreign capital gains tax payable (Note 2-F)	555,845	—	—
Intermediary service fees payable (Note 5)	240,509	366,010	34,162
Professional fees payable	36,354	29,649	27,775
Transfer agent fees payable	12,499	19,618	3,382
Accrued other expenses payable	86,362	114,151	27,765
TOTAL LIABILITIES	45,625,190	8,323,267	1,041,450
NET ASSETS	\$1,468,695,692	\$2,669,522,716	\$150,377,994
NET ASSETS:			
Investor Class	\$1,095,537,667	\$1,631,127,451	\$120,885,724
Institutional Class	373,158,025	1,038,395,265	29,492,270
TOTAL	\$1,468,695,692	\$2,669,522,716	\$150,377,994

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews India Fund	Matthews Japan Fund	Matthews Korea Fund
SHARES OUTSTANDING:			
(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with a \$0.001 par value)			
Investor Class	40,703,603	77,377,316	26,617,592
Institutional Class	13,728,646	49,157,682	6,445,493
TOTAL	54,432,249	126,534,998	33,063,085
NET ASSET VALUE:			
Investor Class, offering price and redemption price	\$26.92	\$21.08	\$4.54
Institutional Class, offering price and redemption price	\$27.18	\$21.12	\$4.58
NET ASSETS CONSISTS OF:			
Capital paid-in	\$1,177,782,270	\$2,318,641,451	\$134,926,558
Total distributable earnings/(accumulated loss)	290,913,422	350,881,265	15,451,436
NET ASSETS	\$1,468,695,692	\$2,669,522,716	\$150,377,994
(A) Investments at cost:			
Unaffiliated Issuers	\$1,244,940,143	\$2,393,915,292	\$136,642,249
Affiliated Issuers	46,513,178	—	—
(B) Foreign Currency at Cost	\$7,917,876	\$3,612,611	\$—

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Asia Small Companies Fund	Matthews China Small Companies Fund
ASSETS:		
Investments at value (A) (Note 2-A and 7):		
Unaffiliated issuers	\$172,751,614	\$69,379,451
Affiliated issuers	2,232,892	—
Cash	12,307,081	2,173,190
Segregated foreign currency at value	—	3,898
Foreign currency at value (B)	3,809,499	714,207
Dividends, interest and other receivable	563,090	389,157
Receivable for securities sold	1,256,629	504,601
Receivable for capital shares sold	602,345	41,250
Prepaid expenses	19,957	23,947
TOTAL ASSETS	193,543,107	73,229,701
LIABILITIES:		
Payable for securities purchased	485,267	30
Payable for capital shares redeemed	221,276	82,741
Deferred foreign capital gains tax liability (Note 2-F)	861,696	—
Due to Advisor (Note 5)	137,949	43,471
Administration and accounting fees payable (Note 5)	2,516	957
Administration and shareholder servicing fees payable (Note 5)	21,296	7,972
Custodian fees payable	85,518	5,523
Foreign capital gains tax payable (Note 2-F)	30,517	—
Intermediary service fees payable (Note 5)	71,053	32,877
Professional fees payable	27,480	31,815
Transfer agent fees payable	2,534	983
Accrued other expenses payable	41,940	30,195
TOTAL LIABILITIES	1,989,042	236,564
NET ASSETS	\$191,554,065	\$72,993,137
NET ASSETS:		
Investor Class	\$116,482,216	\$48,468,883
Institutional Class	75,071,849	24,524,254
TOTAL	\$191,554,065	\$72,993,137

See accompanying notes to financial statements.

Statements of Assets and Liabilities *(unaudited) (continued)*

June 30, 2019

	Matthews Asia Small Companies Fund	Matthews China Small Companies Fund
SHARES OUTSTANDING:		
(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with a \$0.001 par value)		
Investor Class	6,673,023	4,262,223
Institutional Class	4,306,420	2,151,440
TOTAL	10,979,443	6,413,663
NET ASSET VALUE:		
Investor Class, offering price and redemption price	\$17.46	\$11.37
Institutional Class, offering price and redemption price	\$17.43	\$11.40
NET ASSETS CONSISTS OF:		
Capital paid-in	\$199,624,096	\$72,148,839
Total distributable earnings/(accumulated loss)	(8,070,031)	844,298
NET ASSETS	\$191,554,065	\$72,993,137
(A) Investments at cost:		
Unaffiliated Issuers	\$174,386,822	\$68,385,492
Affiliated Issuers	2,226,132	—
(B) Foreign Currency at Cost	\$3,809,000	\$710,372

See accompanying notes to financial statements.

Statements of Operations *(unaudited)*

Six-Month Period Ended June 30, 2019

	Matthews Asia Strategic Income Fund	Matthews Asia Credit Opportunities Fund	Matthews Asian Growth and Income Fund
INVESTMENT INCOME:			
Dividends—Unaffiliated Issuers	\$16,004	\$15,866	\$20,848,768
Interest	2,967,019	1,326,711	966,053
Foreign withholding tax	(49,574)	(8,621)	(1,376,374)
TOTAL INVESTMENT INCOME	2,933,449	1,333,956	20,438,447
EXPENSES:			
Investment advisory fees (Note 5)	293,987	134,281	4,770,829
Administration and accounting fees (Note 5)	4,276	1,953	57,599
Administration and shareholder servicing fees (Note 5)	73,781	33,691	993,622
Accounting out-of-pocket fees	11,729	11,072	24,870
Custodian fees	19,691	9,104	239,523
Printing fees	18,537	15,313	86,122
Intermediary service fees (Note 5)	69,605	21,181	1,125,967
Professional fees	32,542	31,133	40,393
Registration fees	20,998	20,559	29,791
Transfer agent fees	2,694	637	32,252
Trustees fees	2,465	1,026	38,580
Other expenses	5,777	2,851	32,488
TOTAL EXPENSES	556,082	282,801	7,472,036
Advisory fees waived and expenses waived or reimbursed (Note 5)	(25,859)	(50,460)	—
NET EXPENSES	530,223	232,341	7,472,036
NET INVESTMENT INCOME (LOSS)	2,403,226	1,101,615	12,966,411
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS, FOREIGN CURRENCY RELATED TRANSACTIONS, SWAPS, AND FOREIGN CAPITAL GAINS TAXES:			
Net realized gain (loss) on investments—Unaffiliated Issuers	1,056,344	873,350	27,640,015
Net realized gain (loss) on forward foreign currency exchange contracts	803,516	728	—
Net realized gain (loss) on swaps	85,613	—	—
Net realized foreign capital gains tax	(13,103)	—	—
Net realized gain (loss) on foreign currency related transactions	(366,194)	270	122,451
Net change in unrealized appreciation/depreciation on investments—Unaffiliated Issuers	5,989,522	2,415,195	135,477,089
Net change in unrealized appreciation/depreciation on forward foreign currency exchange contracts	(1,119,966)	(728)	—
Net change in unrealized appreciation/depreciation on swaps	(54,169)	—	—
Net change in deferred foreign capital gains taxes on unrealized appreciation	(39,522)	—	243,880
Net change in unrealized appreciation/depreciation on foreign currency related translations	2,430	(8)	(37,585)
Net realized and unrealized gain (loss) on investments, forward foreign currency exchange contracts, foreign currency related transactions, and foreign capital gains taxes	6,344,471	3,288,807	163,445,850
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$8,747,697	\$4,390,422	\$176,412,261

See accompanying notes to financial statements.

Statements of Operations *(unaudited) (continued)*

Six-Month Period Ended June 30, 2019

	Matthews Asia Dividend Fund	Matthews China Dividend Fund	Matthews Asia Value Fund
INVESTMENT INCOME:			
Dividends—Unaffiliated Issuers	\$73,302,942	\$7,120,768	\$460,950
Dividends—Affiliated Issuers (Note 7)	16,638,091	—	—
Foreign withholding tax	(7,356,831)	(366,103)	(34,362)
TOTAL INVESTMENT INCOME	82,584,202	6,754,665	426,588
EXPENSES:			
Investment advisory fees (Note 5)	20,275,181	1,123,589	89,587
Administration and accounting fees (Note 5)	244,786	13,566	1,082
Administration and shareholder servicing fees (Note 5)	4,222,455	233,920	18,649
Accounting out-of-pocket fees	25,249	21,948	19,226
Custodian fees	890,983	80,930	20,847
Printing fees	166,982	28,245	13,492
Intermediary service fees (Note 5)	3,504,758	275,394	25,275
Professional fees	88,490	27,319	33,358
Registration fees	90,027	22,128	19,364
Transfer agent fees	67,807	7,071	1,358
Trustees fees	148,771	7,368	619
Other expenses	133,327	7,696	8,059
TOTAL EXPENSES	29,858,816	1,849,174	250,916
Advisory fees waived and expenses waived or reimbursed (Note 5)	(190,457)	—	(58,374)
Administration fees waived (Note 5)	(190,457)	—	—
NET EXPENSES	29,477,902	1,849,174	192,542
NET INVESTMENT INCOME (LOSS)	53,106,300	4,905,491	234,046
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY RELATED TRANSACTIONS, AND FOREIGN CAPITAL GAINS TAXES:			
Net realized gain (loss) on investments—Unaffiliated Issuers	(125,788,447)	(2,299,658)	(65,690)
Net realized gain (loss) on investments—Affiliated Issuers	20,692,688	—	—
Net realized gain (loss) on foreign currency related transactions	(167,994)	(242,246)	(1,159)
Net change in unrealized appreciation/depreciation on investments—Unaffiliated Issuers	348,595,599	41,369,691	1,433,487
Net change in unrealized appreciation/depreciation on investments—Affiliated Issuers	38,894,459	—	—
Net change in deferred foreign capital gains taxes on unrealized appreciation	(132,568)	—	(3,911)
Net change in unrealized appreciation/depreciation on foreign currency related translations	(136,234)	5,514	(273)
Net realized and unrealized gain (loss) on investments, foreign currency related transactions, and foreign capital gains taxes	281,957,503	38,833,301	1,362,454
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$335,063,803	\$43,738,792	\$1,596,500

See accompanying notes to financial statements.

Statements of Operations *(unaudited) (continued)*

Six-Month Period Ended June 30, 2019

	Matthews Asia Growth Fund	Matthews Pacific Tiger Fund	Matthews Asia ESG Fund
INVESTMENT INCOME:			
Dividends—Unaffiliated Issuers	\$6,707,051	\$70,342,808	\$424,148
Dividends—Affiliated Issuers (Note 7)	395,119	23,641,165	—
Foreign withholding tax	(673,960)	(6,675,914)	(44,379)
TOTAL INVESTMENT INCOME	6,428,210	87,308,059	379,769
EXPENSES:			
Investment advisory fees (Note 5)	3,533,896	29,514,343	134,663
Administration and accounting fees (Note 5)	42,666	356,330	1,626
Administration and shareholder servicing fees (Note 5)	735,892	6,146,970	28,034
Accounting out-of-pocket fees	22,539	24,780	24,364
Custodian fees	237,965	1,717,425	46,961
Printing fees	39,895	148,648	12,896
Intermediary service fees (Note 5)	647,029	4,513,760	21,313
Professional fees	34,448	108,914	28,931
Registration fees	29,267	100,664	17,286
Transfer agent fees	17,051	66,222	688
Trustees fees	24,414	207,285	759
Other expenses	20,354	135,129	6,492
TOTAL EXPENSES	5,385,416	43,040,470	324,013
Advisory fees waived and expenses waived or reimbursed (Note 5)	—	(518,018)	(53,794)
Administration fees waived (Note 5)	—	(518,018)	—
NET EXPENSES	5,385,416	42,004,434	270,219
NET INVESTMENT INCOME (LOSS)	1,042,794	45,303,625	109,550
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY RELATED TRANSACTIONS, AND FOREIGN CAPITAL GAINS TAXES:			
Net realized gain (loss) on investments—Unaffiliated Issuers	7,903,200	105,820,171	24,399
Net realized gain (loss) on investments—Affiliated Issuers	—	21,756,218	—
Net realized foreign capital gains tax	889	(731,798)	278
Net realized gain (loss) on foreign currency related transactions	(43,455)	(167,846)	1,768
Net change in unrealized appreciation/depreciation on investments— Unaffiliated Issuers	148,807,806	580,074,958	3,204,154
Net change in unrealized appreciation/depreciation on investments— Affiliated Issuers	(7,382,357)	(96,492,807)	—
Net change in deferred foreign capital gains taxes on unrealized appreciation	(776,521)	(16,846,395)	(150,045)
Net change in unrealized appreciation/depreciation on foreign currency related translations	1,545	(55,128)	869
Net realized and unrealized gain (loss) on investments, foreign currency related transactions, and foreign capital gains taxes	148,511,107	593,357,373	3,081,423
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$149,553,901	\$638,660,998	\$3,190,973

See accompanying notes to financial statements.

Statements of Operations *(unaudited) (continued)*

Six-Month Period Ended June 30, 2019

	Matthews Emerging Asia Fund	Matthews Asia Innovators Fund	Matthews China Fund
INVESTMENT INCOME:			
Dividends—Unaffiliated Issuers	\$6,730,077	\$2,479,241	\$11,351,157
Dividends—Affiliated Issuers (Note 7)	164,272	—	—
Foreign withholding tax	(809,736)	(164,705)	(548,270)
TOTAL INVESTMENT INCOME	6,084,613	2,314,536	10,802,887
EXPENSES:			
Investment advisory fees (Note 5)	2,142,828	908,817	2,629,864
Administration and accounting fees (Note 5)	17,143	10,972	31,752
Administration and shareholder servicing fees (Note 5)	295,692	189,241	547,412
Accounting out-of-pocket fees	26,277	18,789	19,702
Custodian fees	484,837	126,653	127,559
Printing fees	27,478	25,697	58,853
Intermediary service fees (Note 5)	249,442	209,176	693,864
Professional fees	34,971	29,811	30,381
Registration fees	33,772	25,690	38,911
Transfer agent fees	6,927	10,987	41,988
Trustees fees	10,244	6,088	18,290
Other expenses	13,933	9,137	17,625
TOTAL EXPENSES	3,343,544	1,571,058	4,256,201
Advisory fees waived and expenses waived or reimbursed (Note 5)	(514,640)	—	—
NET EXPENSES	2,828,904	1,571,058	4,256,201
NET INVESTMENT INCOME (LOSS)	3,255,709	743,478	6,546,686
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY RELATED TRANSACTIONS, AND FOREIGN CAPITAL GAINS TAXES:			
Net realized gain (loss) on investments—Unaffiliated Issuers	(965,053)	(1,615,245)	(727,345)
Net realized foreign capital gains tax	(81,486)	(80,243)	—
Net realized gain (loss) on foreign currency related transactions	(269,412)	(36,555)	(45,537)
Net change in unrealized appreciation/depreciation on investments—Unaffiliated Issuers	(8,312,084)	47,707,040	138,850,543
Net change in unrealized appreciation/depreciation on investments—Affiliated Issuers	(1,665,381)	—	—
Net change in deferred foreign capital gains taxes on unrealized appreciation	(181,928)	(312,183)	—
Net change in unrealized appreciation/depreciation on foreign currency related translations	(17,637)	(51,870)	23,145
Net realized and unrealized gain (loss) on investments, foreign currency related transactions, and foreign capital gains taxes	(11,492,981)	45,610,944	138,100,806
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(\$8,237,272)	\$46,354,422	\$144,647,492

See accompanying notes to financial statements.

Statements of Operations *(unaudited) (continued)*

Six-Month Period Ended June 30, 2019

	Matthews India Fund	Matthews Japan Fund	Matthews Korea Fund
INVESTMENT INCOME:			
Dividends—Unaffiliated Issuers	\$6,686,402	\$23,296,474	\$236,953
Foreign withholding tax	(61,533)	(2,232,794)	(36,519)
TOTAL INVESTMENT INCOME	6,624,869	21,063,680	200,434
EXPENSES:			
Investment advisory fees (Note 5)	5,111,917	9,503,572	501,506
Administration and accounting fees (Note 5)	61,716	114,738	6,055
Administration and shareholder servicing fees (Note 5)	1,064,771	1,979,339	104,450
Accounting out-of-pocket fees	21,923	23,725	18,680
Custodian fees	375,096	153,935	30,800
Printing fees	72,024	162,999	17,857
Intermediary service fees (Note 5)	1,225,716	833,016	137,219
Professional fees	58,199	52,841	25,052
Registration fees	45,512	36,870	17,384
Transfer agent fees	44,138	69,650	11,987
Trustees fees	38,828	76,849	3,850
Other expenses	42,034	47,000	3,551
TOTAL EXPENSES	8,161,874	13,054,534	878,391
NET EXPENSES	8,161,874	13,054,534	878,391
NET INVESTMENT INCOME (LOSS)	(1,537,005)	8,009,146	(677,957)
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY RELATED TRANSACTIONS, AND FOREIGN CAPITAL GAINS TAXES:			
Net realized gain (loss) on investments—Unaffiliated Issuers	46,110,444	37,166,311	(38,841)
Net realized foreign capital gains tax	(1,765,783)	—	—
Net realized gain (loss) on foreign currency related transactions	(642,587)	562,969	(55,636)
Net change in unrealized appreciation/depreciation on investments—Unaffiliated Issuers	(2,095,923)	332,581,724	(543,201)
Net change in unrealized appreciation/depreciation on investments—Affiliated Issuers	7,625,104	—	—
Net change in deferred foreign capital gains taxes on unrealized appreciation	(12,698,523)	—	—
Net change in unrealized appreciation/depreciation on foreign currency related translations	(9,166)	620	(23,205)
Net realized and unrealized gain (loss) on investments, foreign currency related transactions, and foreign capital gains taxes	36,523,566	370,311,624	(660,883)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$34,986,561	\$378,320,770	(\$1,338,840)

See accompanying notes to financial statements.

Statements of Operations *(unaudited) (continued)*

Six-Month Period Ended June 30, 2019

	Matthews Asia Small Companies Fund	Matthews China Small Companies Fund
INVESTMENT INCOME:		
Dividends—Unaffiliated Issuers	\$2,487,313	\$1,152,493
Dividends—Affiliated Issuers (Note 7)	63,100	—
Foreign withholding tax	(153,187)	(17,237)
TOTAL INVESTMENT INCOME	2,397,226	1,135,256
EXPENSES:		
Investment advisory fees (Note 5)	957,806	356,650
Administration and accounting fees (Note 5)	7,663	2,853
Administration and shareholder servicing fees (Note 5)	132,194	49,193
Accounting out-of-pocket fees	26,236	21,243
Custodian fees	166,602	22,643
Printing fees	21,685	15,579
Intermediary service fees (Note 5)	182,460	66,011
Professional fees	40,245	25,199
Registration fees	22,708	22,072
Transfer agent fees	8,613	3,552
Trustees fees	5,744	1,526
Other expenses	11,226	2,640
TOTAL EXPENSES	1,583,182	589,161
Advisory fees waived and expenses waived or reimbursed (Note 5)	(237,652)	(85,055)
NET EXPENSES	1,345,530	504,106
NET INVESTMENT INCOME (LOSS)	1,051,696	631,150
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY RELATED TRANSACTIONS, AND FOREIGN CAPITAL GAINS TAXES:		
Net realized gain (loss) on investments—Unaffiliated Issuers	(5,438,131)	(757,142)
Net realized foreign capital gains tax	(568,550)	—
Net realized gain (loss) on foreign currency related transactions	(32,719)	(9,448)
Net change in unrealized appreciation/depreciation on investments—Unaffiliated Issuers	27,931,130	11,829,985
Net change in unrealized appreciation/depreciation on investments—Affiliated Issuers	11,572	—
Net change in deferred foreign capital gains taxes on unrealized appreciation	135,147	—
Net change in unrealized appreciation/depreciation on foreign currency related translations	(6,459)	(170)
Net realized and unrealized gain (loss) on investments, foreign currency related transactions, and foreign capital gains taxes	22,031,990	11,063,225
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$23,083,686	\$11,694,375

See accompanying notes to financial statements.

Statements of Changes in Net Assets

MATTHEWS ASIA STRATEGIC INCOME FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$2,403,226	\$4,279,959
Net realized gain (loss) on investments and foreign currency related transactions	1,566,176	(4,697,556)
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	4,871,986	(4,886,159)
Net change on foreign capital gains taxes on unrealized appreciation	(39,522)	72,858
Net change in unrealized appreciation/depreciation on swaps	(54,169)	—
Net increase (decrease) in net assets resulting from operations	8,747,697	(5,230,898)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	(672,875)	(1,482,265)
Institutional Class	(1,305,553)	(1,402,339)
Return of Capital		
Investor Class	—	(194,306)
Institutional Class	—	(187,644)
Net decrease in net assets resulting from distributions	(1,978,428)	(3,266,554)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	6,144,037	14,620,480
Total increase (decrease) in net assets	12,913,306	6,123,028
NET ASSETS:		
Beginning of period	100,715,183	94,592,155
End of period	\$113,628,489	\$100,715,183

MATTHEWS ASIA CREDIT OPPORTUNITIES FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$1,101,615	\$1,530,022
Net realized gain (loss) on investments and foreign currency related transactions	874,348	(807,786)
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	2,414,459	(1,914,582)
Net increase (decrease) in net assets resulting from operations	4,390,422	(1,192,346)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	(207,612)	(346,586)
Institutional Class	(845,107)	(1,064,779)
Net decrease in net assets resulting from distributions	(1,052,719)	(1,411,365)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	14,354,401	10,664,938
Total increase (decrease) in net assets	17,692,104	8,061,227
NET ASSETS:		
Beginning of period	39,752,968	31,691,741
End of period	\$57,445,072	\$39,752,968

See accompanying notes to financial statements.

Statements of Changes in Net Assets *(continued)*

MATTHEWS ASIAN GROWTH AND INCOME FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$12,966,411	\$45,280,897
Net realized gain (loss) on investments and foreign currency related transactions	27,762,466	108,473,321
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	135,439,504	(403,082,443)
Net change on foreign capital gains taxes on unrealized appreciation	243,880	(107,296)
Net increase (decrease) in net assets resulting from operations	176,412,261	(249,435,521)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	(9,207,478)	(94,856,451)
Institutional Class	(7,050,399)	(85,765,453)
Net decrease in net assets resulting from distributions	(16,257,877)	(180,621,904)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	(135,444,570)	(1,020,164,659)
Total increase (decrease) in net assets	24,709,814	(1,450,222,084)
NET ASSETS:		
Beginning of period	1,395,691,373	2,845,913,457
End of period	\$1,420,401,187	\$1,395,691,373

MATTHEWS ASIA DIVIDEND FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$53,106,300	\$141,577,757
Net realized gain (loss) on investments and foreign currency related transactions	(105,263,753)	403,086,377
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	387,353,824	(1,469,585,251)
Net change on foreign capital gains taxes on unrealized appreciation	(132,568)	(160,170)
Net increase (decrease) in net assets resulting from operations	335,063,803	(925,081,287)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	(24,781,966)	(211,389,650)
Institutional Class	(31,892,163)	(237,144,125)
Net decrease in net assets resulting from distributions	(56,674,129)	(448,533,775)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	20,313,944	144,094,328
Total increase (decrease) in net assets	298,703,618	(1,229,520,734)
NET ASSETS:		
Beginning of period	5,767,825,347	6,997,346,081
End of period	\$6,066,528,965	\$5,767,825,347

See accompanying notes to financial statements.

Statements of Changes in Net Assets *(continued)*

MATTHEWS CHINA DIVIDEND FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$4,905,491	\$7,726,552
Net realized gain (loss) on investments and foreign currency related transactions	(2,541,904)	23,400,629
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	41,375,205	(66,519,586)
Net increase (decrease) in net assets resulting from operations	43,738,792	(35,392,405)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	(4,030,047)	(21,468,293)
Institutional Class	(1,547,682)	(8,057,266)
Net decrease in net assets resulting from distributions	(5,577,729)	(29,525,559)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	70,849,537	19,837,199
Total increase (decrease) in net assets	109,010,600	(45,080,765)
NET ASSETS:		
Beginning of period	269,659,321	314,740,086
End of period	\$378,669,921	\$269,659,321

MATTHEWS ASIA VALUE FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$234,046	\$262,120
Net realized gain (loss) on investments and foreign currency related transactions	(66,849)	(126,184)
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	1,433,214	(3,582,664)
Net change on foreign capital gains taxes on unrealized appreciation	(3,911)	(4,103)
Net increase (decrease) in net assets resulting from operations	1,596,500	(3,450,831)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(795,360)
Institutional Class	—	(257,755)
Net decrease in net assets resulting from distributions	—	(1,053,115)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	179,840	(3,035,025)
Total increase (decrease) in net assets	1,776,340	(7,538,971)
NET ASSETS:		
Beginning of period	23,195,009	30,733,980
End of period	\$24,971,349	\$23,195,009

See accompanying notes to financial statements.

Statements of Changes in Net Assets *(continued)*

MATTHEWS ASIA GROWTH FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$1,042,794	\$827,153
Net realized gain (loss) on investments and foreign currency related transactions	7,860,634	5,493,132
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	141,426,994	(208,530,498)
Net change on foreign capital gains taxes on unrealized appreciation	(776,521)	1,093,836
Net increase (decrease) in net assets resulting from operations	149,553,901	(201,116,377)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(7,253,289)
Institutional Class	—	(8,131,385)
Net decrease in net assets resulting from distributions	—	(15,384,674)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	39,940,608	296,272,663
Total increase (decrease) in net assets	189,494,509	79,771,612
NET ASSETS:		
Beginning of period	930,333,556	850,561,944
End of period	\$1,119,828,065	\$930,333,556

MATTHEWS PACIFIC TIGER FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$45,303,625	\$82,597,259
Net realized gain (loss) on investments and foreign currency related transactions	126,676,745	314,042,088
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	483,527,023	(1,456,251,388)
Net change on foreign capital gains taxes on unrealized appreciation	(16,846,395)	(12,961,619)
Net increase (decrease) in net assets resulting from operations	638,660,998	(1,072,573,660)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(121,255,981)
Institutional Class	—	(275,120,994)
Net decrease in net assets resulting from distributions	—	(396,376,975)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	247,071,483	51,147,953
Total increase (decrease) in net assets	885,732,481	(1,417,802,682)
NET ASSETS:		
Beginning of period	8,307,234,203	9,725,036,885
End of period	\$9,192,966,684	\$8,307,234,203

See accompanying notes to financial statements.

Statements of Changes in Net Assets *(continued)*

MATTHEWS ASIA ESG FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$109,550	\$85,056
Net realized gain (loss) on investments and foreign currency related transactions	26,445	614,957
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	3,205,023	(2,813,567)
Net change on foreign capital gains taxes on unrealized appreciation	(150,045)	34,007
Net increase (decrease) in net assets resulting from operations	3,190,973	(2,079,547)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(389,328)
Institutional Class	—	(560,925)
Net decrease in net assets resulting from distributions	—	(950,253)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	9,772,051	17,507,714
Total increase (decrease) in net assets	12,963,024	14,477,914
NET ASSETS:		
Beginning of period	32,531,793	18,053,879
End of period	\$45,494,817	\$32,531,793

MATTHEWS EMERGING ASIA FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$3,255,709	\$4,233,785
Net realized gain (loss) on investments and foreign currency related transactions	(1,315,951)	11,192,808
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	(9,995,102)	(112,214,332)
Net change on foreign capital gains taxes on unrealized appreciation	(181,928)	1,804,989
Net increase (decrease) in net assets resulting from operations	(8,237,272)	(94,982,750)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(2,684,365)
Institutional Class	—	(6,570,784)
Net decrease in net assets resulting from distributions	—	(9,255,149)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	61,502,783	(15,498,956)
REDEMPTION FEES	46,952	82,599
Total increase (decrease) in net assets	53,312,463	(119,654,256)
NET ASSETS:		
Beginning of period	375,174,761	494,829,017
End of period	\$428,487,224	\$375,174,761

See accompanying notes to financial statements.

Statements of Changes in Net Assets *(continued)*

MATTHEWS ASIA INNOVATORS FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$743,478	(\$103,238)
Net realized gain (loss) on investments and foreign currency related transactions	(1,732,043)	2,546,956
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	47,655,170	(59,878,788)
Net change on foreign capital gains taxes on unrealized appreciation	(312,183)	(5,393)
Net increase (decrease) in net assets resulting from operations	46,354,422	(57,440,463)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(3,970,300)
Institutional Class	—	(2,656,060)
Net decrease in net assets resulting from distributions	—	(6,626,360)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	1,746,710	101,996,223
Total increase (decrease) in net assets	48,101,132	37,929,400
NET ASSETS:		
Beginning of period	244,217,855	206,288,455
End of period	\$292,318,987	\$244,217,855

MATTHEWS CHINA FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$6,546,686	\$9,876,601
Net realized gain (loss) on investments and foreign currency related transactions	(772,882)	111,510,918
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	138,873,688	(335,815,337)
Net increase (decrease) in net assets resulting from operations	144,647,492	(214,427,818)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(109,557,899)
Institutional Class	—	(9,475,103)
Net decrease in net assets resulting from distributions	—	(119,033,002)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	105,692,109	41,090,545
Total increase (decrease) in net assets	250,339,601	(292,370,275)
NET ASSETS:		
Beginning of period	613,112,714	905,482,989
End of period	\$863,452,315	\$613,112,714

See accompanying notes to financial statements.

Statements of Changes in Net Assets *(continued)*

MATTHEWS INDIA FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	(\$1,537,005)	(\$2,070,170)
Net realized gain (loss) on investments and foreign currency related transactions	43,702,074	331,211,413
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	5,520,015	(567,019,183)
Net change on foreign capital gains taxes on unrealized appreciation	(12,698,523)	(2,413,851)
Net increase (decrease) in net assets resulting from operations	34,986,561	(240,291,791)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(159,591,192)
Institutional Class	—	(75,460,576)
Net decrease in net assets resulting from distributions	—	(235,051,768)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	(108,070,892)	(255,309,634)
Total increase (decrease) in net assets	(73,084,331)	(730,653,193)
NET ASSETS:		
Beginning of period	1,541,780,023	2,272,433,216
End of period	\$1,468,695,692	\$1,541,780,023

MATTHEWS JAPAN FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$8,009,146	\$18,472,839
Net realized gain (loss) on investments and foreign currency related transactions	37,729,280	194,213,809
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	332,582,344	(1,069,641,926)
Net increase (decrease) in net assets resulting from operations	378,320,770	(856,955,278)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(71,970,442)
Institutional Class	—	(51,381,225)
Net decrease in net assets resulting from distributions	—	(123,351,667)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	(580,372,373)	(260,612,861)
Total increase (decrease) in net assets	(202,051,603)	(1,240,919,806)
NET ASSETS:		
Beginning of period	2,871,574,319	4,112,494,125
End of period	\$2,669,522,716	\$2,871,574,319

See accompanying notes to financial statements.

Statements of Changes in Net Assets *(continued)*

MATTHEWS KOREA FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	(\$677,957)	\$1,887,805
Net realized gain (loss) on investments and foreign currency related transactions	(94,477)	30,298,095
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	(566,406)	(83,113,064)
Net increase (decrease) in net assets resulting from operations	(1,338,840)	(50,927,164)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(19,838,627)
Institutional Class	—	(2,831,158)
Net decrease in net assets resulting from distributions	—	(22,669,785)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	5,259,764	(4,964,199)
Total increase (decrease) in net assets	3,920,924	(78,561,148)
NET ASSETS:		
Beginning of period	146,457,070	225,018,218
End of period	\$150,377,994	\$146,457,070

MATTHEWS ASIA SMALL COMPANIES FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$1,051,696	\$2,416,511
Net realized gain (loss) on investments and foreign currency related transactions	(6,039,400)	32,060,275
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	27,936,243	(104,112,981)
Net change on foreign capital gains taxes on unrealized appreciation	135,147	(535,103)
Net increase (decrease) in net assets resulting from operations	23,083,686	(70,171,298)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(22,501,099)
Institutional Class	—	(18,262,086)
Net decrease in net assets resulting from distributions	—	(40,763,185)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	(17,920,041)	(144,037,484)
REDEMPTION FEES		
Total increase (decrease) in net assets	5,163,645	(254,902,590)
NET ASSETS:		
Beginning of period	186,390,420	441,293,010
End of period	\$191,554,065	\$186,390,420

See accompanying notes to financial statements.

Statements of Changes in Net Assets *(continued)*

MATTHEWS CHINA SMALL COMPANIES FUND	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
OPERATIONS:		
Net investment income (loss)	\$631,150	\$464,514
Net realized gain (loss) on investments and foreign currency related transactions	(766,590)	1,508,682
Net change in unrealized appreciation/depreciation on investments and foreign currency related translations	11,829,815	(17,732,735)
Net increase (decrease) in net assets resulting from operations	11,694,375	(15,759,539)
DISTRIBUTIONS TO SHAREHOLDERS:		
Investor Class	—	(958,588)
Institutional Class	—	(327,972)
Net decrease in net assets resulting from distributions	—	(1,286,560)
CAPITAL SHARE TRANSACTIONS (net) (Note 4)	(1,180,893)	43,659,977
REDEMPTION FEES	—	180,654
Total increase (decrease) in net assets	10,513,482	26,794,532
NET ASSETS:		
Beginning of period	62,479,655	35,685,123
End of period	\$72,993,137	\$62,479,655

See accompanying notes to financial statements.

Financial Highlights

Matthews Asia Strategic Income Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$10.25	\$10.98	\$10.43	\$9.96	\$10.31	\$10.42
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.23	0.40	0.51	0.50	0.47	0.46
Net realized gain (loss) and unrealized appreciation/depreciation on investments, forward foreign currency exchange contracts, swaps, foreign currency related transactions, and foreign capital gains taxes	0.63	(0.84)	0.46	0.38	(0.53)	(0.19)
Total from investment operations	0.86	(0.44)	0.97	0.88	(0.06)	0.27
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.19)	(0.25)	(0.42)	(0.41)	(0.29)	(0.38)
Return of Capital	—	(0.04)	—	—	—	—
Total distributions	(0.19)	(0.29)	(0.42)	(0.41)	(0.29)	(0.38)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	— ²
Net Asset Value, end of period	\$10.92	\$10.25	\$10.98	\$10.43	\$9.96	\$10.31
TOTAL RETURN	8.39%³	(4.05%)	9.40%	8.85%	(0.58%)	2.54%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$39,140	\$40,698	\$63,437	\$55,409	\$51,130	\$58,594
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.16% ⁴	1.23%	1.29%	1.33%	1.28%	1.27%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.15% ⁴	1.15%	1.15%	1.15%	1.12%	1.13%
Ratio of net investment income (loss) to average net assets	4.32% ⁴	3.76%	4.70%	4.85%	4.57%	4.36%
Portfolio turnover ⁵	59.38% ³	82.32%	36.58%	71.50%	50.09%	34.28%
INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$10.25	\$10.97	\$10.42	\$9.96	\$10.30	\$10.42
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.24	0.42	0.53	0.53	0.49	0.48
Net realized gain (loss) and unrealized appreciation/depreciation on investments, forward foreign currency exchange contracts, swaps, foreign currency related transactions, and foreign capital gains taxes	0.64	(0.83)	0.47	0.36	(0.52)	(0.20)
Total from investment operations	0.88	(0.41)	1.00	0.89	(0.03)	0.28
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.20)	(0.27)	(0.45)	(0.43)	(0.31)	(0.40)
Return of Capital	—	(0.04)	—	—	—	—
Total distributions	(0.20)	(0.31)	(0.45)	(0.43)	(0.31)	(0.40)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	— ²
Net Asset Value, end of period	\$10.93	\$10.25	\$10.97	\$10.42	\$9.96	\$10.30
TOTAL RETURN	8.63%³	(3.78%)	9.67%	9.02%	(0.27%)	2.64%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$74,489	\$60,017	\$31,155	\$13,398	\$11,001	\$7,840
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	0.97% ⁴	1.04%	1.08%	1.12%	1.09%	1.07%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	0.90% ⁴	0.90%	0.90%	0.90%	0.90%	0.93%
Ratio of net investment income (loss) to average net assets	4.60% ⁴	4.03%	4.93%	5.13%	4.81%	4.55%
Portfolio turnover ⁵	59.38% ³	82.32%	36.58%	71.50%	50.09%	34.28%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Asia Credit Opportunities Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31		Period Ended Dec. 31, 2016 ¹
		2018	2017	
Net Asset Value, beginning of period	\$9.76	\$10.39	\$10.13	\$10.00
INCOME (LOSS) FROM INVESTMENT OPERATIONS:				
Net investment income (loss) ²	0.22	0.37	0.44	0.29
Net realized gain (loss) and unrealized appreciation/depreciation on investments, swaps, and foreign currency related transactions	0.69	(0.67)	0.35	0.18
Total from investment operations	0.91	(0.30)	0.79	0.47
LESS DISTRIBUTIONS FROM:				
Net investment income	(0.20)	(0.33)	(0.43)	(0.32)
Net realized gains on investments	—	—	(0.10)	(0.02)
Total distributions	(0.20)	(0.33)	(0.53)	(0.34)
Net Asset Value, end of period	\$10.47	\$9.76	\$10.39	\$10.13
TOTAL RETURN	9.39%³	(2.88%)	7.86%	4.66%³

RATIOS/SUPPLEMENTAL DATA				
Net assets, end of period (in 000's)	\$11,264	\$8,668	\$10,201	\$10,119
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.32% ⁴	1.44%	1.86%	2.24% ⁴
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.15% ⁴	1.15%	1.15%	1.15% ⁴
Ratio of net investment income (loss) to average net assets	4.31% ⁴	3.62%	4.17%	4.12% ⁴
Portfolio turnover ⁵	70.90% ³	49.06%	27.86%	18.80% ³

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31		Period Ended Dec. 31, 2016 ¹
		2018	2017	
Net Asset Value, beginning of period	\$9.75	\$10.39	\$10.13	\$10.00
INCOME (LOSS) FROM INVESTMENT OPERATIONS:				
Net investment income (loss) ²	0.23	0.39	0.46	0.30
Net realized gain (loss) and unrealized appreciation/depreciation on investments, swaps, and foreign currency related transactions	0.70	(0.67)	0.36	0.18
Total from investment operations	0.93	(0.28)	0.82	0.48
LESS DISTRIBUTIONS FROM:				
Net investment income	(0.21)	(0.36)	(0.46)	(0.33)
Net realized gains on investments	—	—	(0.10)	(0.02)
Total distributions	(0.21)	(0.36)	(0.56)	(0.35)
Net Asset Value, end of period	\$10.47	\$9.75	\$10.39	\$10.13
TOTAL RETURN	9.63%³	(2.75%)	8.13%	4.82%³

RATIOS/SUPPLEMENTAL DATA				
Net assets, end of period (in 000's)	\$46,181	\$31,085	\$21,491	\$6,205
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.12% ⁴	1.25%	1.62%	1.99% ⁴
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	0.90% ⁴	0.90%	0.90%	0.90% ⁴
Ratio of net investment income (loss) to average net assets	4.56% ⁴	3.90%	4.45%	4.28% ⁴
Portfolio turnover ⁵	70.90% ³	49.06%	27.86%	18.80% ³

1 Commenced operations on April, 29 2016.

2 Calculated using the average daily shares method.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Asian Growth And Income Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$13.92	\$17.46	\$14.94	\$16.03	\$18.01	\$18.91
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.13	0.32	0.33	0.32	0.39	0.39
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	1.66	(2.20)	2.92	(0.06)	(1.19)	(0.50)
Total from investment operations	1.79	(1.88)	3.25	0.26	(0.80)	(0.11)
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.17)	(0.32)	(0.46)	(0.48)	(0.42)	(0.35)
Net realized gains on investments	—	(1.34)	(0.27)	(0.87)	(0.76)	(0.44)
Total distributions	(0.17)	(1.66)	(0.73)	(1.35)	(1.18)	(0.79)
Paid-in capital from redemption fees (Note 4)	—	—	— ²	—	— ²	— ²
Net Asset Value, end of period	\$15.54	\$13.92	\$17.46	\$14.94	\$16.03	\$18.01
TOTAL RETURN	12.92%³	(10.96%)	21.85%	1.34%	(4.50%)	(0.65%)
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$825,574	\$799,328	\$1,535,746	\$1,684,987	\$2,045,435	\$3,052,565
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.10% ⁴	1.08%	1.07%	1.09%	1.09%	1.08%
Ratio of net investment income (loss) to average net assets	1.76% ⁴	1.95%	1.95%	1.90%	2.17%	2.03%
Portfolio turnover ⁵	10.26% ³	32.24%	23.23%	15.64%	16.48%	16.79%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$13.89	\$17.43	\$14.92	\$16.02	\$18.00	\$18.90
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.14	0.35	0.36	0.34	0.42	0.42
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	1.66	(2.20)	2.91	(0.07)	(1.19)	(0.50)
Total from investment operations	1.80	(1.85)	3.27	0.27	(0.77)	(0.08)
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.18)	(0.35)	(0.49)	(0.50)	(0.45)	(0.38)
Net realized gains on investments	—	(1.34)	(0.27)	(0.87)	(0.76)	(0.44)
Total distributions	(0.18)	(1.69)	(0.76)	(1.37)	(1.21)	(0.82)
Paid-in capital from redemption fees (Note 4)	—	—	— ²	—	— ²	— ²
Net Asset Value, end of period	\$15.51	\$13.89	\$17.43	\$14.92	\$16.02	\$18.00
TOTAL RETURN	13.02%³	(10.84%)	22.00%	1.44%	(4.33%)	(0.48%)
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$594,828	\$596,364	\$1,310,168	\$809,254	\$823,619	\$1,182,690
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	0.96% ⁴	0.93%	0.93%	0.94%	0.92%	0.92%
Ratio of net investment income (loss) to average net assets	1.86% ⁴	2.14%	2.16%	2.06%	2.34%	2.19%
Portfolio turnover ⁵	10.26% ³	32.24%	23.23%	15.64%	16.48%	16.79%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Asia Dividend Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016 ¹	2015 ¹	2014 ¹
Net Asset Value, beginning of period	\$16.05	\$19.74	\$15.52	\$15.36	\$15.26	\$15.60
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ²	0.14	0.37	0.31	0.28	0.29	0.30
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	0.79	(2.83)	5.02	0.37	0.31	(0.34)
Total from investment operations	0.93	(2.46)	5.33	0.65	0.60	(0.04)
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.15)	(0.31)	(0.69)	(0.29)	(0.27)	(0.23)
Net realized gains on investments	—	(0.92)	(0.42)	(0.11)	(0.23)	—
Return of capital	—	—	—	(0.09)	—	(0.07)
Total distributions	(0.15)	(1.23)	(1.11)	(0.49)	(0.50)	(0.30)
Paid-in capital from redemption fees (Note 4)	—	—	— ³	—	— ³	— ³
Net Asset Value, end of period	\$16.83	\$16.05	\$19.74	\$15.52	\$15.36	\$15.26
TOTAL RETURN	5.82%⁴	(12.72%)	34.69%	4.13%	3.86%	(0.32%)

RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$2,710,990	\$2,728,599	\$3,713,276	\$2,650,611	\$2,757,910	\$2,918,228
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.03% ⁵	1.02%	1.03%	1.06%	1.06%	1.06%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.02% ⁵	1.01%	1.02%	1.06%	1.05%	1.05%
Ratio of net investment income (loss) to average net assets	1.65% ⁵	1.97%	1.67%	1.79%	1.82%	1.89%
Portfolio turnover ⁶	18.67% ⁴	39.75%	28.11%	39.76%	35.98%	20.06%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016 ¹	2015 ¹	2014 ¹
Net Asset Value, beginning of period	\$16.04	\$19.73	\$15.52	\$15.35	\$15.26	\$15.59
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ²	0.15	0.39	0.33	0.30	0.32	0.32
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	0.79	(2.83)	5.01	0.38	0.29	(0.33)
Total from investment operations	0.94	(2.44)	5.34	0.68	0.61	(0.01)
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.16)	(0.33)	(0.71)	(0.31)	(0.29)	(0.25)
Net realized gains on investments	—	(0.92)	(0.42)	(0.11)	(0.23)	—
Return of capital	—	—	—	(0.09)	—	(0.07)
Total distributions	(0.16)	(1.25)	(1.13)	(0.51)	(0.52)	(0.32)
Paid-in capital from redemption fees (Note 4)	—	—	— ³	—	— ³	— ³
Net Asset Value, end of period	\$16.82	\$16.04	\$19.73	\$15.52	\$15.35	\$15.26
TOTAL RETURN	5.88%⁴	(12.64%)	34.77%	4.33%	3.93%	(0.18%)

RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$3,355,539	\$3,039,226	\$3,284,070	\$2,034,276	\$2,045,713	\$2,107,371
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	0.93% ⁵	0.91%	0.92%	0.94%	0.93%	0.93%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	0.92% ⁵	0.90%	0.91%	0.93%	0.92%	0.93%
Ratio of net investment income (loss) to average net assets	1.81% ⁵	2.09%	1.81%	1.91%	1.98%	2.02%
Portfolio turnover ⁶	18.67% ⁴	39.75%	28.11%	39.76%	35.98%	20.06%

1 Consolidated Financial Highlights. See Note 2-C.

2 Calculated using the average daily shares method.

3 Less than \$0.01 per share.

4 Not annualized.

5 Annualized.

6 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews China Dividend Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$14.32	\$17.61	\$14.09	\$13.79	\$13.37	\$13.74
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.22	0.41	0.35	0.31	0.29	0.25
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	1.99	(2.09)	4.85	0.47	1.01	(0.12)
Total from investment operations	2.21	(1.68)	5.20	0.78	1.30	0.13
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.24)	(0.40)	(0.49)	(0.28)	(0.28)	(0.36)
Net realized gains on investments	—	(1.21)	(1.19)	(0.20)	(0.60)	(0.14)
Total distributions	(0.24)	(1.61)	(1.68)	(0.48)	(0.88)	(0.50)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	— ²
Net Asset Value, end of period	\$16.29	\$14.32	\$17.61	\$14.09	\$13.79	\$13.37
TOTAL RETURN	15.51%³	(9.98%)	37.69%	5.70%	9.54%	0.93%

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (in 000's)	\$276,272	\$196,626	\$260,593	\$160,400	\$165,514	\$116,954
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.12% ⁴	1.15%	1.19%	1.22%	1.19%	1.19%
Ratio of net investment income (loss) to average net assets	2.83% ⁴	2.33%	2.12%	2.28%	1.97%	1.88%
Portfolio turnover ⁵	42.80% ³	66.47%	69.14%	72.96%	79.91%	25.43%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$14.32	\$17.61	\$14.09	\$13.79	\$13.37	\$13.74
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.24	0.42	0.37	0.29	0.28	0.28
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	1.98	(2.07)	4.85	0.51	1.04	(0.13)
Total from investment operations	2.22	(1.65)	5.22	0.80	1.32	0.15
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.25)	(0.43)	(0.51)	(0.30)	(0.30)	(0.38)
Net realized gains on investments	—	(1.21)	(1.19)	(0.20)	(0.60)	(0.14)
Total distributions	(0.25)	(1.64)	(1.70)	(0.50)	(0.90)	(0.52)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	— ²
Net Asset Value, end of period	\$16.29	\$14.32	\$17.61	\$14.09	\$13.79	\$13.37
TOTAL RETURN	15.58%³	(9.83%)	37.88%	5.90%	9.71%	1.11%

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (in 000's)	\$102,398	\$73,033	\$54,147	\$27,758	\$15,406	\$30,662
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.00% ⁴	1.01%	1.04%	1.06%	1.00%	1.01%
Ratio of net investment income (loss) to average net assets	3.09% ⁴	2.44%	2.25%	2.09%	1.89%	2.06%
Portfolio turnover ⁵	42.80% ³	66.47%	69.14%	72.96%	79.91%	25.43%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Asia Value Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31			Period Ended Dec. 31, 2015 ¹
		2018	2017	2016	
Net Asset Value, beginning of period	\$10.86	\$12.83	\$9.96	\$9.85	\$10.00
INCOME (LOSS) FROM INVESTMENT OPERATIONS:					
Net investment income (loss) ²	0.10	0.10	0.14	0.09	0.02
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	0.66	(1.49)	3.45	0.65	(0.16)
Total from investment operations	0.76	(1.39)	3.59	0.74	(0.14)
LESS DISTRIBUTIONS FROM:					
Net investment income	—	(0.16)	(0.29)	(0.59)	(0.01)
Net realized gains on investments	—	(0.42)	(0.43)	(0.04)	—
Total distributions	—	(0.58)	(0.72)	(0.63)	(0.01)
Net Asset Value, end of period	\$11.62	\$10.86	\$12.83	\$9.96	\$9.85
TOTAL RETURN	7.00%³	(10.93%)	36.12%	7.43%	(1.35%)³
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of period (in 000's)	\$18,897	\$16,326	\$27,346	\$2,548	\$1,589
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.92% ⁴	1.77%	2.32%	11.48%	36.42% ⁴
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.50% ⁴	1.50%	1.50%	1.50%	1.50% ⁴
Ratio of net investment income (loss) to average net assets	1.71% ⁴	0.81%	1.10%	0.84%	2.70% ⁴
Portfolio turnover ⁵	12.47% ³	48.29%	31.93%	19.60%	10.80% ³

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31			Period Ended Dec. 31, 2015 ¹
		2018	2017	2016	
Net Asset Value, beginning of period	\$10.78	\$12.73	\$9.85	\$9.83	\$10.00
INCOME (LOSS) FROM INVESTMENT OPERATIONS:					
Net investment income (loss) ²	0.10	0.14	0.32	0.10	0.02
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	0.67	(1.49)	3.25	0.67	(0.15)
Total from investment operations	0.77	(1.35)	3.57	0.77	(0.13)
LESS DISTRIBUTIONS FROM:					
Net investment income	—	(0.18)	(0.26)	(0.71)	(0.04)
Net realized gains on investments	—	(0.42)	(0.43)	(0.04)	—
Total distributions	—	(0.60)	(0.69)	(0.75)	(0.04)
Net Asset Value, end of period	\$11.55	\$10.78	\$12.73	\$9.85	\$9.83
TOTAL RETURN	7.14%³	(10.65%)	36.35%	7.72%	(1.30%)³
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of period (in 000's)	\$6,074	\$6,869	\$3,388	\$155	\$143
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.71% ⁴	1.54%	2.08%	11.26%	36.17% ⁴
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.25% ⁴	1.25%	1.25%	1.25%	1.25% ⁴
Ratio of net investment income (loss) to average net assets	1.78% ⁴	1.18%	2.59%	1.01%	2.41% ⁴
Portfolio turnover ⁵	12.47% ³	48.29%	31.93%	19.60%	10.80% ³

1 Commenced operations on November 30, 2015.

2 Calculated using the average daily shares method.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Asia Growth Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$22.49	\$27.25	\$21.05	\$21.09	\$21.10	\$21.17
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.01	— ²	0.04	0.06	0.11	0.12
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	3.54	(4.41)	8.14	0.13	(0.12)	0.19
Total from investment operations	3.55	(4.41)	8.18	0.19	(0.01)	0.31
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.03)	(0.16)	(0.23)	—	(0.38)
Net realized gains on investments	—	(0.32)	(1.82)	—	—	—
Total distributions	—	(0.35)	(1.98)	(0.23)	—	(0.38)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	— ²
Net Asset Value, end of period	\$26.04	\$22.49	\$27.25	\$21.05	\$21.09	\$21.10
TOTAL RETURN	15.78%³	(16.25%)	39.39%	0.92%	(0.05%)	1.49%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$528,787	\$463,600	\$554,309	\$419,516	\$526,969	\$561,922
Ratio of expenses to average net assets	1.09% ⁴	1.10%	1.12%	1.14%	1.11%	1.11%
Ratio of net investment income (loss) to average net assets	0.11% ⁴	—% ⁵	0.16%	0.30%	0.49%	0.55%
Portfolio turnover ⁶	12.32% ³	12.12%	23.19%	13.61%	29.51%	22.24%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$22.65	\$27.45	\$21.19	\$21.24	\$21.19	\$21.26
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.03	0.05	0.09	0.10	0.16	0.16
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	3.57	(4.45)	8.20	0.13	(0.11)	0.19
Total from investment operations	3.60	(4.40)	8.29	0.23	0.05	0.35
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.08)	(0.21)	(0.28)	—	(0.42)
Net realized gains on investments	—	(0.32)	(1.82)	—	—	—
Total distributions	—	(0.40)	(2.03)	(0.28)	—	(0.42)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	— ²
Net Asset Value, end of period	\$26.25	\$22.65	\$27.45	\$21.19	\$21.24	\$21.19
TOTAL RETURN	15.89%³	(16.10%)	39.64%	1.06%	0.24%	1.63%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$591,041	\$466,733	\$296,253	\$195,949	\$249,886	\$287,262
Ratio of expenses to average net assets	0.93% ⁴	0.93%	0.93%	0.96%	0.91%	0.91%
Ratio of net investment income (loss) to average net assets	0.28% ⁴	0.17%	0.35%	0.47%	0.72%	0.74%
Portfolio turnover ⁶	12.32% ³	12.12%	23.19%	13.61%	29.51%	22.24%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 Less than 0.01%.

6 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Pacific Tiger Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$26.86	\$31.66	\$22.92	\$23.54	\$26.57	\$24.99
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.13	0.24	0.17	0.11	0.42	0.14
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	1.92	(3.75)	8.96	(0.13)	(0.82)	2.80
Total from investment operations	2.05	(3.51)	9.13	(0.02)	(0.40)	2.94
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.21)	(0.17)	(0.13)	(0.42)	(0.13)
Net realized gains on investments	—	(1.08)	(0.22)	(0.47)	(2.21)	(1.23)
Total distributions	—	(1.29)	(0.39)	(0.60)	(2.63)	(1.36)
Paid-in capital from redemption fees (Note 4)	—	—	— ²	—	— ²	— ²
Net Asset Value, end of period	\$28.91	\$26.86	\$31.66	\$22.92	\$23.54	\$26.57
TOTAL RETURN	7.63%³	(11.11%)	39.96%	(0.16%)	(1.30%)	11.79%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$2,811,333	\$2,618,155	\$3,335,795	\$2,445,183	\$2,720,869	\$3,047,077
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.07% ⁴	1.07%	1.08%	1.09%	1.09%	1.09%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.05% ⁴	1.04%	1.06%	1.08%	1.07%	1.08%
Ratio of net investment income (loss) to average net assets	0.90% ⁴	0.79%	0.63%	0.47%	1.53%	0.52%
Portfolio turnover ⁵	8.66% ³	11.48%	9.18%	5.73%	12.56%	11.38%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$26.83	\$31.63	\$22.90	\$23.52	\$26.56	\$24.97
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.15	0.28	0.22	0.16	0.44	0.18
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	1.92	(3.74)	8.95	(0.14)	(0.80)	2.82
Total from investment operations	2.07	(3.46)	9.17	0.02	(0.36)	3.00
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.26)	(0.22)	(0.17)	(0.47)	(0.18)
Net realized gains on investments	—	(1.08)	(0.22)	(0.47)	(2.21)	(1.23)
Total distributions	—	(1.34)	(0.44)	(0.64)	(2.68)	(1.41)
Paid-in capital from redemption fees (Note 4)	—	—	— ²	—	— ²	— ²
Net Asset Value, end of period	\$28.90	\$26.83	\$31.63	\$22.90	\$23.52	\$26.56
TOTAL RETURN	7.72%³	(10.94%)	40.17%	0.03%	(1.15%)	12.03%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$6,381,634	\$5,689,079	\$6,389,242	\$4,207,508	\$3,964,547	\$5,049,643
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	0.92% ⁴	0.90%	0.91%	0.91%	0.91%	0.92%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	0.90% ⁴	0.88%	0.89%	0.90%	0.89%	0.91%
Ratio of net investment income (loss) to average net assets	1.07% ⁴	0.95%	0.80%	0.65%	1.61%	0.68%
Portfolio turnover ⁵	8.66% ³	11.48%	9.18%	5.73%	12.56%	11.38%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Asia ESG Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31			Period Ended Dec. 31, 2015 ¹
		2018	2017	2016	
Net Asset Value, beginning of period	\$9.98	\$11.56	\$8.97	\$9.23	\$10.00
INCOME (LOSS) FROM INVESTMENT OPERATIONS:					
Net investment income (loss) ²	0.02	0.03	0.05	0.07	0.02
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	0.94	(1.16)	2.97	(0.20)	(0.75)
Total from investment operations	0.96	(1.13)	3.02	(0.13)	(0.73)
LESS DISTRIBUTIONS FROM:					
Net investment income	—	(0.02)	(0.27)	(0.13)	(0.04)
Net realized gains on investments	—	(0.43)	(0.16)	—	—
Total distributions	—	(0.45)	(0.43)	(0.13)	(0.04)
Net Asset Value, end of period	\$10.94	\$9.98	\$11.56	\$8.97	\$9.23
TOTAL RETURN	9.62%³	(9.73%)	33.79%	(1.40%)	(7.30%)³
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of period (in 000's)	\$15,825	\$9,283	\$10,695	\$5,376	\$3,248
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.74% ⁴	2.20%	2.65%	3.54%	9.09% ⁴
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.50% ⁴	1.50%	1.50%	1.48%	1.44% ⁴
Ratio of net investment income (loss) to average net assets	0.47% ⁴	0.27%	0.45%	0.77%	0.25% ⁴
Portfolio turnover ⁵	8.64% ³	22.93%	28.82%	16.10%	21.72% ³
INSTITUTIONAL CLASS					
Net Asset Value, beginning of period	\$9.96	\$11.50	\$8.92	\$9.17	\$10.00
INCOME (LOSS) FROM INVESTMENT OPERATIONS:					
Net investment income (loss) ²	0.03	0.06	0.08	0.09	0.05
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	0.94	(1.16)	2.95	(0.19)	(0.77)
Total from investment operations	0.97	(1.10)	3.03	(0.10)	(0.72)
LESS DISTRIBUTIONS FROM:					
Net investment income	—	(0.01)	(0.29)	(0.15)	(0.11)
Net realized gains on investments	—	(0.43)	(0.16)	—	—
Total distributions	—	(0.44)	(0.45)	(0.15)	(0.11)
Net Asset Value, end of period	\$10.93	\$9.96	\$11.50	\$8.92	\$9.17
TOTAL RETURN	9.74%³	(9.52%)	34.11%	(1.16%)	(7.14%)³
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of period (in 000's)	\$29,670	\$23,249	\$7,359	\$3,382	\$1,686
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.53% ⁴	2.01%	2.46%	3.36%	8.90% ⁴
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.25% ⁴	1.25%	1.25%	1.25%	1.25% ⁴
Ratio of net investment income (loss) to average net assets	0.57% ⁴	0.55%	0.71%	0.97%	0.75% ⁴
Portfolio turnover ⁵	8.64% ³	22.93%	28.82%	16.10%	21.72% ³

1 Commenced operations on April 30, 2015.

2 Calculated using the average daily shares method.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Emerging Asia Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$12.50	\$15.51	\$13.18	\$11.27	\$11.60	\$9.93
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.08	0.10	0.07	0.15	0.04	0.04
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	(0.29)	(2.82)	2.35	2.01	(0.34)	1.69
Total from investment operations	(0.21)	(2.72)	2.42	2.16	(0.30)	1.73
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.10)	(0.04)	(0.13)	— ²	(0.06)
Net realized gains on investments	—	(0.19)	(0.05)	(0.13)	(0.03)	—
Total distributions	—	(0.29)	(0.09)	(0.26)	(0.03)	(0.06)
Paid-in capital from redemption fees (Note 4)	— ²	— ²	— ²	0.01	— ²	— ²
Net Asset Value, end of period	\$12.29	\$12.50	\$15.51	\$13.18	\$11.27	\$11.60
TOTAL RETURN	(1.68%)³	(17.58%)	18.42%	19.25%	(2.56%)	17.39%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$108,416	\$118,505	\$219,596	\$145,164	\$114,590	\$110,363
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.69% ⁴	1.66%	1.70%	1.77%	1.75%	1.78%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.50% ⁴	1.48%	1.48%	1.47%	1.50%	1.58%
Ratio of net investment income (loss) to average net assets	1.28% ⁴	0.72%	0.49%	1.26%	0.33%	0.34%
Portfolio turnover ⁵	2.36% ³	26.09%	7.74%	34.90%	12.14%	8.21%
INSTITUTIONAL CLASS						
Net Asset Value, beginning of period	\$12.54	\$15.57	\$13.22	\$11.29	\$11.60	\$9.92
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.10	0.14	0.10	0.21	0.07	0.06
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	(0.29)	(2.85)	2.37	1.99	(0.34)	1.69
Total from investment operations	(0.19)	(2.71)	2.47	2.20	(0.27)	1.75
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.13)	(0.07)	(0.15)	(0.01)	(0.07)
Net realized gains on investments	—	(0.19)	(0.05)	(0.13)	(0.03)	—
Total distributions	—	(0.32)	(0.12)	(0.28)	(0.04)	(0.07)
Paid-in capital from redemption fees (Note 4)	— ²	— ²	— ²	0.01	— ²	— ²
Net Asset Value, end of period	\$12.35	\$12.54	\$15.57	\$13.22	\$11.29	\$11.60
TOTAL RETURN	(1.52%)³	(17.41%)	18.70%	19.61%	(2.33%)	17.68%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$320,071	\$256,669	\$275,233	\$95,724	\$55,278	\$21,350
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.51% ⁴	1.50%	1.52%	1.62%	1.57%	1.59%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.25% ⁴	1.25%	1.25%	1.25%	1.25%	1.33%
Ratio of net investment income (loss) to average net assets	1.61% ⁴	0.97%	0.70%	1.72%	0.65%	0.55%
Portfolio turnover ⁵	2.36% ³	26.09%	7.74%	34.90%	12.14%	8.21%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Asia Innovators Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$11.26	\$14.19	\$10.10	\$12.32	\$13.61	\$12.59
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.03	(0.01)	(0.02)	(0.02)	(0.05)	— ²
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	2.12	(2.62)	5.31	(1.07)	0.64	1.16
Total from investment operations	2.15	(2.63)	5.29	(1.09)	0.59	1.16
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.04)	(0.24)	—	—	(0.06)
Net realized gains on investments	—	(0.26)	(0.96)	(1.13)	(1.88)	(0.08)
Total distributions	—	(0.30)	(1.20)	(1.13)	(1.88)	(0.14)
Net Asset Value, end of period	\$13.41	\$11.26	\$14.19	\$10.10	\$12.32	\$13.61
TOTAL RETURN	19.09%³	(18.62%)	52.88%	(9.10%)	4.48%	9.24%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$174,602	\$152,449	\$175,331	\$83,926	\$129,763	\$125,612
Ratio of expenses to average net assets	1.20% ⁴	1.19%	1.24%	1.24%	1.18%	1.16%
Ratio of net investment income (loss) to average net assets	0.46% ⁴	(0.07%)	(0.18%)	(0.19%)	(0.33%)	(0.02%)
Portfolio turnover ⁵	37.24% ³	85.73%	66.51%	92.25%	72.85%	62.99%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$11.32	\$14.26	\$10.14	\$12.34	\$13.61	\$12.58
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.04	0.01	0.01	0.01	(0.02)	0.03
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	2.13	(2.62)	5.33	(1.08)	0.63	1.17
Total from investment operations	2.17	(2.61)	5.34	(1.07)	0.61	1.20
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.07)	(0.26)	—	—	(0.09)
Net realized gains on investments	—	(0.26)	(0.96)	(1.13)	(1.88)	(0.08)
Total distributions	—	(0.33)	(1.22)	(1.13)	(1.88)	(0.17)
Net Asset Value, end of period	\$13.49	\$11.32	\$14.26	\$10.14	\$12.34	\$13.61
TOTAL RETURN	19.17%³	(18.40%)	53.18%	(8.92%)	4.63%	9.54%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$117,717	\$91,769	\$30,957	\$16,545	\$36,770	\$61,088
Ratio of expenses to average net assets	1.05% ⁴	1.02%	1.05%	1.01%	0.97%	0.95%
Ratio of net investment income (loss) to average net assets	0.68% ⁴	0.07%	0.06%	0.06%	(0.16%)	0.21%
Portfolio turnover ⁵	37.24% ³	85.73%	66.51%	92.25%	72.85%	62.99%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews China Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016 ¹	2015 ¹	2014 ¹
Net Asset Value, beginning of period	\$14.37	\$22.20	\$15.47	\$18.42	\$21.46	\$22.84
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ²	0.13	0.21	0.16	0.21	0.20	0.24
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	3.07	(4.84)	8.86	(1.04)	0.30	(1.25)
Total from investment operations	3.20	(4.63)	9.02	(0.83)	0.50	(1.01)
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.29)	(0.37)	(0.26)	(0.21)	(0.27)
Net realized gains on investments	—	(2.91)	(1.92)	(1.29)	(3.33)	(0.10)
Return of capital	—	—	—	(0.57)	—	—
Total distributions	—	(3.20)	(2.29)	(2.12)	(3.54)	(0.37)
Paid-in capital from redemption fees (Note 4)	—	—	—	— ³	— ³	— ³
Net Asset Value, end of period	\$17.57	\$14.37	\$22.20	\$15.47	\$18.42	\$21.46
TOTAL RETURN	22.27%⁴	(21.42%)	59.37%	(5.18%)	2.41%	(4.42%)
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$709,970	\$566,456	\$843,508	\$495,900	\$709,767	\$947,740
Ratio of expenses to average net assets	1.10% ⁵	1.10%	1.09%	1.18%	1.14%	1.11%
Ratio of net investment income (loss) to average net assets	1.56% ⁵	1.00%	0.78%	1.24%	0.89%	1.09%
Portfolio turnover ⁶	31.90% ⁴	96.98%	78.74%	83.82%	66.22%	10.23%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016 ¹	2015 ¹	2014 ¹
Net Asset Value, beginning of period	\$14.33	\$22.17	\$15.44	\$18.39	\$21.44	\$22.81
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ²	0.18	0.33	0.21	0.22	0.25	0.28
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	3.04	(4.93)	8.84	(1.03)	0.27	(1.25)
Total from investment operations	3.22	(4.60)	9.05	(0.81)	0.52	(0.97)
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.33)	(0.40)	(0.28)	(0.24)	(0.30)
Net realized gains on investments	—	(2.91)	(1.92)	(1.29)	(3.33)	(0.10)
Return of capital	—	—	—	(0.57)	—	—
Total distributions	—	(3.24)	(2.32)	(2.14)	(3.57)	(0.40)
Paid-in capital from redemption fees (Note 4)	—	—	—	— ³	— ³	— ³
Net Asset Value, end of period	\$17.55	\$14.33	\$22.17	\$15.44	\$18.39	\$21.44
TOTAL RETURN	22.47%⁴	(21.32%)	59.71%	(5.06%)	2.50%	(4.22%)
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$153,482	\$46,657	\$61,975	\$15,874	\$24,276	\$52,478
Ratio of expenses to average net assets	0.92% ⁵	0.91%	0.93%	1.03%	0.99%	0.95%
Ratio of net investment income (loss) to average net assets	2.19% ⁵	1.53%	0.99%	1.32%	1.09%	1.27%
Portfolio turnover ⁶	31.90% ⁴	96.98%	78.74%	83.82%	66.22%	10.23%

1 Consolidated Financial Highlights. See Note 2-C.

2 Calculated using the average daily shares method.

3 Less than \$0.01 per share.

4 Not annualized.

5 Annualized.

6 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews India Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$26.32	\$34.31	\$25.65	\$26.43	\$26.46	\$16.28
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	(0.03)	(0.05)	(0.09)	0.01	(0.05)	0.07
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	0.63	(3.60)	9.24	(0.33)	0.26	10.29
Total from investment operations	0.60	(3.65)	9.15	(0.32)	0.21	10.36
LESS DISTRIBUTIONS FROM:						
Net investment income	—	—	—	—	(0.03)	(0.05)
Net realized gains on investments	—	(4.34)	(0.49)	(0.46)	(0.23)	(0.14)
Total distributions	—	(4.34)	(0.49)	(0.46)	(0.26)	(0.19)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	0.02	0.01
Net Asset Value, end of period	\$26.92	\$26.32	\$34.31	\$25.65	\$26.43	\$26.46
TOTAL RETURN	2.28% ²	(10.09%)	35.79%	(1.23%)	0.90%	63.71%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$1,095,538	\$1,077,990	\$1,484,045	\$967,009	\$1,151,948	\$974,838
Ratio of expenses to average net assets	1.11% ³	1.09%	1.09%	1.12%	1.11%	1.12%
Ratio of net investment income (loss) to average net assets	(0.25%) ³	(0.16%)	(0.30%)	0.02%	(0.17%)	0.32%
Portfolio turnover ⁴	12.53% ²	20.87%	16.81%	15.76%	9.51%	14.86%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$26.56	\$34.51	\$25.77	\$26.49	\$26.49	\$16.31
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	(0.01)	0.01	(0.03)	0.04	0.01	0.09
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	0.63	(3.62)	9.29	(0.30)	0.26	10.29
Total from investment operations	0.62	(3.61)	9.26	(0.26)	0.27	10.38
LESS DISTRIBUTIONS FROM:						
Net investment income	—	—	(0.03)	—	(0.06)	(0.08)
Net realized gains on investments	—	(4.34)	(0.49)	(0.46)	(0.23)	(0.14)
Total distributions	—	(4.34)	(0.52)	(0.46)	(0.29)	(0.22)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	0.02	0.02
Net Asset Value, end of period	\$27.18	\$26.56	\$34.51	\$25.77	\$26.49	\$26.49
TOTAL RETURN	2.34% ²	(9.92%)	36.05%	(1.00%)	1.12%	63.80%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$373,158	\$463,790	\$788,388	\$551,202	\$353,879	\$109,331
Ratio of expenses to average net assets	0.93% ³	0.90%	0.89%	0.91%	0.90%	0.94%
Ratio of net investment income (loss) to average net assets	(0.08%) ³	0.02%	(0.08%)	0.16%	0.02%	0.38%
Portfolio turnover ⁴	12.53% ²	20.87%	16.81%	15.76%	9.51%	14.86%

1 Calculated using the average daily shares method.

2 Not annualized.

3 Annualized.

4 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Japan Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$18.53	\$24.12	\$18.83	\$18.97	\$15.70	\$16.20
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.06	0.09	0.09	0.08	0.04	0.05
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	2.49	(4.91)	6.13	(0.01)	3.23	(0.48)
Total from investment operations	2.55	(4.82)	6.22	0.07	3.27	(0.43)
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.06)	(0.20)	(0.16)	—	(0.08)
Net realized gains on investments	—	(0.71)	(0.73)	(0.05)	—	—
Total distributions	—	(0.77)	(0.93)	(0.21)	—	(0.08)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	0.01
Net Asset Value, end of period	\$21.08	\$18.53	\$24.12	\$18.83	\$18.97	\$15.70
TOTAL RETURN	13.76%³	(20.18%)	33.14%	0.40%	20.83%	(2.60%)
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$1,631,127	\$1,704,102	\$2,155,280	\$1,685,872	\$1,330,743	\$467,854
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	0.93% ⁴	0.91%	0.95%	0.98%	0.99%	1.03%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	0.93% ⁴	0.91%	0.94%	0.98%	0.99%	1.03%
Ratio of net investment income (loss) to average net assets	0.56% ⁴	0.40%	0.40%	0.43%	0.22%	0.32%
Portfolio turnover ⁵	11.33% ³	46.11%	44.34%	55.15%	24.19%	42.52%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$18.57	\$24.16	\$18.86	\$19.00	\$15.71	\$16.20
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.06	0.11	0.10	0.10	0.05	0.09
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	2.49	(4.91)	6.14	— ²	3.24	(0.50)
Total from investment operations	2.55	(4.80)	6.24	0.10	3.29	(0.41)
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.08)	(0.21)	(0.19)	—	(0.09)
Net realized gains on investments	—	(0.71)	(0.73)	(0.05)	—	—
Total distributions	—	(0.79)	(0.94)	(0.24)	—	(0.09)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	0.01
Net Asset Value, end of period	\$21.12	\$18.57	\$24.16	\$18.86	\$19.00	\$15.71
TOTAL RETURN	13.73%³	(20.08%)	33.23%	0.51%	20.94%	(2.47%)
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$1,038,395	\$1,167,472	\$1,957,214	\$1,302,317	\$618,583	\$154,750
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	0.87% ⁴	0.85%	0.87%	0.88%	0.87%	0.90%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	0.87% ⁴	0.84%	0.86%	0.88%	0.87%	0.90%
Ratio of net investment income (loss) to average net assets	0.56% ⁴	0.46%	0.46%	0.54%	0.28%	0.58%
Portfolio turnover ⁵	11.33% ³	46.11%	44.34%	55.15%	24.19%	42.52%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Korea Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$4.58	\$6.91	\$5.25	\$6.15	\$5.65	\$5.95
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	(0.02)	0.06	0.06	0.02	0.01	— ²
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	(0.02)	(1.61)	2.22	(0.41)	0.83	(0.05)
Total from investment operations	(0.04)	(1.55)	2.28	(0.39)	0.84	(0.05)
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.13)	(0.29)	(0.08)	(0.01)	—
Net realized gains on investments	—	(0.65)	(0.33)	(0.43)	(0.33)	(0.25)
Total distributions	—	(0.78)	(0.62)	(0.51)	(0.34)	(0.25)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	— ²
Net Asset Value, end of period	\$4.54	\$4.58	\$6.91	\$5.25	\$6.15	\$5.65
TOTAL RETURN	(0.87%)³	(22.21%)	43.70%	(6.32%)	15.16%	(0.73%)

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (in 000's)	\$120,886	\$127,080	\$192,431	\$142,726	\$147,685	\$127,774
Ratio of expenses to average net assets	1.18% ⁴	1.14%	1.15%	1.15%	1.10%	1.11%
Ratio of net investment income (loss) to average net assets	(0.93%) ⁴	1.01%	0.90%	0.41%	0.18%	0.04%
Portfolio turnover ⁵	12.17% ³	35.60%	25.37%	34.73%	20.36%	17.37%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$4.61	\$6.95	\$5.27	\$6.18	\$5.68	\$5.96
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	(0.02)	0.04	0.10	(0.02)	0.02	0.05
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	(0.01)	(1.60)	2.21	(0.37)	0.83	(0.08)
Total from investment operations	(0.03)	(1.56)	2.31	(0.39)	0.85	(0.03)
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.13)	(0.30)	(0.09)	(0.02)	—
Net realized gains on investments	—	(0.65)	(0.33)	(0.43)	(0.33)	(0.25)
Total distributions	—	(0.78)	(0.63)	(0.52)	(0.35)	(0.25)
Paid-in capital from redemption fees (Note 4)	—	—	—	—	— ²	— ²
Net Asset Value, end of period	\$4.58	\$4.61	\$6.95	\$5.27	\$6.18	\$5.68
TOTAL RETURN	(0.65%)³	(22.15%)	44.11%	(6.31%)	15.27%	(0.39%)

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (in 000's)	\$29,492	\$19,377	\$32,587	\$7,462	\$59,982	\$91,431
Ratio of expenses to average net assets	1.06% ⁴	1.02%	1.01%	0.97%	0.93%	0.93%
Ratio of net investment income (loss) to average net assets	(0.74%) ⁴	0.67%	1.51%	(0.31%)	0.28%	0.87%
Portfolio turnover ⁵	12.17% ³	35.60%	25.37%	34.73%	20.36%	17.37%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews Asia Small Companies Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$15.50	\$22.89	\$19.05	\$19.41	\$21.46	\$19.34
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.08	0.12	0.02	0.09	0.02	0.09
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	1.88	(4.20)	5.68	(0.37)	(2.05)	2.11
Total from investment operations	1.96	(4.08)	5.70	(0.28)	(2.03)	2.20
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.08)	(0.10)	(0.08)	(0.03)	(0.08)
Net realized gains on investments	—	(3.23)	(1.76)	—	—	—
Total distributions	—	(3.31)	(1.86)	(0.08)	(0.03)	(0.08)
Paid-in capital from redemption fees (Note 4)	—	— ²	— ²	— ²	0.01	— ²
Net Asset Value, end of period	\$17.46	\$15.50	\$22.89	\$19.05	\$19.41	\$21.46
TOTAL RETURN	12.65%³	(18.05%)	30.59%	(1.44%)	(9.43%)	11.39%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$116,482	\$111,456	\$208,339	\$254,226	\$387,747	\$599,082
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.71% ⁴	1.51%	1.49%	1.49%	1.48%	1.47%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.50% ⁴	1.46%	1.46%	1.47%	1.47%	1.47%
Ratio of net investment income (loss) to average net assets	1.02% ⁴	0.53%	0.09%	0.45%	0.08%	0.44%
Portfolio turnover ⁵	26.22% ³	69.79%	67.13%	44.44%	48.29%	21.70%
INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$15.46	\$22.86	\$19.03	\$19.40	\$21.46	\$19.33
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.10	0.16	0.07	0.12	0.11	0.15
Net realized gain (loss) and unrealized appreciation/depreciation on investments, foreign currency related transactions and foreign capital gains taxes	1.87	(4.19)	5.67	(0.36)	(2.10)	2.10
Total from investment operations	1.97	(4.03)	5.74	(0.24)	(1.99)	2.25
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.14)	(0.15)	(0.13)	(0.08)	(0.12)
Net realized gains on investments	—	(3.23)	(1.76)	—	—	—
Total distributions	—	(3.37)	(1.91)	(0.13)	(0.08)	(0.12)
Paid-in capital from redemption fees (Note 4)	—	— ²	— ²	— ²	0.01	— ²
Net Asset Value, end of period	\$17.43	\$15.46	\$22.86	\$19.03	\$19.40	\$21.46
TOTAL RETURN	12.74%³	(17.86%)	30.85%	(1.24%)	(9.23%)	11.65%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$75,072	\$74,935	\$232,954	\$174,962	\$222,168	\$77,168
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.56% ⁴	1.37%	1.35%	1.34%	1.30%	1.27%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.25% ⁴	1.25%	1.25%	1.25%	1.25%	1.26%
Ratio of net investment income (loss) to average net assets	1.22% ⁴	0.73%	0.34%	0.64%	0.53%	0.70%
Portfolio turnover ⁵	26.22% ³	69.79%	67.13%	44.44%	48.29%	21.70%

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

See accompanying notes to financial statements.

Financial Highlights *(continued)*

Matthews China Small Companies Fund

The tables below set forth financial data for a share of beneficial interest outstanding throughout each period presented.

INVESTOR CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31				
		2018	2017	2016	2015	2014
Net Asset Value, beginning of period	\$9.58	\$11.89	\$8.21	\$8.79	\$9.21	\$9.89
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss) ¹	0.09	0.09	0.07	0.10	0.08	0.01
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	1.70	(2.23)	4.27	(0.28)	0.27	(0.33)
Total from investment operations	1.79	(2.14)	4.34	(0.18)	0.35	(0.32)
LESS DISTRIBUTIONS FROM:						
Net investment income	—	(0.05)	(0.11)	(0.03)	(0.06)	(0.02)
Net realized gains on investments	—	(0.16)	(0.56)	(0.37)	(0.72)	—
Return of capital	—	—	—	—	—	(0.34)
Total distributions	—	(0.21)	(0.67)	(0.40)	(0.78)	(0.36)
Paid-in capital from redemption fees (Note 4)	—	0.04	0.01	— ²	0.01	— ²
Net Asset Value, end of period	\$11.37	\$9.58	\$11.89	\$8.21	\$8.79	\$9.21
TOTAL RETURN	18.69%³	(17.68%)	53.88%	(2.35%)	4.07%	(3.33%)

RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (in 000's)	\$48,469	\$41,740	\$35,209	\$16,101	\$21,546	\$22,068
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.72% ⁴	1.97%	2.34%	2.24%	2.10%	1.90%
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.50% ⁴	1.50%	1.50%	1.50%	1.50%	1.67%
Ratio of net investment income (loss) to average net assets	1.75% ⁴	0.78%	0.66%	1.17%	0.80%	0.14%
Portfolio turnover ⁵	28.30% ³	76.67%	67.22%	63.15%	72.49%	32.42%

INSTITUTIONAL CLASS	Six-Month Period Ended June 30, 2019 (unaudited)	Year Ended Dec. 31, 2018	Period Ended Dec. 31, 2017 ⁶
INCOME (LOSS) FROM INVESTMENT OPERATIONS:			
Net investment income (loss) ¹	0.10	0.11	(0.01)
Net realized gain (loss) and unrealized appreciation/depreciation on investments and foreign currency related transactions	1.71	(2.21)	0.67
Total from investment operations	1.81	(2.10)	0.66
LESS DISTRIBUTIONS FROM:			
Net investment income	—	(0.05)	(0.13)
Net realized gains on investments	—	(0.16)	(0.56)
Total distributions	—	(0.21)	(0.69)
Paid-in capital from redemption fees (Note 4)	—	0.03	—
Net Asset Value, end of period	\$11.40	\$9.59	\$11.87
TOTAL RETURN	18.87%³	(17.48%)	6.19%³

RATIOS/SUPPLEMENTAL DATA			
Net assets, end of period (in 000's)	\$24,524	\$20,740	\$476
Ratio of expenses to average net assets before any reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 5)	1.53% ⁴	1.79%	2.09% ⁴
Ratio of expenses to average net assets after any reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.25% ⁴	1.25%	1.25% ⁴
Ratio of net investment income (loss) to average net assets	1.80% ⁴	1.05%	(1.20%) ⁴
Portfolio turnover ⁵	28.30% ³	76.67%	67.22% ³

1 Calculated using the average daily shares method.

2 Less than \$0.01 per share.

3 Not annualized.

4 Annualized.

5 The portfolio turnover rate is calculated on the Fund as a whole without distinguishing between classes of shares issued.

6 Commenced operations on November 30, 2017.

See accompanying notes to financial statements.

Notes to Financial Statements *(unaudited)*

1. ORGANIZATION

Matthews Asia Funds (the "Trust") is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust currently issues seventeen separate series of shares (each a "Fund", and collectively, the "Funds"): Matthews Asia Strategic Income Fund, Matthews Asia Credit Opportunities Fund, Matthews Asian Growth and Income Fund, Matthews Asia Dividend Fund, Matthews China Dividend Fund, Matthews Asia Value Fund, Matthews Asia Growth Fund, Matthews Pacific Tiger Fund, Matthews Asia ESG Fund, Matthews Emerging Asia Fund, Matthews Asia Innovators Fund, Matthews China Fund, Matthews India Fund, Matthews Japan Fund, Matthews Korea Fund, Matthews Asia Small Companies Fund, and Matthews China Small Companies Fund. Each Fund currently offers two classes of shares: Investor Class and Institutional Class. Each class of shares has identical voting, dividend, liquidation and other rights and the same terms and conditions, except each class may be subject to different class expenses as outlined in the relevant prospectus and each class has exclusive voting rights with respect to matters solely affecting such class.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Funds in preparation of their financial statements.

A. SECURITY VALUATION: The value of the Trust's securities is based on market quotations for those securities, or on their fair value determined by the valuation policies approved by the Funds' Board of Trustees (the "Board"). Market quotations and valuation information are provided by commercial pricing services or securities dealers that are independent of the Funds and Matthews International Capital Management, LLC ("Matthews"), in accordance with procedures established by the Funds' Board. Foreign exchange-traded securities are valued as of the close of trading on the primary exchange on which they trade. Securities that trade in over-the-counter markets, including most debt securities (bonds), may be valued by other third-party vendors or by using indicative bid quotations from dealers or market makers, or other available market information. Market values for securities are determined based on quotations, market data or other information from the principal (or most advantageous) market on which the security is traded. Market quotations for equity securities used by the Funds include last reported sale prices, or, if such prices are not reported or available, bid and ask prices. Swap agreements are valued utilizing quotes received daily by the Funds' pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments. Foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined at the close of business on the New York Stock Exchange ("NYSE"). Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available. The Funds may also utilize independent pricing services to assist them in determining a current market value for each security based on sources believed to be reliable.

The Board has delegated to the Board's Valuation Committee the responsibility for oversight of the fair valuation process under the Trust's Pricing and Valuation Policy. The Board's Valuation Committee, in turn, has delegated the determination of fair value prices under Matthews' Pricing and Valuation Procedures to Matthews' Valuation Committee (the "Valuation Committee"). The Board's Valuation Committee will review and approve fair value determinations by Matthews' Valuation Committee in accordance with the Pricing and Valuation Policy. When fair value pricing is employed, the prices of securities used by a Fund to calculate its Net Asset Value ("NAV") may differ from any quoted or published prices for the same securities for that day. All fair value determinations are made subject to the Board's oversight. Events affecting the value of foreign investments may occur between the time at which they are determined and when the Funds calculate their NAV, which is normally the close of trading on the NYSE. If such events render market quotations unreliable, and the impact of such events can be reasonably determined, the investments will be valued at their fair value in accordance with pricing policies. The fair value of a security held by the Funds may be determined using the services of third-party pricing services to assist in this process.

The books and records of the Funds are maintained in U.S. dollars. Transactions, portfolio securities, and assets and liabilities denominated in a foreign currency are translated and recorded in U.S. dollars at the prevailing exchange rate as of the close of trading on the NYSE. Translation gains or losses resulting from changes in the exchange rate during the reporting period and realized gains and losses on the settlement of foreign currency transactions are reported in the results of operations for the current period. The Funds isolate that portion of gains and losses on investments in fixed income securities that is due to changes in foreign exchange rate from that which is due to changes in market prices of securities.

Foreign securities held by the Funds may be traded on days and at times when the NYSE is closed. Accordingly, the value of the Funds may be significantly affected on days when shareholders have no access to the Funds.

B. FAIR VALUE MEASUREMENTS: In accordance with the guidance on fair value measurements and disclosures under generally accepted accounting principles in the United States ("U.S. GAAP"), the Funds prioritize the determination of the fair value of their investments and derivative financial instruments using a hierarchy based on the inputs used to measure the fair value.

The hierarchy and the inputs utilized are as follows:

Level 1: Quoted prices in active markets for identical securities (foreign securities that are valued based on market quotations).

Level 2: Other significant observable inputs. Certain foreign securities may be fair valued by Matthews using information such as quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and foreign exchange. Additionally, external pricing services are used when the Funds determine that events affecting the value of foreign securities which occur between the time at which they are determined and the close of trading on the NYSE render market quotations unreliable.

Level 3: Significant unobservable inputs. As described in Note 2-A, Level 3 securities are valued based on significant unobservable inputs as determined under the direction of the Board. Characterization of such securities as Level 3 securities are not necessarily an indication of their liquidity or the risk associated with investing in these securities. A significant change in the unobservable inputs could result in a significantly lower or higher value in such Level 3 securities and could impact overall Fund performance. Level 3 securities consisted of equities that, as of June 30, 2019, were suspended from trading.

Notes to Financial Statements (unaudited) (continued)

Levels for Multi-Country Funds (1 of 2):

Summary of inputs used to determine the fair valuation of multi-country Funds' investments as of June 30, 2019.

	Matthews Asia Strategic Income Fund	Matthews Asia Credit Opportunities Fund	Matthews Asian Growth and Income Fund	Matthews Asia Dividend Fund	Matthews Asia Value Fund	Matthews Asia Growth Fund
Assets:						
Investments:						
Level 1: Quoted Prices						
Common Equities:						
Bangladesh	\$—	\$—	\$—	\$—	\$—	\$41,397,290
China/Hong Kong	—	—	92,073,971	191,319,879	809,583	159,704,625
Japan	—	—	—	—	832,913	—
Philippines	—	—	—	104,740,511	—	5,657,865
Singapore	—	—	—	90,314,666	878,717	—
South Korea	—	—	18,082,635	230,419,228	434,625	—
Sri Lanka	—	—	—	—	—	6,249,775
Taiwan	—	—	21,448,620	92,532,858	—	—
United States	—	—	48,977,018	—	323,289	6,741,000
Level 2: Other Significant Observable Inputs						
Foreign Government Obligations ^a	23,933,741	9,511,154	—	—	—	—
Non-Convertible Corporate Bonds ^a	78,844,083	43,050,111	—	—	—	—
Convertible Corporate Bonds ^a	5,742,584	1,510,444	166,547,497	—	—	—
Common Equities:						
Australia	—	—	75,367,662	95,551,702	—	48,853,716
Bangladesh	—	—	—	69,401,008	—	—
China/Hong Kong	—	—	390,887,692	2,409,357,673	8,797,399	183,342,591
France	—	—	44,788,566	—	—	—
India	—	—	45,809,191	139,859,813	199,315	54,694,255
Indonesia	—	—	40,763,408	114,782,547	158,533	91,593,483
Japan	—	—	34,268,015	1,374,699,872	2,328,855	424,713,225
Malaysia	—	—	15,315,738	—	399,556	—
Philippines	—	—	21,082,037	—	—	11,045,979
Singapore	—	—	129,129,337	231,527,808	843,137	—
South Korea	—	—	84,402,469	266,835,115	3,778,348	—
Sri Lanka	—	—	—	—	—	17,276,809
Taiwan	—	—	72,633,080	172,650,763	433,893	11,197,753
Thailand	—	—	20,131,939	116,047,947	—	18,086,447
United Kingdom	—	—	26,805,739	—	—	—
Vietnam	—	—	16,382,838	66,490,887	—	16,467,160
Preferred Equities:						
South Korea	—	—	28,664,656	181,651,426	2,831,931	—
Level 3: Significant Unobservable Inputs						
Total Market Value of Investments	\$108,520,408	\$54,071,709	\$1,393,562,108	\$5,948,183,703	\$23,050,094	\$1,097,021,973

a Industry, countries, or security types are disclosed on the Schedule of Investments.

Notes to Financial Statements (unaudited) (continued)

Levels for Multi-Country Funds (2 of 2):

Summary of inputs used to determine the fair valuation of multi-country Funds' investments as of June 30, 2019.

	Matthews Pacific Tiger Fund	Matthews Asia ESG Fund	Matthews Emerging Asia Fund	Matthews Asia Innovators Fund	Matthews Asia Small Companies Fund
Assets:					
Investments:					
Level 1: Quoted Prices					
Common Equities:					
Bangladesh	\$—	\$1,771,217	\$—	\$7,162,992	\$—
China/Hong Kong	787,292,987	2,263,905	34,997,299	55,868,283	6,470,997
India	—	2,253,603	952,337	—	4,158,628
Indonesia	50,019,114	775,195	38,206,276	—	4,849,727
Japan	58,925,160	—	—	—	—
Pakistan	—	348,069	42,362,093	—	—
Philippines	—	—	15,041,850	—	2,069,776
Singapore	—	406,430	—	—	2,913,902
South Korea	373,261,630	—	—	—	1,725,817
Sri Lanka	—	—	33,414,222	—	—
Taiwan	—	—	—	—	2,232,892
United States	164,363,931	—	—	—	—
Vietnam	—	—	13,802,545	—	2,658,506
Level 2: Other Significant Observable Inputs					
Common Equities:					
Australia	—	—	3,721,628	—	2,235,200
Bangladesh	—	570,975	18,382,005	—	—
China/Hong Kong	2,847,795,111	11,501,683	15,027,386	124,416,269	46,521,893
India	1,746,294,109	6,217,598	36,754,159	34,694,555	24,036,796
Indonesia	628,836,878	1,506,777	44,424,466	16,430,245	6,376,983
Japan	—	6,946,356	—	—	2,048,648
Malaysia	192,057,855	—	—	—	4,990,581
Pakistan	—	—	1,511,468	—	—
Philippines	238,274,074	914,815	23,533,865	4,183,646	—
Singapore	—	1,059,826	3,022,157	—	—
South Korea	622,394,936	1,426,915	—	23,143,282	15,939,008
Sri Lanka	—	—	10,807,731	—	—
Switzerland	236,718,475	—	—	—	—
Taiwan	420,869,156	3,646,584	—	—	23,126,101
Thailand	459,036,597	1,052,644	—	—	14,053,968
Vietnam	153,180,278	534,333	71,758,036	6,933,673	8,575,083
Preferred Equities:					
South Korea	—	2,164,513	—	6,627,102	—
Level 3: Significant Unobservable Inputs					
Total Market Value of Investments	\$8,979,320,291	\$45,361,438	\$407,719,523	\$279,460,047	\$174,984,506

Notes to Financial Statements (unaudited) (continued)

Levels for Single Country Funds:

Summary of inputs used to determine the fair valuation of the single country Funds' investments as of June 30, 2019.

	Matthews China Dividend Fund	Matthews China Fund	Matthews India Fund	Matthews Japan Fund	Matthews Korea Fund	Matthews China Small Companies Fund
Assets:						
Investments:						
Level 1: Quoted Prices						
Common Equities:						
Communication Services	\$9,009,540	\$43,830,251	\$—	\$—	\$—	\$—
Consumer Discretionary	25,059,363	121,212,330	8,254,483	—	2,884,301	5,279,038
Consumer Staples	—	—	—	—	5,274,223	—
Financials	6,441,704	—	94,471,199	—	2,790,821	—
Health Care	2,193,758	—	36,296,801	—	—	3,325,317
Industrials	—	7,127,200	18,513,546	—	3,319,659	—
Information Technology	—	—	53,789,794	—	—	1,674,584
Materials	—	—	1,313,959	—	—	—
Level 2: Other Significant Observable Inputs						
Common Equities:						
Communication Services	40,128,332	82,394,554	30,103,632	218,342,791	7,097,492	—
Consumer Discretionary	53,222,166	77,373,719	192,936,414	382,733,098	13,291,615	3,537,520
Consumer Staples	53,706,691	56,616,442	182,886,491	244,020,302	10,001,757	5,450,216
Energy	9,372,223	7,663,723	—	—	2,129,196	3,018,034
Financials	28,208,804	264,305,702	467,612,546	168,840,364	18,356,116	—
Health Care	15,171,140	29,713,300	126,682,568	395,331,129	12,370,117	6,968,193
Industrials	30,721,954	—	78,732,198	636,456,978	—	13,550,416
Information Technology	27,852,574	38,991,793	125,916,844	498,071,774	15,219,574	14,443,378
Materials	17,127,660	20,757,845	43,126,678	29,303,120	7,661,188	5,264,847
Real Estate	22,928,704	69,326,379	—	67,846,196	—	6,867,659
Utilities	14,508,854	—	—	—	—	—
Preferred Equities:						
Consumer Discretionary	—	—	—	—	7,118,240	—
Consumer Staples	—	—	—	—	9,375,594	—
Energy	—	—	—	—	1,922,683	—
Financials	—	—	—	—	5,923,023	—
Information Technology	—	—	—	—	15,979,054	—
Materials	—	—	—	—	4,042,912	—
Level 3: Significant Unobservable Inputs						
Common Equities:						
Information Technology	—	—	—	—	—	249
Total Market Value of Investments	\$355,653,467	\$819,313,238	\$1,460,637,153	\$2,640,945,752	\$144,757,565	\$69,379,451

Levels for Derivative Financial Instruments:

Summary of inputs used to determine the fair valuation of the Funds' derivative financial instruments as of June 30, 2019.

	Matthews Asia Strategic Income Fund
Derivative Financial Instruments¹	
Assets	
Level 2: Other Significant Observable Inputs	
Forward Foreign Currency Exchange Contracts	\$130,886
Liabilities	
Level 2: Other Significant Observable Inputs	
Forward Foreign Currency Exchange Contracts	(\$556,972)
Interest Rate Swaps	(54,169)
	(\$611,141)

¹ Derivative financial instruments are forward foreign currency exchange contracts and interest rate swaps. Forward foreign currency exchange contracts and interest rate swaps are valued at the unrealized appreciation/depreciation on the instruments.

Notes to Financial Statements *(unaudited) (continued)*

Changes in the Balances of Level 3 Securities:

The Funds' policy is to recognize transfers in and transfers out of Level 3 during the reporting period.

	Matthews China Small Companies Fund
	Common Equities — Information Technology
Balance as of 12/31/18 (market value)	\$249
Accrued discounts/premiums	—
Realized gain/(loss)	—
Change in unrealized appreciation/(depreciation)	—
Purchases	—
Sales	—
Transfers in to Level 3*	—
Transfer out of Level 3*	—
Balance as of 6/30/19 (market value)	\$249
Net change in unrealized appreciation/depreciation on Level 3 investments held as of 6/30/19**	\$—

* The Funds' policy is to recognize transfers in and transfers out as of the beginning of the reporting period.

** Included in the related amounts on the Statements of Operations.

Certain foreign securities, for which market quotations are not readily available, may be fair valued and classified as either Level 2 or Level 3. When the underlying inputs include significant observable inputs obtained from sources independent of the Funds, the securities are classified as Level 2. These inputs include evaluated prices from the Funds' pricing vendors, day-on-day price changes, primary and ancillary pricing sources, and other available independent market indicators of value. When the underlying inputs include significant unobservable inputs and reflect assumptions of market participants, the securities are classified as Level 3. Certain securities held by the Funds that were suspended from trading and classified as Level 3 on June 30, 2019 subsequently resumed trading and were transferred from Level 3 to Level 1, Level 2 or were sold.

C. BASIS OF CONSOLIDATION: The accompanying consolidated financial statements of Matthews China Fund and Matthews Asia Dividend Fund (the "Investing Funds") for the 2014-2016 period include the accounts of the Matthews CF-U Series and Matthews ADF-U Series (the "U Series Funds"), respectively. The U Series Funds were series of Matthews A Share Selections Fund, LLC, a Delaware limited liability company registered under the 1940 Act. All of the interests offered by U Series Funds were exclusively owned by the Investing Funds. The U Series Funds primarily invested in the stocks of Chinese companies listed on Mainland China Stock Exchanges, and traded and denominated in the currency of China, the Renminbi. To allow U Series Funds to invest in China A Shares Matthews applied for and received a license from the China Securities Regulatory Commission as a Qualified Foreign Institutional Investor ("QFII") and had been allocated by the State Administration of Foreign Exchange of China an initial quota of \$100 million in June 2014, and an additional quota of \$440 million in July 2015, representing the equivalent value in Renminbi of China A Shares that the Funds could purchase. Access to the quota was subject to Matthews' trade allocation procedures and access allocation procedures. The U Series Funds were subject to the same investment policies and restrictions that apply to Investing Funds. Intercompany accounts and transactions, if any, have been eliminated in the consolidation process. The U Series Funds were intended to be disregarded entities for tax purposes. Therefore, no federal tax provision was required. Consolidated financial statements include expenses that are accrued for and paid by the Investing Funds. These include on-going operational costs as well as costs in connection with the launching of the U Series Funds.

In September 2016, the Board of Directors of the Matthews A Share Selections Fund, LLC adopted resolutions authorizing the termination and liquidation of the Matthews A Share Selections Fund, LLC. Consequently, as of September 30, 2016, the U Series Funds sold their securities and effectively ceased investment operations. The outstanding interests of each U Series Fund were redeemed by its respective Investing Fund. The Matthews A Share Selections Fund, LLC filed an initial application for deregistration as a registered investment company with the U.S. Securities and Exchange Commission in October 2016, which was subsequently granted in February 2017.

D. RISKS ASSOCIATED WITH NON-U.S. COMPANIES: Investments by the Funds in the securities of non-U.S. companies may involve investment risks not typically associated with investments in U.S. issuers. These risks include possible political, economic, social and religious instability, inadequate investor protection; changes in laws or regulations of countries within the Asia Pacific region (including in countries where the Funds may invest, as well as in the broader region); international relations with other nations; natural disasters; corruption; and military activity. Foreign securities may be subject to greater fluctuations in price than securities of domestic corporations or the U.S. government. Foreign investing may also include the risk of expropriation or confiscatory taxation, limitation on the removal of funds or other assets, currency crises and exchange controls, the imposition of foreign withholding tax on the interest income payable on such instruments, the possible seizure or nationalization of foreign deposits or assets, or the adoption of other foreign government restrictions that might adversely affect the foreign securities held by the Funds. Additionally, Asia Pacific countries may utilize formal or informal currency exchange controls or "capital controls" that may limit the ability to repatriate investments or income or adversely affect the value of portfolio investments. The economies of many Asia Pacific countries differ from the economies of more developed countries in many respects, such as their rate of growth, inflation, capital reinvestment, resource self-sufficiency and dependence on other economies, financial system stability, the national balance of payments position and sensitivity to changes in global trade.

Certain Asia Pacific countries are highly dependent upon and may be affected by developments in the economies of other countries. Non-U.S. companies are subject to different accounting, auditing, and financial reporting standards, practices, and requirements than U.S. companies. There is generally less government regulation of stock exchanges, brokers, and listed companies abroad than in the United States, which may result in less transparency with respect to a company's operations, and make obtaining information about them more difficult (or such information may be unavailable).

Foreign stock markets may not be as developed or efficient as those in the United States, and the absence of negotiated brokerage commissions in certain countries may result in higher brokerage fees. The time between the trade and settlement dates of securities transactions on foreign exchanges

Notes to Financial Statements (unaudited) (continued)

ranges from one day to four weeks or longer and may result in higher custody charges. Custodial arrangements may be less well developed than in the United States. Foreign securities are generally denominated and pay distributions in foreign currencies, exposing the Funds to changes in foreign currency exchange rates. Investing in any country in the Asia Pacific region will also entail risks specific and unique to that country, and these risks can be significant and change rapidly.

Changes in interest rates in each of the countries in which the Funds may invest, as well as interest rates in more-developed countries, may cause a decline in the market value of an investment. Generally, fixed income securities will decrease in value when interest rates rise and can be expected to rise in value when interest rates decline. As interest rates decline, debt issuers may repay or refinance their loans or obligations earlier than anticipated. The issuers of fixed income securities may, therefore, repay principal in advance. This would force the Funds to reinvest the proceeds from the principal prepayments at lower rates, which reduces the Funds' income.

- E. DISTRIBUTIONS TO SHAREHOLDERS:** It is the policy of Matthews Asian Growth and Income Fund and Matthews China Dividend Fund to distribute net investment income on a semi-annual basis and capital gains, if any, annually. It is the policy of Matthews Asia Dividend Fund, Matthews Asia Strategic Income Fund and Matthews Asia Credit Opportunities Fund to distribute net investment income on a quarterly basis and capital gains, if any, annually. Each of the other Funds distributes a net investment income and capital gains, if any, annually. Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from U.S. GAAP.

The tax character of distributions paid for the fiscal year ended December 31, 2018 was as follows:

YEAR ENDED DECEMBER 31, 2018	Ordinary Income	Net Long-Term Capital Gains	Total Taxable Distributions	Return of Capital
Matthews Asia Strategic Income Fund	\$2,884,604	\$—	\$2,884,604	\$381,950
Matthews Asia Credit Opportunities Fund	1,411,365	—	1,411,365	—
Matthews Asian Growth and Income Fund	46,680,045	180,408,534	227,088,579	—
Matthews Asia Dividend Fund	226,081,829	266,855,532	492,937,361	—
Matthews China Dividend Fund	11,590,471	24,594,264	36,184,735	—
Matthews Asia Value Fund	1,125,780	159,629	1,285,409	—
Matthews Asia Growth Fund	8,510,896	6,873,778	15,384,674	—
Matthews Pacific Tiger Fund	192,063,450	248,646,631	440,710,081	—
Matthews Asia ESG Fund	110,310	861,827	972,137	—
Matthews Emerging Asia Fund	3,675,977	8,952,247	12,628,224	—
Matthews Asia Innovators Fund	1,092,195	8,851,877	9,944,072	—
Matthews China Fund	9,777,889	126,839,507	136,617,396	—
Matthews India Fund	—	279,269,366	279,269,366	—
Matthews Japan Fund	19,888,292	136,613,164	156,501,456	—
Matthews Korea Fund	2,951,789	24,410,239	27,362,028	—
Matthews Asia Small Companies Fund	2,523,811	43,064,299	45,588,110	—
Matthews China Small Companies Fund	368,243	2,204,423	2,572,666	—

- F. INVESTMENT TRANSACTIONS AND INCOME:** Securities transactions are accounted for on the date the securities are purchased or sold or on the following business day. Financial statements reflect security transactions on trade date. Gains or losses on the sale of securities are determined on the identified cost basis. Interest income is recorded on the accrual basis. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized daily on an accrual basis. For convertible securities, premiums attributable to the conversion feature are not amortized. Dividend income is generally recorded on the ex-dividend date net of any foreign taxes withheld at the source. Dividend income for certain issuers headquartered in countries which the Funds invest may not be recorded until approved by the shareholders (which may occur after the ex-dividend date) if, in the judgment of management, such dividends are not reasonably determined as of the ex-dividend date. Income and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Funds may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which they invest. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Funds invest. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Funds invest. When a capital gain tax is determined to apply, the Funds record an estimated deferred tax liability in an amount that may be payable if the securities were disposed of on the valuation date.

- G. FUND EXPENSE ALLOCATIONS:** The Funds account separately for the assets, liabilities and operations of each Fund. Estimated expenses are accrued daily. Direct expenses of each Fund or class are charged to that Fund or class while general expenses are allocated pro-rata among the Funds based on net assets or other appropriate methods.
- H. CASH, CASH OVERDRAFTS, AND FOREIGN CURRENCY:** QFII accounts (i.e., the accounts through which the QFII quota is accessed) are required by the local market to maintain a cash reserve. The cash reserve is based upon a fixed ratio of the QFII's approved investment quota, which is defined as the amount remitted into its special Renminbi (RMB) cash account. These amounts, if any, are included in "Segregated foreign currency at value" on the Statements of Assets and Liabilities. The fixed ratio is set at 0.08 percent for the Shanghai and 0.06 percent for the Shenzhen market. When any of the Funds' cash balances are overdrawn, a Fund is charged an overdraft fee by the custodian of 1.00% above the 30-day LIBOR rate on outstanding balances. These amounts, if any, are included in "Other expenses" on the Statements of Operations.
- I. USE OF ESTIMATES:** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.
- J. RECENT ACCOUNTING GUIDANCE:** In March 2017, the Financial Accounting Standards Board issued amended guidance to shorten the amortization period for certain callable debt securities, held at premium. The guidance is effective for fiscal years and interim periods beginning after December 15, 2018. Adoption will have no effect on the Funds' net assets. Management is evaluating the impact, if any, of this guidance on the Funds' results of operations and financial disclosures.

Notes to Financial Statements *(unaudited) (continued)*

On August 28, 2018, the FASB issued ASU 2018-13, "Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement", which amends the fair value measurement disclosure requirements under U.S. GAAP. The amendments of ASU 2018-13 include new, eliminated, and modified disclosure requirements. In addition, the amendments clarify that materiality is an appropriate consideration of entities when evaluating disclosure requirements. The ASU is effective for all entities for fiscal years beginning after December 15, 2019, including interim periods therein. An entity is permitted to early adopt any eliminated or modified disclosures upon issuance of this ASU and delay adoption of the new disclosures until their effective date. As such, each Fund has early adopted the eliminated and modified disclosures, including the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, as permitted by this ASU. Management is currently evaluating the impact that the adoption of the new disclosures will have on the Funds' financial statements.

3. DERIVATIVE FINANCIAL INSTRUMENTS

Each of the Matthews Asia Strategic Income Fund and the Matthews Asia Credit Opportunities Fund engages in derivative transactions for a variety of purposes, including managing interest rate, currency and credit exposure. Derivative transactions in which each Fund may engage include financial futures contracts, swaps and/or forward foreign currency exchange contracts.

Certain derivative transactions may result in each Fund's exposure to a currency to exceed the value of the Fund's assets and the Fund could be exposed to currency risk whether or not it holds a bond or other instrument denominated in that currency. The gross notional value of derivative financial instruments and transactions could exceed the value of the Fund's net assets, although the net market value of these instruments and transactions, on a marked-to-market basis, at most times, is expected to be substantially lower.

The primary risks associated with the use of derivative financial instruments are: (i) Matthews may not correctly predict the direction of currency exchange rates, interest rates, security prices, or other economic factors; (ii) Matthews may not correctly predict changes in the value of derivative financial instruments and related underlying instruments or assets, which may result in disproportionately increased losses and/or reduced opportunities for gains; (iii) imperfect correlation between the change in market value of the securities held by a Fund and the price of financial futures contracts and credit default swaps contracts; (iv) the lack of, or a reduction in the liquidity of, any secondary market for the instrument, and the resulting inability to close the position (or exit the position) when desired; (v) losses, which are potentially unlimited, due to unanticipated market movements; (vi) the value of the instrument may change unfavorably due to movements in the value of the referenced foreign currencies; (vii) a Fund may suffer disproportionately heavy losses relative to the amount invested; (viii) changes in the value of the derivatives may not match or fully offset changes in the value of hedged or related portfolio securities, thereby failing to achieve the hedging or investment purpose for the derivative transaction; and (ix) the other party to the instrument may fail to fulfill its obligation.

Forward Foreign Currency Exchange Contracts: The Matthews Asia Strategic Income Fund and the Matthews Asia Credit Opportunities Fund enter into forward foreign currency exchange contracts to gain or reduce exposure to foreign currency exchange rate risk. A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. The contract is marked-to-market daily and the change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The Matthews Asia Strategic Income Fund and the Matthews Asia Credit Opportunities Fund do not offset financial assets and financial liabilities on forward foreign currency contracts in the Statements of Assets and Liabilities as they are not subject to netting arrangements.

Swaps: The Matthews Asia Strategic Income Fund and the Matthews Asia Credit Opportunities Fund enter into swap contracts to manage exposure to issuers, markets and securities to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). Such contracts are agreements between the Funds and a counterparty to make periodic net payments on a specified notional amount or a net payment upon termination. Swap agreements are privately negotiated in the OTC market and may be entered into as a bilateral contract ("OTC Swaps") or centrally cleared ("centrally cleared swaps").

For OTC swaps, any upfront premiums paid and any upfront fees received are shown as swap premiums paid and swap premiums received, respectively, in the Statements of Assets and Liabilities and amortized over the term of the contract. The daily fluctuation in market value is recorded as unrealized appreciation (depreciation) on OTC Swaps in the Statements of Assets and Liabilities. Payments received or paid are recorded in the Statements of Operations as realized gains or losses, respectively. When an OTC swap is terminated, a realized gain or loss is recorded in the Statements of Operations equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. Generally, the basis of the contract is the amortized premium received or paid.

The Funds may enter into interest rate swaps to gain or reduce exposure to interest rates or to manage duration, the yield curve or interest rate (interest rate risk).

Interest rate swaps are agreements to exchange cash flows based on the difference between specified interest rates applied to a notional principal amount for a specified period of time. Risks related to the use of interest rate swaps include the potential for unanticipated movements in interest or currency rates, the possible failure of a counterparty to perform in accordance with the terms of the swap agreements and potential government regulation that could adversely affect the Funds' swap investments.

Counterparty Credit Risk: A derivative contract may suffer a mark to market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

A Fund's risk of loss from counterparty credit risk on OTC derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by such Fund.

With exchange traded futures and centrally cleared swaps, there is less counterparty credit risk to the Funds since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, a Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency) of the clearing broker or clearinghouse. Additionally, credit risk exists in exchange traded futures and centrally cleared swaps with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Funds.

In order to better define its contractual rights and to secure rights that will help the Funds mitigate their counterparty risk, a Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with its derivative contract counterparties. An ISDA Master Agreement is a bilateral agreement between each Fund and a counterparty that governs OTC derivatives and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA

Notes to Financial Statements (unaudited) (continued)

Master Agreement, each Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events. In addition, certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event a Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its ISDA Master Agreements, which would cause the Fund to accelerate payment of any net liability owed to the counterparty.

Collateral requirements: For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark to market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by a Fund and the counterparty. Cash collateral that has been pledged to cover obligations of a Fund, if any, is reported separately on the Statements of Assets and Liabilities as cash pledged as collateral. Non-cash collateral pledged by a Fund, if any, is noted in the Schedules of Investments.

For financial reporting purposes, the Funds do not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statements of Assets and Liabilities.

The Funds have implemented the disclosure requirements pursuant to FASB Accounting Standards update No. 2011-11, Disclosures about Offsetting Assets and Liabilities, that requires disclosures to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards. Under this guidance the Funds disclose in the Statements of Assets and Liabilities both gross and net information about instruments and transactions eligible for offset such as instruments and transactions subject to an agreement similar to a master netting arrangement. In addition, the Funds disclose collateral received and posted in connection with master netting agreements or similar arrangements.

As of June 30, 2019, the Matthews Asia Strategic Income Fund had \$54,169 in gross/net liabilities in the Statements of Assets and Liabilities for OTC derivatives with Bank of America, N.A. There was no collateral pledged or received by the Fund with this counterparty.

Derivative Financial Instruments Categorized by Risk Exposure:

As of June 30, 2019, the fair values of derivative financial instruments were as follows:

	Statements of Assets and Liabilities Location	Matthews Asia Strategic Income Fund
	Asset Derivatives	
Forward foreign currency exchange contracts	Unrealized appreciation on forward foreign currency exchange contracts	\$130,886
	Liability Derivatives	
	Unrealized depreciation on forward foreign currency exchange contracts	(\$556,972)
OTC interest rate contracts	Unrealized depreciation on interest rate contracts	(54,169)
	Total	(\$611,141)

For the six-month period ended June 30, 2019, the effects of derivative financial instruments on the Statements of Operations were as follows:

Derivative type	Statements of Operations Location	Matthews Asia Strategic Income Fund	Matthews Asia Credit Opportunities Fund
Net Realized Gain (Loss)			
Foreign currency contracts:			
Forward foreign currency exchange contracts	Net realized gain (loss) on forward foreign currency exchange contracts	\$803,516	\$728
OTC interest rate swaps:			
Interest rate contracts	Net realized gain (loss) on swaps	85,613	—
	Total	\$889,129	\$728
Net Change In Unrealized Appreciation (Depreciation)			
Foreign currency contracts:			
Forward foreign currency exchange contracts	Net change in unrealized appreciation/depreciation on forward foreign currency exchange contracts	(\$1,119,966)	(\$728)
OTC interest rate swaps:			
Interest rate contracts	Net change in unrealized appreciation/depreciation on swaps	(54,169)	—
	Total	(\$1,174,135)	(\$728)

Forward foreign currency exchange contracts entered into by the Matthews Asia Strategic Income Fund, the average notional ending quarterly amounts purchased in USD were \$6,149,210 and the average notional ending quarterly amounts sold in USD were \$28,000,000. The Matthews Asia Strategic Income Fund held an Interest Rate Swap with a notional amount of 330,000,000 INR for the period 1/16/19 - 4/4/19. The notional amounts disclosed on the Matthews Asia Strategic Income Fund's Schedule of Investments is indicative of the activity for the period June 18, 2019 - June 30, 2019 for Interest Rate Swaps.

Notes to Financial Statements (unaudited) (continued)

4. CAPITAL SHARE TRANSACTIONS

	Six-Month Period Ended June 30, 2019 (Unaudited)		Year Ended December 31, 2018	
	Shares	Amount	Shares	Amount
MATTHEWS ASIA STRATEGIC INCOME FUND				
Investor Class				
Shares sold	270,021	\$2,891,100	2,673,655	\$29,287,179
Shares issued through reinvestment of distributions	62,343	668,496	155,200	1,663,927
Shares redeemed	(719,071)	(7,655,617)	(4,636,979)	(49,347,994)
Net (decrease)	(386,707)	(\$4,096,021)	(1,808,124)	(\$18,396,888)
Institutional Class				
Shares sold	1,391,419	\$14,760,614	4,881,483	\$52,321,637
Shares issued through reinvestment of distributions	104,681	1,122,650	114,737	1,209,687
Shares redeemed	(531,454)	(5,643,206)	(1,981,621)	(20,513,956)
Net increase	964,646	\$10,240,058	3,014,599	\$33,017,368
MATTHEWS ASIA CREDIT OPPORTUNITIES FUND				
Investor Class				
Shares sold	321,588	\$3,260,019	621,546	\$6,369,451
Shares issued through reinvestment of distributions	20,248	207,612	34,462	346,195
Shares redeemed	(154,523)	(1,562,723)	(749,130)	(7,545,536)
Net increase (decrease)	187,313	\$1,904,908	(93,122)	(\$829,890)
Institutional Class				
Shares sold	1,495,991	\$15,205,043	1,955,614	\$19,773,740
Shares issued through reinvestment of distributions	61,014	626,006	70,100	697,699
Shares redeemed	(333,140)	(3,381,556)	(907,590)	(8,976,611)
Net increase	1,223,865	\$12,449,493	1,118,124	\$11,494,828
MATTHEWS ASIAN GROWTH AND INCOME FUND				
Investor Class				
Shares sold	3,404,065	\$50,165,861	7,692,701	\$124,999,548
Shares issued through reinvestment of distributions	576,457	8,727,555	6,291,585	90,673,150
Shares redeemed	(8,290,850)	(124,294,136)	(44,530,783)	(727,925,822)
Net (decrease)	(4,310,328)	(\$65,400,720)	(30,546,497)	(\$512,253,124)
Institutional Class				
Shares sold	10,361,550	\$153,536,916	19,468,288	\$325,288,280
Shares issued through reinvestment of distributions	450,370	6,809,588	5,846,765	84,477,052
Shares redeemed	(15,393,708)	(230,390,354)	(57,543,636)	(917,676,867)
Net (decrease)	(4,581,788)	(\$70,043,850)	(32,228,583)	(\$507,911,535)
MATTHEWS ASIA DIVIDEND FUND				
Investor Class				
Shares sold	17,009,977	\$284,885,655	41,217,543	\$788,692,238
Shares issued through reinvestment of distributions	1,400,669	23,198,086	11,593,833	197,404,775
Shares redeemed	(27,345,283)	(458,152,335)	(70,902,063)	(1,313,499,842)
Net (decrease)	(8,934,637)	(\$150,068,594)	(18,090,687)	(\$327,402,829)
Institutional Class				
Shares sold	30,152,201	\$507,569,029	60,848,321	\$1,153,786,170
Shares issued through reinvestment of distributions	1,749,772	28,989,308	13,060,327	222,009,324
Shares redeemed	(21,885,579)	(366,175,799)	(50,882,787)	(904,298,337)
Net increase	10,016,394	\$170,382,538	23,025,861	\$471,497,157

Notes to Financial Statements *(unaudited) (continued)*

	Six-Month Period Ended June 30, 2019 (Unaudited)		Year Ended December 31, 2018	
	Shares	Amount	Shares	Amount
MATTHEWS CHINA DIVIDEND FUND				
Investor Class				
Shares sold	5,670,155	\$90,307,189	5,966,861	\$103,895,668
Shares issued through reinvestment of distributions	248,376	3,899,398	1,359,166	20,830,044
Shares redeemed	(2,690,161)	(42,650,838)	(8,392,276)	(143,578,333)
Net increase (decrease)	3,228,370	\$51,555,749	(1,066,249)	(\$18,852,621)
Institutional Class				
Shares sold	1,659,939	\$26,849,887	3,759,608	\$67,020,667
Shares issued through reinvestment of distributions	98,335	1,543,858	525,095	8,055,027
Shares redeemed	(572,769)	(9,099,957)	(2,258,122)	(36,385,874)
Net increase	1,185,505	\$19,293,788	2,026,581	\$38,689,820
MATTHEWS ASIA VALUE FUND				
Investor Class				
Shares sold	404,493	\$4,652,557	1,051,874	\$13,252,147
Shares issued through reinvestment of distributions	—	—	72,411	795,079
Shares redeemed	(280,999)	(3,217,495)	(1,753,683)	(21,328,776)
Net increase (decrease)	123,494	\$1,435,062	(629,398)	(\$7,281,550)
Institutional Class				
Shares sold	314,802	\$3,598,877	466,954	\$5,447,710
Shares issued through reinvestment of distributions	—	—	18,592	202,462
Shares redeemed	(425,733)	(4,854,099)	(114,752)	(1,403,647)
Net increase (decrease)	(110,931)	(\$1,255,222)	370,794	\$4,246,525
MATTHEWS ASIA GROWTH FUND				
Investor Class				
Shares sold	3,129,174	\$77,878,648	10,786,092	\$298,040,265
Shares issued through reinvestment of distributions	—	—	261,406	6,250,221
Shares redeemed	(3,433,953)	(85,358,800)	(10,780,916)	(285,324,564)
Net increase (decrease)	(304,779)	(\$7,480,152)	266,582	\$18,965,922
Institutional Class				
Shares sold	3,981,112	\$99,471,589	13,280,478	\$366,402,524
Shares issued through reinvestment of distributions	—	—	254,228	6,121,801
Shares redeemed	(2,066,577)	(52,050,829)	(3,723,336)	(95,217,584)
Net increase	1,914,535	\$47,420,760	9,811,370	\$277,306,741
MATTHEWS PACIFIC TIGER FUND				
Investor Class				
Shares sold	10,257,728	\$289,488,897	23,880,091	\$723,000,071
Shares issued through reinvestment of distributions	—	—	4,100,739	110,309,880
Shares redeemed	(10,469,220)	(294,929,075)	(35,883,150)	(1,069,368,504)
Net (decrease)	(211,492)	(\$5,440,178)	(7,902,320)	(\$236,058,553)
Institutional Class				
Shares sold	34,205,193	\$964,963,393	73,569,231	\$2,205,765,648
Shares issued through reinvestment of distributions	—	—	8,621,801	231,581,567
Shares redeemed	(25,382,096)	(712,451,732)	(72,136,270)	(2,150,140,709)
Net increase	8,823,097	\$252,511,661	10,054,762	\$287,206,506
MATTHEWS ASIA ESG FUND				
Investor Class				
Shares sold	737,901	\$8,006,774	518,131	\$5,764,694
Shares issued through reinvestment of distributions	—	—	39,314	388,821
Shares redeemed	(220,876)	(2,292,955)	(552,444)	(5,766,903)
Net increase	517,025	\$5,713,819	5,001	\$386,612
Institutional Class				
Shares sold	500,669	\$5,328,084	1,862,932	\$18,844,975
Shares issued through reinvestment of distributions	—	—	56,216	554,851
Shares redeemed	(119,489)	(1,269,852)	(224,650)	(2,278,724)
Net increase	381,180	\$4,058,232	1,694,498	\$17,121,102

Notes to Financial Statements *(unaudited) (continued)*

	Six-Month Period Ended June 30, 2019 (Unaudited)		Year Ended December 31, 2018	
	Shares	Amount	Shares	Amount
MATTHEWS EMERGING ASIA FUND				
Investor Class				
Shares sold	1,400,015	\$18,035,883	4,620,696	\$65,897,785
Shares issued through reinvestment of distributions	—	—	212,377	2,658,966
Shares redeemed	(2,062,747)	(26,406,315)	(9,507,354)	(133,149,866)
Net (decrease)	(662,732)	(\$8,370,432)	(4,674,281)	(\$64,593,115)
Institutional Class				
Shares sold	7,773,539	\$99,853,546	13,299,754	\$190,322,581
Shares issued through reinvestment of distributions	—	—	477,196	5,993,576
Shares redeemed	(2,324,042)	(29,980,331)	(10,983,928)	(147,221,998)
Net increase	5,449,497	\$69,873,215	2,793,022	\$49,094,159
MATTHEWS ASIA INNOVATORS FUND				
Investor Class				
Shares sold	2,533,698	\$32,271,743	10,925,559	\$155,176,262
Shares issued through reinvestment of distributions	—	—	334,533	3,867,195
Shares redeemed	(3,052,075)	(39,162,445)	(10,079,828)	(140,682,243)
Net increase (decrease)	(518,377)	(\$6,890,702)	1,180,264	\$18,361,214
Institutional Class				
Shares sold	1,658,583	\$21,824,445	8,564,706	\$117,389,330
Shares issued through reinvestment of distributions	—	—	219,506	2,550,665
Shares redeemed	(1,040,027)	(13,187,033)	(2,844,442)	(36,304,986)
Net increase	618,556	\$8,637,412	5,939,770	\$83,635,009
MATTHEWS CHINA FUND				
Investor Class				
Shares sold	6,364,385	\$107,768,354	15,121,019	\$340,339,102
Shares issued through reinvestment of distributions	—	—	7,011,755	104,895,844
Shares redeemed	(5,392,610)	(90,437,893)	(20,695,099)	(427,936,552)
Net increase	971,775	\$17,330,461	1,437,675	\$17,298,394
Institutional Class				
Shares sold	6,103,539	\$98,934,581	6,614,792	\$150,104,126
Shares issued through reinvestment of distributions	—	—	588,948	8,792,993
Shares redeemed	(614,714)	(10,572,933)	(6,742,777)	(135,104,968)
Net increase	5,488,825	\$88,361,648	460,963	\$23,792,151
MATTHEWS INDIA FUND				
Investor Class				
Shares sold	5,798,714	\$152,254,183	10,324,568	\$334,912,011
Shares issued through reinvestment of distributions	—	—	5,722,656	144,439,816
Shares redeemed	(6,045,925)	(159,562,486)	(18,347,443)	(565,381,775)
Net (decrease)	(247,211)	(\$7,308,303)	(2,300,219)	(\$86,029,948)
Institutional Class				
Shares sold	2,214,392	\$58,789,099	6,465,401	\$215,871,605
Shares issued through reinvestment of distributions	—	—	1,158,242	29,500,413
Shares redeemed	(5,946,833)	(159,551,688)	(13,006,329)	(414,651,704)
Net (decrease)	(3,732,441)	(\$100,762,589)	(5,382,686)	(\$169,279,686)
MATTHEWS JAPAN FUND				
Investor Class				
Shares sold	11,055,072	\$217,173,581	35,434,821	\$838,074,072
Shares issued through reinvestment of distributions	—	—	3,537,698	69,727,510
Shares redeemed	(25,630,711)	(526,089,605)	(36,383,495)	(791,989,983)
Net increase (decrease)	(14,575,639)	(\$308,916,024)	2,589,024	\$115,811,599
Institutional Class				
Shares sold	8,701,605	\$179,373,556	28,126,973	\$681,080,915
Shares issued through reinvestment of distributions	—	—	788,439	15,563,790
Shares redeemed	(22,428,614)	(450,829,905)	(47,031,577)	(1,073,069,165)
Net (decrease)	(13,727,009)	(\$271,456,349)	(18,116,165)	(\$376,424,460)

Notes to Financial Statements (unaudited) (continued)

	Six-Month Period Ended June 30, 2019 (Unaudited)		Year Ended December 31, 2018	
	Shares	Amount	Shares	Amount
MATTHEWS KOREA FUND				
Investor Class				
Shares sold	950,334	\$4,414,943	4,808,867	\$28,840,215
Shares issued through reinvestment of distributions	—	—	4,259,343	19,124,478
Shares redeemed	(2,065,797)	(9,547,199)	(9,178,750)	(52,897,760)
Net (decrease)	(1,115,463)	(\$5,132,256)	(110,540)	(\$4,933,067)
Institutional Class				
Shares sold	2,752,961	\$12,709,569	4,291,986	\$26,760,451
Shares issued through reinvestment of distributions	—	—	605,040	2,734,781
Shares redeemed	(507,031)	(2,317,549)	(5,384,782)	(29,526,364)
Net increase (decrease)	2,245,930	\$10,392,020	(487,756)	(\$31,132)
MATTHEWS ASIA SMALL COMPANIES FUND				
Investor Class				
Shares sold	744,408	\$12,246,014	1,341,878	\$28,839,901
Shares issued through reinvestment of distributions	—	—	1,344,976	21,129,567
Shares redeemed	(1,260,791)	(21,181,782)	(4,600,698)	(92,122,082)
Net (decrease)	(516,383)	(\$8,935,768)	(1,913,844)	(\$42,152,614)
Institutional Class				
Shares sold	1,272,599	\$21,124,747	2,031,529	\$42,209,221
Shares issued through reinvestment of distributions	—	—	1,164,500	18,247,712
Shares redeemed	(1,812,311)	(30,109,020)	(8,539,680)	(162,341,803)
Net (decrease)	(539,712)	(\$8,984,273)	(5,343,651)	(\$101,884,870)
MATTHEWS CHINA SMALL COMPANIES FUND				
Investor Class				
Shares sold	1,044,531	\$11,471,292	4,586,645	\$55,688,924
Shares issued through reinvestment of distributions	—	—	95,152	942,955
Shares redeemed	(1,140,562)	(12,154,305)	(3,284,316)	(36,655,946)
Net increase (decrease)	(96,031)	(\$683,013)	1,397,481	\$19,975,933
Institutional Class				
Shares sold	659,146	\$6,987,941	2,620,573	\$28,921,075
Shares issued through reinvestment of distributions	—	—	32,751	324,895
Shares redeemed	(670,842)	(7,485,821)	(530,287)	(5,561,926)
Net increase (decrease)	(11,696)	(\$497,880)	2,123,037	\$23,684,044

Through June 30, 2019, a 2.00% redemption fee was assessed on the sale or exchange of shares of the Matthews Emerging Asia Fund, Matthews Asia Small Companies Fund and Matthews China Small Companies Fund (collectively, the "Covered Funds") within 90 days after the date an investor purchases shares of the Covered Funds. This fee is payable directly to the Covered Funds.

To determine whether the redemption fee applies, the Covered Funds do not count the day that shares were purchased, and first redeem the shares that have been held the longest.

The redemption fees returned to the assets of the Funds are stated in the Statements of Changes in Net Assets.

5. INVESTMENT ADVISORY FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Matthews, a registered investment advisor under the 1940 Act, provides the Funds with investment management services. Pursuant to the prior Investment Advisory Agreement dated August 13, 2004, as amended (the "Prior Advisory Agreement") and the current Investment Advisory Agreement dated February 1, 2016, as amended (the "Current Advisory Agreement," and together with the Prior Advisory Agreement, the "Advisory Agreement"), the Funds pay Matthews (i) for management and advisory services; and (ii) for certain administrative services, an annual fee as a percentage of average daily net assets. Under the Advisory Agreement each of the Funds, other than Matthews Asia Strategic Income Fund, Matthews Asia Credit Opportunities Fund, Matthews Emerging Asia Fund, Matthews Asia Small Companies Fund, and Matthews China Small Companies Fund (the "Family-Priced Funds"), pays Matthews 0.75% of their aggregate average daily net assets up to \$2 billion, 0.6834% of their aggregate average daily net assets over \$2 billion up to \$5 billion, 0.65% of their aggregate average daily net assets over \$5 billion up to \$25 billion, 0.64% of their aggregate average daily net assets over \$25 billion up to \$30 billion, 0.63% of their aggregate average daily net assets over \$30 billion up to \$35 billion, 0.62% of their aggregate average daily net assets over \$35 billion up to \$40 billion, 0.61% of their aggregate average daily net assets over \$40 billion up to \$45 billion, and 0.60% of their aggregate average daily net assets over \$45 billion. Each of the Matthews Asia Strategic Income Fund and Matthews Asia Credit Opportunities Fund pays Matthews an annual fee of 0.55% of such Fund's annual average daily net assets pursuant to the Advisory Agreement. Each of the Matthews Emerging Asia Fund, Matthews Asia Small Companies Fund, and the Matthews China Small Companies Fund pays Matthews an annual fee of 1.00% of the average daily net assets of such Fund up to \$1 billion and 0.95% of the average daily net assets of such Fund over \$1 billion pursuant to the Advisory Agreement. Each Fund pays Matthews a monthly fee at the annual rate using the applicable management fee calculated based on the actual number of days of that month and based on the Fund's average daily net asset value for the month.

Notes to Financial Statements (unaudited) (continued)

Pursuant to a fee waiver letter agreement, effective as of September 1, 2014, between the Trust, on behalf of the Family-Priced Funds, and Matthews (as amended from time to time, the "Fee Waiver Agreement"), for each Family-Priced Fund, Matthews has agreed to waive a portion of the fee payable under the Advisory Agreement and a portion of the fee payable under the Administration and Shareholder Services Agreement, if any Family-Priced Fund's average daily net assets are over \$3 billion, as follows: for every \$2.5 billion average daily net assets of a Family-Priced Fund that are over \$3 billion, the fee rates that otherwise would be applied for calculating fees payable under the Advisory Agreement and the Administration and Shareholder Services Agreement for such Family-Priced Fund with respect to such excess average daily net assets will be each reduced by 0.01%, in each case without reducing such fee rate below 0.00%.

Investment advisory fees charged, waived fees and reimbursed additional expenses for the six-month period ended June 30, 2019, were as follows:

	Gross Advisory Fees	Advisory Fees Waived and Reimbursed in Excess of the Expense Limitation	Net Advisory Fee/Reimbursement
Matthews Asia Strategic Income Fund	\$293,987	(\$25,859)	\$268,128
Matthews Asia Credit Opportunities Fund	134,281	(50,460)	83,821
Matthews Asian Growth and Income Fund	4,770,829	—	4,770,829
Matthews Asia Dividend Fund	20,275,181	(190,457)	20,084,724
Matthews China Dividend Fund	1,123,589	—	1,123,589
Matthews Asia Value Fund	89,587	(58,374)	31,213
Matthews Asia Growth Fund	3,533,896	—	3,533,896
Matthews Pacific Tiger Fund	29,514,343	(518,018)	28,996,325
Matthews Asia ESG Fund	134,663	(53,794)	80,869
Matthews Emerging Asia Fund	2,142,828	(514,640)	1,628,188
Matthews Asia Innovators Fund	908,817	—	908,817
Matthews China Fund	2,629,864	—	2,629,864
Matthews India Fund	5,111,917	—	5,111,917
Matthews Japan Fund	9,503,572	—	9,503,572
Matthews Korea Fund	501,506	—	501,506
Matthews Asia Small Companies Fund	957,806	(237,652)	720,154
Matthews China Small Companies Fund	356,650	(85,055)	271,595

Under a written agreement between the Funds and Matthews (the "Operating Expense Agreement"), Matthews agrees to waive fees and reimburse expenses to a Fund if its expense ratio exceeds a certain percentage level. Effective November 30, 2017 for all Funds, except Matthews Asia Strategic Income Fund and the Matthews Asia Credit Opportunities Fund, this level is 1.25% for the Institutional Class. Matthews agrees to reduce the expense ratio by waiving an equal amount of non-class specific expenses for the Investor Class. Because certain expenses of the Investor Class may be higher than those of the Institutional Class and because class specific expenses may be waived solely for the Institutional Class, total annual Fund expenses for the Investor Class may exceed 1.25%. For Matthews Asia Strategic Income Fund and Matthews Asia Credit Opportunities Fund this level is 0.90% for the Institutional Class. Matthews agrees to reduce the expense ratio by waiving an equal amount of non-class specific expenses for the Investor Class. Because certain expenses of the Investor Class may be higher than those of the Institutional Class and because class specific expenses may be waived solely for the Institutional Class, total annual Fund expenses for the Investor Class may exceed 0.90%. In turn, if the expenses of a Fund, other than the Matthews Asia Strategic Income Fund and the Matthews Asia Credit Opportunities Fund, fall below the level noted within three years after Matthews has made such a reimbursement, the Fund may reimburse Matthews up to an amount of the recoupment available not to exceed the lesser of (i) the expense limitation applicable at the time of that fee waiver and/or expense reimbursement or (ii) the expense limitation in effect at the time of recoupment. For the Matthews Asia Strategic Income Fund and the Matthews Asia Credit Opportunities Fund, any amount waived is not subject to recoupment. This agreement will continue through April 30, 2020, may be extended for additional periods not exceeding one year, and may be terminated at any time by the Board of Trustees on behalf of the Fund on 60 days' written notice to Matthews. Matthews may decline to renew this agreement by written notice to the Trust at least 30 days before its annual expiration date.

Waived Fees Subject to Possible Future Recoupment

On June 30, 2019, the amounts subject to possible future recoupment under the expense limitation agreement are as follows:

	Expiring December 31,			
	2019	2020	2021	2022
Matthews Asia Value Fund	\$211,035	\$119,683	\$81,767	\$58,374
Matthews Asia ESG Fund	163,853	156,429	156,459	53,794
Matthews Emerging Asia Fund	553,167	878,171	1,073,964	514,640
Matthews Asia Small Companies Fund	252,008	272,597	308,001	237,652
Matthews China Small Companies Fund	142,295	184,162	275,220	85,055

Matthews Asian Growth and Income Fund, Matthews Asia Dividend Fund, Matthews China Dividend Fund, Matthews Asia Growth Fund, Matthews Pacific Tiger Fund, Matthews Asia Innovators Fund, Matthews China Fund, Matthews India Fund, Matthews Japan Fund and Matthews Korea Fund had no amounts available for recoupment and no amounts recouped during the six-month period ended June 30, 2019.

The Funds have an Administration and Shareholder Services Agreement dated August 13, 2004, as amended (the "Shareholder Services Agreement" or "Services Agreement"), in which the Funds pay an annual administration and shareholder servicing fee to Matthews, as a percentage of the average daily net assets of each Fund in aggregate, computed and prorated on a daily basis. Under the Shareholder Services Agreement, the Funds in the aggregate pay Matthews 0.25% of their aggregate average daily net assets up to \$2 billion, 0.1834% of their aggregate average daily net assets over \$2 billion up to \$5 billion, 0.15% of their aggregate average daily net assets over \$5 billion up to \$7.5 billion, 0.125% of their aggregate average daily

Notes to Financial Statements (unaudited) (continued)

net assets over \$7.5 billion up to \$15 billion, 0.11% of their aggregate average daily net assets over \$15 billion up to \$22.5 billion, 0.10% of their aggregate average daily net assets over \$22.5 billion up to \$25 billion, 0.09% of their aggregate average daily net assets over \$25 billion up to \$30 billion, 0.08% of their aggregate average daily net assets over \$30 billion up to \$35 billion, 0.07% of their aggregate average daily net assets over \$35 billion up to \$40 billion, 0.06% of their aggregate average daily net assets over \$40 billion up to \$45 billion, and 0.05% of their aggregate average daily net assets over \$45 billion.

Administration and shareholder servicing fees charged, for the six-month period ended June 30, 2019, were as follows:

	Gross Administration and Shareholder Servicing Fees	Administration and Shareholder Servicing Fees Waived in Excess of Expense Limitation	Net Administration and Shareholder Servicing Fees
Matthews Asia Strategic Income Fund	\$73,781	\$—	\$73,781
Matthews Asia Credit Opportunities Fund	33,691	—	33,691
Matthews Asian Growth and Income Fund	993,622	—	993,622
Matthews Asia Dividend Fund	4,222,455	(190,457)	4,031,998
Matthews China Dividend Fund	233,920	—	233,920
Matthews Asia Value Fund	18,649	—	18,649
Matthews Asia Growth Fund	735,892	—	735,892
Matthews Pacific Tiger Fund	6,146,970	(518,018)	5,628,952
Matthews Asia ESG Fund	28,034	—	28,034
Matthews Emerging Asia Fund	295,692	—	295,692
Matthews Asia Innovators Fund	189,241	—	189,241
Matthews China Fund	547,412	—	547,412
Matthews India Fund	1,064,771	—	1,064,771
Matthews Japan Fund	1,979,339	—	1,979,339
Matthews Korea Fund	104,450	—	104,450
Matthews Asia Small Companies Fund	132,194	—	132,194
Matthews China Small Companies Fund	49,193	—	49,193

In addition to the fees paid to the Funds' transfer agent, the Funds bear the cost of fees paid to certain service providers or intermediaries, including supermarkets, which provide transfer agency, record-keeping and shareholder servicing to certain shareholders. These fees are referred to as intermediary service fees on the Statements of Assets and Liabilities as well as the Statements of Operations. Additional information concerning these services and fees is contained in the Funds' prospectuses.

BNY Mellon Investment Servicing (US) Inc. ("BNY Mellon"), an indirect wholly owned subsidiary of The Bank of New York Mellon Corporation, serves as the Funds' administrator, and in that capacity, performs various administrative and accounting services for each Fund. BNY Mellon also serves as the Funds' transfer agent, dividend disbursing agent and registrar. An officer of BNY Mellon serves as Assistant Treasurer to the Funds. Total fees accrued by the Funds for administration and accounting services for the six-month period ended June 30, 2019 were as follows:

	Administration and Accounting fees
Matthews Asia Strategic Income Fund	\$4,276
Matthews Asia Credit Opportunities Fund	1,953
Matthews Asian Growth and Income Fund	57,599
Matthews Asia Dividend Fund	244,786
Matthews China Dividend Fund	13,566
Matthews Asia Value Fund	1,082
Matthews Asia Growth Fund	42,666
Matthews Pacific Tiger Fund	356,330
Matthews Asia ESG Fund	1,626
Matthews Emerging Asia Fund	17,143
Matthews Asia Innovators Fund	10,972
Matthews China Fund	31,752
Matthews India Fund	61,716
Matthews Japan Fund	114,738
Matthews Korea Fund	6,055
Matthews Asia Small Companies Fund	7,663
Matthews China Small Companies Fund	2,853

Brown Brothers Harriman & Co. serves as the Funds' custodian. Foreside Funds Distributors LLC, serves as the Funds' distributor in the United States pursuant to an Underwriting Agreement. Matthews Asia Funds are distributed in Latin America by HMC Partners.

Notes to Financial Statements (unaudited) (continued)

As of June 30, 2019, Matthews and its affiliates held significant shares in the Funds as follows:

	Shares held by Matthews and its Affiliates	Percentage of Outstanding Shares
Matthews Asia Strategic Income Fund	989,046	10%
Matthews Asia Credit Opportunities Fund	1,121,239	20%
Matthews Asia ESG Fund	1,042,250	25%

Certain officers and Trustees of the Funds are also officers and directors of Matthews. All officers serve without compensation from the Funds. The Funds paid the Independent Trustees \$832,305 in aggregate for regular compensation during the six-month period ended June 30, 2019.

6. INVESTMENTS

The value of investment transactions made for affiliated and unaffiliated holdings for the six-month period ended June 30, 2019 were as follows:

	Affiliated Purchases	Proceeds from Affiliated Sales	Unaffiliated Purchases	Proceeds from Unaffiliated Sales
Matthews Asia Strategic Income Fund	\$—	\$—	\$68,735,472	\$62,009,166
Matthews Asia Credit Opportunities Fund	—	—	45,450,494	32,920,577
Matthews Asian Growth and Income Fund	—	—	145,808,694	318,158,299
Matthews Asia Dividend Fund	81,890,814	85,881,048	1,046,022,189	1,126,348,346
Matthews China Dividend Fund	—	—	200,978,549	139,429,274
Matthews Asia Value Fund	—	—	6,408,562	2,797,945
Matthews Asia Growth Fund	3,939,095	—	171,629,389	125,205,648
Matthews Pacific Tiger Fund	180,731,838	34,891,829	692,888,793	723,789,520
Matthews Asia ESG Fund	—	—	17,667,695	3,477,094
Matthews Emerging Asia Fund	4,968,018	—	49,971,079	9,822,495
Matthews Asia Innovators Fund	—	—	100,079,352	107,012,935
Matthews China Fund	—	—	314,237,278	245,116,406
Matthews India Fund	—	—	194,157,492	334,813,463
Matthews Japan Fund	—	—	313,453,459	885,145,203
Matthews Korea Fund	—	—	24,222,793	17,846,396
Matthews Asia Small Companies Fund	1,385,644	—	45,793,973	88,125,755
Matthews China Small Companies Fund	—	—	22,326,255	18,828,569

7. HOLDINGS OF 5% VOTING SHARES OF PORTFOLIO COMPANIES

The 1940 Act defines “affiliated companies” to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting shares. During the six-month period ended June 30, 2019, the Funds below held 5% or more of the outstanding voting shares of the noted portfolio companies. During this period, other Funds in the Trust may also have held voting shares of the issuers at levels below 5%.

Investments in affiliates:

A summary of transactions in securities of issuers affiliated with a Fund for the six-month period ended June 30, 2019 is as follows:

	Shares Held at Dec. 31, 2018	Shares Purchased	Shares Sold	Shares Held at June 30, 2019	Value at June 30, 2019	Dividend Income Jan. 1, 2019– June 30, 2019	Net Realized Gain (Loss) Jan. 1, 2019– June 30, 2019	Change in Unrealized Appreciation (Depreciation)
MATTHEWS ASIA DIVIDEND FUND								
Name of Issuer:								
Anritsu Corp.	9,384,700	—	578,200	8,806,500	\$153,562,339	\$967,572	\$5,118,961	\$30,110,001
Ascendas India Trust	57,863,800	—	—	57,863,800	58,163,169	1,585,252	—	12,311,961
Beijing Capital International Airport Co., Ltd.†	94,084,000	4,772,000	10,536,000	88,320,000	—	—	—	—
BELLSYSTEM24 Holdings, Inc.	5,597,000	165,500	—	5,762,500	79,845,707	840,748	—	12,288,517
BGF Retail Co., Ltd.	961,660	—	95,734	865,926	158,238,761	1,926,153	2,832,547	(4,205,136)
Breville Group, Ltd.	12,185,538	—	3,876,984	8,308,554	95,551,702	1,511,211	20,395,009	31,252,196
CapitaLand Retail China Trust, REIT†	49,800,000	—	—	49,800,000	—	—	—	—
China Steel Chemical Corp.	15,589,000	—	—	15,589,000	67,558,380	—	—	(2,385,590)
Eiken Chemical Co., Ltd.	3,493,200	258,300	—	3,751,500	59,526,577	483,564	—	(21,540,543)
HKBN, Ltd.†	56,401,123	—	—	56,401,123	—	—	—	—
KATITAS Co., Ltd.	—	2,134,900	—	2,134,900	79,538,069	408,413	—	10,640,899
Minda Industries, Ltd.	13,962,765	698,017	—	14,660,782	67,586,347	91,792	—	184,920
Minh Group, Ltd.	68,147,000	1,164,000	—	69,311,000	186,928,707	5,847,089	—	(36,588,651)
Shanghai Jin Jiang International Hotels Group Co., Ltd.	173,612,000	—	51,510,000	122,102,000	24,839,724	—	(7,653,829)	1,171,138
Yuexiu Transport Infrastructure, Ltd.	97,328,000	—	—	97,328,000	79,489,455	2,976,297	—	5,654,747
Total Affiliates					\$1,110,828,937	\$16,638,091	\$20,692,688	\$38,894,459

Notes to Financial Statements (unaudited) (continued)

	Shares Held at Dec. 31, 2018	Shares Purchased	Shares Sold	Shares Held at June 30, 2019	Value at June 30, 2019	Dividend Income Jan. 1, 2019– June 30, 2019	Net Realized Gain (Loss) Jan. 1, 2019– June 30, 2019	Change in Unrealized Appreciation (Depreciation)
MATTHEWS ASIA GROWTH FUND								
Name of Issuer:								
Sampath Bank PLC	16,126,387	5,772,829††	—	21,899,216	\$17,276,809	\$395,119	\$—	(\$7,382,357)
MATTHEWS PACIFIC TIGER FUND								
Name of Issuer:								
Cheil Worldwide, Inc.	7,315,882	—	1,463,156	5,852,726	\$149,023,639	\$4,210,094	\$21,493,517	\$12,143,322
DB Insurance Co., Ltd.	3,570,463	—	—	3,570,463	183,370,247	5,336,898	—	(41,495,436)
DKSH Holding AG	2,861,150	1,178,719	—	4,039,869	236,718,475	4,182,133	—	(30,773,338)
Fuyao Glass Industry Group Co., Ltd.	34,726,400	8,152,800	—	42,879,200	133,152,824	3,779,933	—	(4,563,034)
Guotai Junan Securities Co., Ltd.	43,100,000	39,204,600	—	82,304,600	146,600,437	—	—	(24,865,898)
Just Dial, Ltd.	3,557,718	—	249,878	3,307,840	36,462,147	—	262,701	13,471,029
Orion Holdings Corp.	5,656,566	—	—	5,656,566	84,072,589	2,747,898	—	(2,450,014)
Tata Power Co., Ltd.	180,316,487	—	—	180,316,487	180,304,311	3,384,209	—	(17,959,438)
Total Affiliates					\$1,149,704,669	\$23,641,165	\$21,756,218	(\$96,492,807)
MATTHEWS EMERGING ASIA FUND								
Name of Issuer:								
PAK Suzuki Motor Co., Ltd.	3,287,600	2,538,400	—	5,826,000	\$8,350,053	\$91,438	\$—	(\$742,624)
Shifa International Hospitals, Ltd.	2,783,351	—	—	2,783,351	3,829,612	—	—	(309,720)
Taisun International Holding Corp.	2,127,000	—	—	2,127,000	8,296,034	—	—	(490,895)
Vietnam National Seed Group JSC	1,126,522	—	—	1,126,522	4,248,929	72,834	—	(122,142)
Total Affiliates					\$24,724,628	\$164,272	\$—	(\$1,665,381)
MATTHEWS INDIA FUND								
Name of Issuer:								
Caplin Point Laboratories, Ltd.	3,870,311	—	—	3,870,311	\$25,303,651	\$—	\$—	\$4,145,801
eClerx Services, Ltd.†	2,390,594	—	604,076	1,786,518	—	—	—	—
VST Industries, Ltd.	1,167,175	—	—	1,167,175	58,149,139	—	—	3,479,303
Total Affiliates					\$83,452,790	\$—	\$—	\$7,625,104
MATTHEWS ASIA SMALL COMPANIES FUND								
Name of Issuer:								
Kuobrothers Corp.	517,000	804,000	—	1,321,000	\$2,232,892	\$63,100	\$—	\$11,572

† Issuer was not an affiliated company as of June 30, 2019.

†† Includes stock dividend during the period.

8. INCOME TAX INFORMATION

It is the policy of the Funds to comply with all requirements of the Internal Revenue Code of 1986, as amended (“the Code”), applicable to regulated investment companies and to distribute substantially all of their taxable income to their shareholders. The Funds have met the requirements of the Code applicable to regulated investment companies for the six-month period ended June 30, 2019. Therefore, no federal income tax provision is required.

Management has analyzed the Funds’ tax positions taken on federal income tax returns for all open tax years (current and prior three tax years), and has concluded that no provision for federal income tax is required in the Funds’ financial statements. The Funds’ federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Notes to Financial Statements (unaudited) (continued)

Under current tax law, the Funds have elected to defer certain qualified late-year losses and recognize such losses in the year ending December 31, 2018:

	Late Year Losses*
Matthews Asia Strategic Income Fund	(109,716)
Matthews Asia Credit Opportunities Fund	(4,708)
Matthews Asian Growth and Income Fund	(9,108,081)
Matthews Asia Dividend Fund	(41,320,881)
Matthews China Dividend Fund	(1,209,434)
Matthews Asia Value Fund	(841,114)
Matthews Asia Growth Fund	(1,448,783)
Matthews Asia ESG Fund	(73,756)
Matthews Emerging Asia Fund	(1,133,192)
Matthews Asia Innovators Fund	(42,130)
Matthews India Fund	(2,591,650)
Matthews Korea Fund	(272,844)
Matthews China Small Companies Fund	(47,359)

* As permitted by the Internal Revenue Service, the Funds have elected to defer certain qualified late-year losses and recognize such losses in the next fiscal year.

As of December 31, 2018, the Funds have capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

	Amount With No Expiration		Total
	Short-term Losses	Long-term Losses	
Matthews Asia Strategic Income Fund	\$4,165,505	\$146,893	\$4,312,398
Matthews Asia Credit Opportunities Fund	520,152	163,234	683,386

Under the Regulated Investment Company Modernization Act of 2010, the Funds are permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to any losses incurred in pre-enactment taxable years, which generally expire after eight years from when they are incurred. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

As of June 30, 2019, the tax cost of investments, including derivatives, and the related net unrealized appreciation and depreciation were as follows:

	Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation (Depreciation)
Matthews Asia Strategic Income Fund	\$104,936,223	\$3,915,135	(\$330,950)	\$3,584,185
Matthews Asia Credit Opportunities Fund	53,081,339	1,211,515	(221,145)	990,370
Matthews Asian Growth and Income Fund	1,241,343,180	236,322,059	(84,103,131)	152,218,928
Matthews Asia Dividend Fund	5,055,658,793	1,266,003,286	(373,478,376)	892,524,910
Matthews China Dividend Fund	340,613,087	49,535,670	(23,181,043)	26,354,627
Matthews Asia Value Fund	23,506,322	1,743,981	(2,200,209)	(456,228)
Matthews Asia Growth Fund	881,491,512	312,806,948	(97,276,487)	215,530,461
Matthews Pacific Tiger Fund	6,299,257,935	3,268,256,820	(588,194,464)	2,680,062,356
Matthews Asia ESG Fund	42,097,085	5,410,223	(2,145,870)	3,264,353
Matthews Emerging Asia Fund	450,179,317	60,982,440	(103,442,234)	(42,459,794)
Matthews Asia Innovators Fund	233,823,091	51,124,680	(5,487,724)	45,636,956
Matthews China Fund	809,790,950	69,090,979	(59,568,691)	9,522,288
Matthews India Fund	1,291,453,321	309,637,374	(140,453,542)	169,183,832
Matthews Japan Fund	2,399,092,383	421,727,097	(179,873,728)	241,853,369
Matthews Korea Fund	137,319,364	18,841,063	(11,402,862)	7,438,201
Matthews Asia Small Companies Fund	177,057,500	23,463,497	(25,536,491)	(2,072,994)
Matthews China Small Companies Fund	68,389,126	9,428,788	(8,438,463)	990,325

9. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Funds through the date the financial statements were issued, and has determined that there were no subsequent events that require recognition or disclosure in the financial statements.

Matthews Asia Funds

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