



# Matthews Asia

## RATINGS

Overall Morningstar Rating™ ★★ ★

## FUND FACTS (USD)

Total Fund Assets	\$11.1 million
Total # of Positions	28
Modified Duration <sup>1</sup>	3.7
Yield <sup>2</sup>	5.82%
Benchmark	Markit iBoxx Asian Local Bond Index
Management Fee	0.65%
Minimum Initial Investment	\$1,000,000/£500,000
Minimum Subsequent Investment	\$250,000/£125,000
Fund Domicile	Luxembourg
Available Share Classes	A, I
Base Currency	USD
Net Asset Value	
I Acc (USD)	\$11.33
I Dist (USD)	\$9.52

## PORTFOLIO MANAGEMENT

**Teresa Kong, CFA**  
Lead Manager

**Satya Patel**  
Co-Manager

## RISKS

An investment in the Fund is subject to credit interest rate and currency risks. Credit risk is the change in the value of debt securities reflecting the ability and willingness of issuers to make principal and interest payments. Interest rate risk is the possibility that a Fund's yield will decline due to falling interest rates and the potential for bond prices to fall as interest rates rise. Currency risk is a decline in value of a foreign currency relative to the Fund's base currency which reduces the value of the foreign currency and investments denominated in that currency. Where a Class of Shares is denominated in a currency other than the Fund's base currency, additional currency risk may exist. The Fund may invest in the following: derivatives which can be volatile and affect Fund performance; high yield bonds (junk bonds) which can subject the Fund to substantial risk of loss; and structured investments which can change the risk or return, or replicate the risk or return of an underlying asset. Investments involve risk. The value of an investment in the Fund can go down as well as up.

## MATTHEWS ASIA

Matthews International Capital Management, LLC ("Matthews Asia"), the Investment Manager to Matthews Asia Funds, believes in the long-term growth of Asia, one of the world's fastest-growing regions. Since 1991, we have focused our efforts and expertise in these countries, investing through a variety of market environments. Matthews Asia employs a bottomup, fundamental investment philosophy with a focus on long-term investment performance. As of 31 October 2017, Matthews Asia had US\$32.6 billion in assets under management.

# Asia Strategic Income Fund

Class I Shares

Matthews Asia Funds

31 October 2017

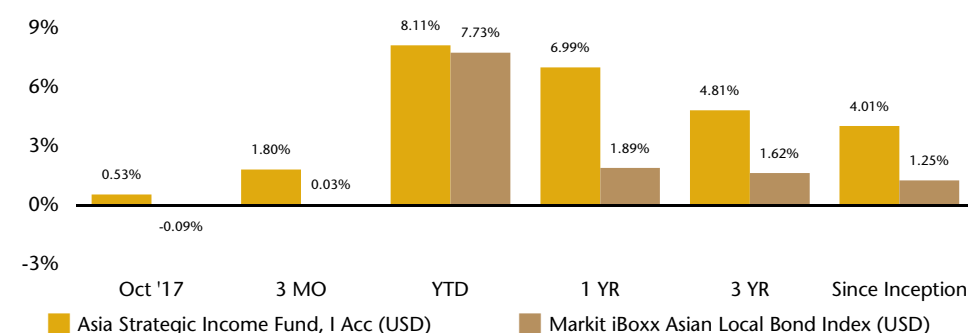
## Investment Objective

Seeks total return over the long term with an emphasis on income.

## Available Share Classes

Share Class	ISIN	SEDOL	CUSIP
I Acc (USD)	LU1061983224	BMJ6P52	L6263Q744
I Dist (USD)	LU1061983497	BMJ6P63	L6263Q751

## Performance as of 31 October 2017<sup>†</sup>



Asia Strategic Income Fund	Oct '17	3 MO	YTD	1 YR	3 YR	5 YR	Since Inception	Inception
I Acc (USD)	0.53%	1.80%	8.11%	6.99%	4.81%	n.a.	4.01%	29 Aug 2014
I Dist (USD)	0.53%	1.72%	7.98%	6.89%	4.79%	n.a.	3.99%	29 Aug 2014
Markit iBoxx Asian Local Bond Index (USD)	-0.09%	0.03%	7.73%	1.89%	1.62%	n.a.	1.25%	n.a.

## Annual Returns (For the Years Ended 31 December)

Asia Strategic Income Fund	2016	2015	2014	2013	2012
I Acc (USD)	8.83%	-1.03%	n.a.	n.a.	n.a.
I Dist (USD)	8.88%	-1.00%	n.a.	n.a.	n.a.
Markit iBoxx Asian Local Bond Index (USD)	1.73%	-3.17%	n.a.	n.a.	n.a.

<sup>†</sup> All returns over 1 year are annualised

1 Modified duration measures the percent change in value of the fixed income portion of the portfolio in response to a 1% change in interest rates. In a multi-currency denominated portfolio with sensitivities to different interest rate regimes, modified duration will not accurately reflect the change in value of the overall portfolio from a change in any one interest rate regime. Source: FactSet Research Systems, Bloomberg. For detailed modified duration exposures by currency, please see the next page.

2 Yield is yield to worst, which is the lowest potential yield that can be received on a bond without the issuer actually defaulting. Yield to worst is for the bond-only portion of the portfolio and is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer. It does not represent the yield that an investor should expect to receive.

Source: FactSet Research Systems

**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 the original cost. Current performance may be lower or higher than performance shown. Investors investing in Funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal.

Performance details provided are based on a NAV-to-NAV basis with any dividends reinvested, and are net of management fees and other expenses. Source: Brown Brothers Harriman (Luxembourg) S.C.A.

The Markit iBoxx Asian Local Bond Index tracks the total return performance of a bond portfolio consisting of local-currency denominated, high quality and liquid bonds in Asia ex-Japan. The Markit iBoxx Asian Local Bond Index includes bonds from the following countries: Korea, Hong Kong, India, Singapore, Taiwan, Malaysia, Thailand, Philippines, Indonesia and China. Index is for comparative purposes only, it is not possible to invest directly in an index. Source: Index data from iBoxx (Markit); total return calculations performed by Brown Brothers Harriman (Luxembourg) S.C.A.

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Overall Morningstar Ratings are reflective of the USD Accumulation Share class.

Fund ratings represent an opinion only and are not a recommendation to buy or sell any fund.

# Asia Strategic Income Fund

31 October 2017

TOP TEN POSITIONS <sup>3</sup>				
		Sector	Currency	% of Net Assets
Malaysia Government Inv't Issue, 3.508%, 05/15/2018	Foreign Gov't Bonds	MYR	5.8%	
Delta Inv't Horizon Int'l, Ltd., Cnv., 3.000%, 05/26/2020	Telecom Services	USD	5.4%	
Malaysia Government Inv't Issue, 3.226%, 04/15/2020	Foreign Gov't Bonds	MYR	5.1%	
Debt and Asset Trading Corp., 1.000%, 10/10/2025	Financials	USD	5.0%	
Indonesia Treasury Bond, 7.000%, 05/15/2027	Foreign Gov't Bonds	IDR	4.7%	
Standard Chartered PLC, 6.500%, 12/29/2049	Financials	USD	4.7%	
Wanda Properties Int'l Co., Ltd., 7.250%, 01/29/2024	Real Estate	USD	4.6%	
China Government Bond, 3.550%, 12/12/2021	Foreign Gov't Bonds	CNY	4.0%	
State Grid Corp. of China, 3.150%, 11/14/2021	Utilities	CNY	3.8%	
CP Foods Holdings, Ltd., Cnv., 0.500%, 09/22/2021	Consumer Staples	USD	3.8%	
% OF ASSETS IN TOP TEN				46.9%
Source: Brown Brothers Harriman (Luxembourg) S.C.A.				

COUNTRY ALLOCATION (%) <sup>4,5</sup>		CURRENCY (%) <sup>1,4,5</sup>		
By Issuer's country of risk			Weight	Modified Duration <sup>1</sup>
Indonesia	24.1	U.S. Dollar	44.3	3.3
China/Hong Kong	20.3	Indonesian Rupiah	13.6	5.7
India	13.4	Indian Rupee	13.4	4.4
Malaysia	10.8	Malaysian Ringgit	10.8	1.4
Vietnam	7.9	China Renminbi	7.9	3.7
Sri Lanka	6.6	Vietnam Dong	2.8	3.7
Thailand	3.8	Korean Won	2.6	5.7
Japan	3.2	Cash and Other Assets, Less Liabilities	4.6	0.0
United States	2.8			
South Korea	2.6			
Cash and Other Assets, Less Liabilities	4.6			
Source: FactSet Research Systems				

QUALITY DISTRIBUTION (%) <sup>6</sup>		SECTOR ALLOCATION (%) <sup>4,5</sup>	
Rating			
AA-	6.6	Foreign Government Bonds*	36.7
A-	10.8	Financials	24.1
BBB-	13.6	Telecom Services	11.4
BB+	4.7	Real Estate	9.6
BB-	7.4	Utilities	6.6
B+	6.1	Consumer Staples	3.8
B	11.6	Materials	3.1
B-	3.1	Cash and Other Assets, Less Liabilities	4.6
Not Rated	31.5		
Source: Factset Research Systems, Moody's, S&P and Fitch		*Foreign Government Bonds includes supranationals Sector data (excluding Government Bonds) based on MSCI's revised Global Industry Classification Standards. For more details, visit <a href="http://www.msci.com">www.msci.com</a> . Source: FactSet Research Systems	

ASSET TYPE BREAKDOWN (%) <sup>4,5</sup>	
Corporate Bonds	49.4
Government Bonds	36.7
Convertible Bonds	9.2
Cash and Other Assets, Less Liabilities	4.6
Source: FactSet Research Systems	

3 Holdings may combine more than one security from the same issuer and related depositary receipts.  
4 Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding.  
5 Cash and Other Assets may include the mark-to-market value of forward currency exchange contracts and certain derivative instruments.  
6 Credit quality is provided for the underlying bond holdings of the Fund and does not include common equities, cash and other assets and percentage values will not total 100%. Credit quality rating symbols reflect that of S&P and generally credit ratings range from AAA (highest) to D (lowest). When ratings from Moody's, S&P and Fitch are available for a bond in the Fund, the middle rating of the three is used. When two ratings are available, the lowest rating is used. When only one rating is provided, that one is used. Foreign government bonds without a specific rating are assigned the country rating provided by one of the three agencies. Securities that are not rated by any one of the three agencies are reflected as such.

## DISCLOSURES

The Fund is a sub-fund of Matthews Asia Funds SICAV, an umbrella fund, with segregated liability between sub-funds, established as an open-ended investment company with variable capital and incorporated with limited liability under the laws of Luxembourg. It is authorised by the Commission de Surveillance du Secteur Financier (CSSF) as a UCITS and is only registered for public offer and sale in Finland, France, Germany, Luxembourg, Spain, Sweden and the United Kingdom. Not all share classes are registered in each jurisdiction. For investors in Singapore, the Matthews Asia Funds (the "Funds") are not authorised or recognised by the Monetary Authority of Singapore, and Shares of the Funds are not allowed to be offered to the retail public. Shares in the Funds may only be offered to (i) to an accredited investor or other relevant person, or (ii) to an institutional investor. **NOT FOR SALE IN THE U.S. OR TO U.S. PERSONS.**

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