

Matthews Asia Funds | Semi-Annual Report

30 September 2016

ASIA FIXED INCOME STRATEGIES

Asia Strategic Income Fund
Asia Credit Opportunities Fund

ASIA GROWTH AND INCOME STRATEGIES

Asia Dividend Fund
Asia ex Japan Dividend Fund
China Dividend Fund

ASIA GROWTH STRATEGIES

Asia Focus Fund
Pacific Tiger Fund
China Fund
India Fund
Japan Fund

ASIA SMALL COMPANY STRATEGIES

Asia Small Companies Fund
China Small Companies Fund



Matthews Asia

Société d'investissement à Capital Variable
Luxembourg

RCS Luxembourg B 151 275



General Information

Matthews International Capital Management, LLC (“Matthews”), formed under the laws of Delaware and regulated by the U.S. Securities and Exchange Commission, acts as Investment Manager to the Matthews Asia Funds (the “Fund”). Matthews believes in the long-term growth of Asia. Since Matthews was founded in 1991 by Paul Matthews, the firm has focused its efforts and expertise within the Asian region, investing through a variety of market environments. As an independent, privately owned firm, Matthews is the largest dedicated Asia investment specialist in the United States.

The Fund has an “umbrella” structure comprising a number of separate Sub-Funds. As at the closing date, 12 Sub-Funds were available for investment: Asia Dividend Fund, China Dividend Fund, Pacific Tiger Fund, China Fund, India Fund, Japan Fund, China Small Companies Fund, Asia Small Companies Fund, Asia Focus Fund, Asia ex Japan Dividend Fund, Asia Strategic Income Fund and Asia Credit Opportunities Fund. This report covers the period from 1 April 2016 to 30 September 2016. The last day on which official prices were calculated was 30 September 2016. The figures presented in the financial statements are as at that date.

The annual general meeting of Shareholders will be held at the registered office of the Fund in Luxembourg on the third Tuesday of the month of August of each year at 2:00 p.m. or, if any such day is not a Business Day in Luxembourg, on the next following Business Day; or, following notice to Shareholders, on such other day as determined by the Fund’s Board of Directors. Notices of all general meetings will be published to the extent required by Luxembourg Law, and in such other newspaper as the Board of Directors shall determine and will be sent to the Shareholders of registered Shares in accordance with Luxembourg Law to their addresses shown on the register of Shareholders. Such notices should include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by Luxembourg Law.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class requires a separate majority vote from the meeting of Shareholders of the Class concerned. Any change in the Articles of Incorporation affecting the rights of a Sub-Fund must be approved by a resolution of both the Shareholders at the general meeting of the Fund and the Shareholders of the Sub-Fund concerned.

Annual reports and audited financial statements shall be published within four months following the end of the accounting year and unaudited semi-annual reports shall be published within two months following the period to which they refer. The annual reports and the semi-annual reports shall be made available at the registered office of the Fund during ordinary office hours.

The Fund’s accounting year ends on 31 March in each year.

The Base Currency of the Fund is U.S. dollars (USD). The aforesaid reports will comprise combined accounts of the Fund expressed in USD as well as individual information on each Sub-Fund expressed in the Base Currency of each Sub-Fund.

Shares have not been registered under the United States Securities Act of 1933, as amended, nor the Investment Companies Act of 1940, as amended, and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States Law.

The Board of Directors confirms adherence to the ALFI Code of Conduct for Luxembourg investment funds.

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Cover photo: Karaweik Palace in Yangon, Myanmar

This report does not constitute or form part of any offer of shares or an invitation to subscribe for shares of Matthews Asia Funds (the "Fund"). Subscriptions are to be made on the basis of the Key Investor Information Documents (KIID) accompanied by the current full prospectus, and supplemented by the latest Annual Report, including Audited Financial Statements, or the most recent Semi-Annual Report.

The views and opinions in this report were current as at 30 September 2016. 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.

The subject matter contained herein has been derived from several sources believed to be reliable and accurate at the time of compilation. Matthews International Capital Management, LLC does not accept any liability for losses either direct or consequential caused by the use of this information.

The most current Key Investor Information Documents, full prospectus, and most recent Semi-Annual Report and Annual Report for the Fund, can be found at global.matthewsasia.com. Please read the Key Investor Information Documents and current full prospectus carefully before investing.

In Singapore, this document is available to, and intended for Institutional Investors under Section 304 of the SFA (Securities and Futures Act), and to Relevant Persons pursuant to section 305 of the SFA, as those terms are used under the relevant law.

Matthews Asia Funds

Management and Administration

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Investment Manager's Report

Dear Valued Investors,

Fiscal policy seems to be on everyone's mind these days. There may be various reasons for this: one, the U.S. presidential election is upon us, and there is nothing like an election for bringing to the surface grandiose plans for government spending; two, there is a widespread belief (one that I don't entirely share) that monetary policy has reached its limit and can do no more; and three, there is continued disappointment with the rate of global economic growth. This has spurred, in part, higher commodity prices and a rally in some of the region's more cyclical sectors.

How much government spending should we expect and how will it affect our portfolios? Well, this depends on the need to spend, the ability to spend and the willingness to spend. These differ across the world. Let's first look at the U.S. Clearly, among the two major candidates for president, there is a willingness to spend. But in so far as the Republican-dominated legislature is unwilling to back such plans, perhaps what the candidates say is less important than what the legislators think. The U.S. does have an ability to spend. The budget deficit is back down to a reasonable level, after all. But is there really a need? With unemployment below 5%, there doesn't appear to be a big unemployment problem. In addition, with a current account deficit, any stimulus might be better reserved for monetary stimulus via a weaker dollar. And finally, and in some contrast to this last point, the Federal Reserve has been increasingly hawkish—talking about the need to raise rates soon. Any government spending splurge would surely just hasten the Fed's desire to increase rates and, therefore, as a stimulus plan would be ultimately self-defeating.

In Europe, budget deficits too are not too severe. And the region does have a current account surplus. So, the ability to spend is there. The need to spend is also there. A weak banking sector, high unemployment, and a single currency that requires all countries (economically strong or weak) to take the same monetary policy—all these things add to the urgency for Europe to spend. I still believe that the need for government spending could be mitigated if the European Central Bank would be more radical in its monetary policy. But it has proven itself institutionally, culturally and politically unable to be as radical as the situation requires. This has ultimately given rise to radical politicians gaining favour in the parts of the E.U. that are languishing and has caused stresses in the system that threaten to break the E.U. apart. But Germany, the country that has the budget surplus and the current account surplus to give it the most leeway globally to spend, refuses to do so. It also still seems reluctant to step in and rescue its own failing megabank—Deutsche. So, the hard money tough love advocated by Berlin threatens to hamper European and global demand. Plenty of need, and ability, but no willingness!

As for Latin America, it appears to have little room to maneuver. It is still too small a region economically to make much difference. In addition, it is mired in budgetary excesses and current account deficits. No ability to spend here, even though the need is pressing as the commodity price downturn of recent years has hit hard. Recent commodity price rebounds have eased some of the strain but it remains to be seen how sustainable these price moves are, given the still weak economic and policy backdrop elsewhere.

This leaves Asia as a white knight for the world! There is some ability to spend here. Budget deficits are generally no worse than the U.S. or Europe. In China's case, one can argue with the way the government calculates its budget deficit—and indeed the International Monetary Fund does. But there still seems room to spend. Elsewhere, governments, such as Thailand, are more inclined to use tax cuts as a preferred means of fiscal policy. Infrastructure



Investment Manager's Report *(Continued)*

spending, of the sort envisaged by Keynesian economics, is more likely to take place in economies such as India and Indonesia, which see it as more of a structural issue rather than short-term stimulus, and which are in any case, less well-placed in terms of ability to spend than their Asian peers. Elsewhere, however, Singapore, Taiwan, South Korea and Hong Kong, all have the ability to stimulate through government spending. Though, in these economies, will it be infrastructure-led, or perhaps focused on technology research and development and cutting taxes?

Given this current landscape, you should not expect to see a lot of movement in portfolios. It seems unwise to rely on fiscal stimulus hopes to support commodity price rises or infrastructure spending across the region. Nor should one be too keen to try to base stock decisions on short-run assessments of government policy. You can be wrong on both the size and the quality of profits to be generated from such deals. Rather, there is at least some hope that Asia, with its relatively high savings and robust current accounts, does at least have the luxury of turning to fiscal policy—meaning tax cuts or infrastructure spending to boost growth, should it so desire. But none of this undermines, in my view, the need for central banks to continue their stimulatory policy, particularly as inflation rates remain low across the region. Rather, this ability to spend is probably a key reason that is underpinning confidence in the markets. Even in the face of concerns over the end of globalisation and a more protectionist world, Asia has the ability to support its own domestic demand.

But markets have also factored this in, with valuations that have risen significantly over the past few months. So, the key response to the current environment across our portfolios has been to trim positions where we see that valuations have run ahead of fundamentals—where the market's hopes of short-term stimulus have driven prices beyond what seems reasonable. Nor do we see any reason to change our strategic focus on companies that will derive profits from sustainable domestic demand growth over the long term, no matter how acute the rallies in cyclical stocks might be in the short term. We believe that at times like this, we have to maintain our long-term horizon and be vigilant about valuations.

Robert Horrocks, PhD
Chief Investment Officer
Matthews Asia



PORTFOLIO MANAGERS

Teresa Kong, CFA
Lead Manager

Gerald M. Hwang, CFA
Co-Manager

Satya Patel
Co-Manager

Asia Strategic Income Fund

Fund Manager Report

Performance figures discussed in this Fund Manager Commentary reflects that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Matthews Asia Strategic Income Fund returned 7.55%, while its benchmark, the Markit iBoxx Asian Local Bond Index returned 3.24%.

Market Environment:

The six month period ending 30 September 2016 was dominated by Federal Reserve rate hike probabilities and the implications of the Brexit vote. As the period progressed, U.S. Federal Reserve officials seemed more eager to hike rates as the trajectory of growth, inflation and employment seemed to strengthen. At the start of July, while Fed Fund futures indicated a 12% probability of a rate hike in December, by the end of the September, markets were pricing in a nearly 60% chance of a December rate hike. As a result of the Brexit vote in late June, we saw increased expectations that developed markets will keep rates “lower for longer” to support their economies. Low rates may drive investors searching for yield to look at Asia and allow Asian central banks to maintain relatively easy monetary policy to support their own economies. Indeed, over the last few months, the majority of Asian countries saw rates fall and currencies appreciate versus the U.S. dollar. Asian credit was also strong over the six month period, with spreads tightening significantly from May to July and staying largely stable in August and September.

Performance Contributors and Detractors:

The biggest contributors to Fund performance for the six month period were our holdings in U.S. dollar-denominated bonds. Within U.S. dollar-denominated debt, our long-dated Indonesian sovereign and quasi-sovereign PLN bonds saw spreads tighten significantly as investors continued to favour yield. Our contingent convertible bonds in HSBC and Standard Chartered also performed well. The biggest detractor to Fund performance in the period was our currency forward position in the Malaysian ringgit. The ringgit appreciated strongly in the first three months of 2016, but depreciated in the last six months on continued political turmoil surrounding the country's state development fund, 1Malaysia Development Berhad (1MDB), scandal.

Notable Portfolio Changes:

We made a number of changes to the portfolio during the six months ending in September. During the period, we managed our currency exposure through both bonds and forwards. Given markets were pricing in a lower probability of a Brexit vote than the polls, we pared back our exposure to higher beta currencies with limited appreciation potential. Notably, we increased our weight to the U.S. dollar and the Malaysian ringgit while reducing our exposure to the Chinese renminbi, the South Korean won, and the Singaporean dollar. We also took profit on our long Thai baht position and added a small short in the Chinese renminbi.

We added to our long position in rupee-denominated Sri Lankan government bonds after both the currency and rates sold off over the last several quarters. At current levels, we see returns skewed positively as fiscal and monetary policies will likely abide by International Monetary Fund (IMF)-prescribed guidelines. We believe the US\$1.5 billion Extended Fund Facility from the IMF will help stabilise Sri Lanka's macro economy as well as help the country implement economic reforms.

Finally, as credit spreads tightened, we sold several bonds with limited upside or bonds we felt did not sufficiently reward for the issuer's credit risk. For example, we sold sub-investment grade bonds of property developers in Indonesia and China, like Lippo Karawaci, Jababeka and Shimaos, as well as the convertible bonds of E-House, a Chinese technology company.

**Outlook:**

As we move into the calendar year end, one major theme continues to be the search for yield in emerging markets driven by historically low yields in developed markets. Currently, around 40% of global developed market government bonds and 60% of Eurozone government bonds trade at negative yields. Investors seeking returns without significantly higher volatility have increasingly looked to Asia.

In credit, we believe the easing bias of central banks will help mitigate the risk of rising defaults and prudent carry strategies, such as Asia high yield, will likely continue to be attractive. Entering at current levels has historically resulted in gains as long as investors have an investment horizon greater than two years. One unintended consequence is the current unusually low level of dispersion—the spread difference between the highest and lowest credit quality by rating or by spread quintile—in credit markets. Regardless of which metric we use to measure this dispersion, we find that investors are not demanding a significantly higher spread for the marginal credit risk. Historically, a low dispersion environment has signalled complacency and lower forward-looking returns. Nevertheless, the easing bias of central banks will help mitigate risks of rising defaults.

In interest rates, we believe there will be one rate hike in the U.S. in December, with another 25 – 50 basis points (0.25% – 0.50%) of hikes in 2017. This shallow hiking cycle would still result in relatively low interest rates compared to historical averages. We believe Asian countries will continue to have lower-to-stable rates as most countries have seen moderating inflation with slow growth, providing room for policymakers to continue easing. We believe Indonesia, India and Malaysia all have room for more interest rate cuts, which should support their local currency bond prices.

In currencies, uncertainty around the global recovery will continue to drive volatility and U.S. dollar strength in the short term. Despite Asia's relatively small trade exposure to the United Kingdom, we believe concerns over the long-term viability of the European Union (EU) and uncertainties surrounding the framework of Brexit will continue to weigh on risk sentiment. Asian currencies will remain volatile, and we expect greater dispersion amongst returns. Higher yielding, high volatility currencies that have experienced the greatest depreciation in the last few years, such as the Indonesian rupiah, Indian rupee and the Malaysian ringgit, will continue to have the greatest likelihood of appreciating over the next year.

An ancient Taoist proverb says, "As things tend to their extremes, they give way to their opposites." As we think about the considerable global uncertainty we are faced with, it seems that in some areas, we have reached such extremes that we are seeing them give way to their opposites. Central banks are increasingly recognising the futility of negative interest rates, and are passing the baton to governments to do more on the fiscal side. The skein of the EU proved to be too tightly bound, with its potential unwinding just beginning. The UK has voted to exit the EU, and the political winds which once blew so reliably towards integration are now going in the opposite direction towards disintegration. By staying focused on investing in companies with strong business models, balance sheets and good governance, we believe we are well-positioned to weather this period of uncertainty.

Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. Investing in emerging markets involves different and greater risks, as these countries are substantially smaller, less liquid and more volatile than securities markets in more developed markets.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing					SRI LANKA				
BONDS					National Savings Bank, 8.875%, 09/18/2018				
INDIA					DFCC Bank, PLC, 9.625%, 10/31/2018				
Axis Bank, Ltd., 7.125%, 06/28/2022	USD	500,000	513,056	4.67	Republic of Sri Lanka, 6.125%, 06/03/2025				
Housing Development Finance Corp., Ltd., 8.900%, 08/18/2020	INR	25,000,000	388,465	3.53	1,270,563 11.58				
Rural Electrification Corp., Ltd., 9.340%, 08/25/2024	INR	18,000,000	298,942	2.73	UNITED STATES				
Power Grid Corp. of India, Ltd., Series B, 9.300%, 09/04/2024	INR	18,000,000	298,897	2.73	Sprint Communications, Inc., 6.000%, 11/15/2022				
TML Holdings Pte, Ltd., 5.750%, 05/07/2021	USD	269,000	288,166	2.63	USD 600,000 558,000 5.09				
Housing Development Finance Corp., Ltd., 9.240%, 06/24/2024	INR	10,000,000	162,977	1.49	558,000 5.09				
			1,950,503	17.78	VIETNAM				
INDONESIA					Debt & Asset Trading Corp., 1.000%, 10/10/2025				
Indonesia Treasury Bond, 8.375%, 03/15/2034	IDR	7,000,000,000	587,150	5.34	USD 800,000 454,888 4.15				
PT Perusahaan Listrik Negara, 5.250%, 10/24/2042	USD	350,000	362,812	3.31	454,888 4.15				
Republic of Indonesia, 5.125%, 01/15/2045	USD	300,000	342,000	3.12	SOUTH KOREA				
PT Astra Sedaya Finance, 8.600%, 02/21/2017	IDR	3,500,000,000	269,332	2.46	Korea Treasury Bond, 3.500%, 03/10/2024				
Alam Synergy Pte, Ltd., 6.950%, 03/27/2020	USD	250,000	253,125	2.31	KRW 300,000,000 313,578 2.86				
			1,814,419	16.54	313,578 2.86				
CHINA/HONG KONG					TOTAL BONDS				
Standard Chartered, PLC, 6.500%, 12/29/2049	USD	500,000	469,375	4.28	7,897,951 72.01				
Wynn Macau, Ltd., 5.250%, 10/15/2021	USD	400,000	402,000	3.67	CONVERTIBLE BONDS				
China Hongqiao Group, Ltd., 6.875%, 05/03/2018	USD	350,000	363,125	3.31	CHINA/HONG KONG				
MCE Finance, Ltd., 5.000%, 02/15/2021	USD	300,000	301,500	2.75	Biostime International Holdings, Ltd., Cnv., 0.000%, 02/20/2019				
			1,536,000	14.01	HKD 2,000,000 276,291 2.52				
CHINA/HONG KONG					276,291 2.52				
Delta Investment Horizon International, Ltd., Cnv., 3.000%, 05/26/2020	USD	300,000	274,998	2.51	INDONESIA				
			274,998	2.51	Delta Investment Horizon International, Ltd., Cnv., 3.000%, 05/26/2020				
TOTAL CONVERTIBLE BONDS					274,998 2.51				
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING					8,449,240 77.04				

Schedule of Investments (continued)

Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments dealt in on another regulated market					Other transferable securities and money market instruments				
BONDS					BONDS				
CHINA/HONG KONG					SRI LANKA				
HSBC Holdings, PLC, 6.375%, 12/29/2049	USD	450,000	452,250	4.13	Republic of Sri Lanka, Series A, 8.750%, 10/15/2018	LKR	43,000,000	283,234	2.58
			452,250	4.13	Republic of Sri Lanka, Series B, 8.500%, 07/15/2018	LKR	43,000,000	282,646	2.58
								565,880	5.16
CANADA					TOTAL BONDS				
Harvest Operations Corp., 6.875%, 10/01/2017	USD	400,000	403,000	3.67				565,880	5.16
			403,000	3.67					
TOTAL BONDS								855,250	7.80
CONVERTIBLE BONDS					TOTAL OTHER TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS				
CHINA/HONG KONG					TOTAL INVESTMENTS				
Ctrip.com International, Ltd., Cnv., 1.000%, 07/01/2020	USD	450,000	489,771	4.47				10,468,115	95.45
Vipshop Holdings, Ltd., Cnv., 1.500%, 03/15/2019	USD	100,000	107,974	0.98	CASH AND OTHER ASSETS, LESS LIABILITIES				
			597,745	5.45				499,309	4.55
TOTAL CONVERTIBLE BONDS					TOTAL NET ASSETS				
			597,745	5.45				10,967,424	100.00
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS DEALT IN ON ANOTHER REGULATED MARKET					Country Allocation				
			1,452,995	13.25					% of Net Assets
					China/Hong Kong				26.11
					Indonesia				19.05
					India				17.78
					Sri Lanka				16.74
					United States				5.09
					Vietnam				4.15
					Canada				3.67
					South Korea				2.86
					Total Investments				95.45
					Cash and Other Assets, Less Liabilities				4.55
					Total				100.00

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

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Lead Manager

Satya Patel
Lead Manager

Asia Credit Opportunities Fund

Fund Manager Report

Performance figures discussed in this Fund Manager Commentary reflect that of the Institutional Distribution Class Shares (USD).

For the six months ending 30 September 2016, the Matthews Asia Credit Opportunities Fund returned 8.17%, while its benchmark, the J.P. Morgan Asia Credit Index (JACI) returned 5.36%.

Market Environment:

The last six months saw a steady tightening in Asian credit spreads, with global developments driving Asia credit spreads. In the days following the Brexit vote on June 23rd, credit spreads widened sharply. Volatility in the immediate aftermath gave way to relative calm as credit spreads tightened back to pre-Brexit levels, while policymakers and central bankers verbally calmed investors. While some political turmoil in the U.K. ensued, global economic turmoil did not, and credit spreads tightened substantially in July, then settled into a steady range in August and September.

Performance Contributors and Detractors:

The biggest contributors to Fund performance for the most recent quarter were bonds issued by companies in China, Indonesia and Sri Lanka. Companies in China performed well as the country continues to transition to an economy driven by consumption and services. Our convertible bond issues in Vipshop Holdings, a discount apparel retailer, and Ctrip.com International, an online travel company, performed well, as did bonds of China Hongqiao Group, an aluminum product manufacturer. Following a period of concern in Indonesia around slowing growth, high inflation and currency volatility, risk aversion faded and the rupiah stabilized, resulting in strong performance of our Indonesian bonds. Sri Lankan bonds also performed well as the country continued to show signs of stabilization in macroeconomic fundamentals.

The last six months were unique in that nearly all of the Fund's holdings were positive contributors to performance. Among the weaker performers in the portfolio were bonds issued by Singyes, a Chinese solar company, and India's Bank of Baroda, both of which we exited. Indian banks have performed well on the back of revamped fiscal and monetary policy, and structural reforms, following the general election in 2014. We sold Bank of Baroda's bonds on the back of their strong performance. We sold Singyes after it disclosed difficulty in accessing bank funding, amidst the company's regulatory uncertainty and difficulty in collecting outstanding receivables.

Notable Portfolio Changes:

We made several changes to the portfolio during the period. As spreads rallied, we sold bonds with relatively limited upside or bonds we felt did not compensate us sufficiently for the issuer's credit risk. This included Indonesian property bonds of companies like Lippo Karawaci and Jababeka.

We added bonds from higher yielding corporate and sovereign issuers with fundamentally strong credit profiles. For instance, we bought bonds of a Vietnam government entity that were issued to fund the restructuring of its banking sector. We also bought short-dated bonds issued by a subsidiary of Korea National Oil Corporation, and sovereign bonds issued by the government of Pakistan. In each case, we believe we added incremental yield without adding undue levels of risk.

**Outlook:**

As we move into the last quarter of 2016, one major theme continues to be the search for yield in emerging markets driven by unusually low rates and quantitative easing by the central banks of developed economies. Currently, around 40% of global developed market government bonds and about 60% of Eurozone government bonds trade at negative yields. Investors seeking returns without high volatility have increasingly looked to Asia.

The easing bias of central banks should help mitigate risks of rising defaults. Prudent carry strategies, such as Asia high yield, will likely continue to be attractive. Entering at current levels has historically resulted in gains as long as investors have an investment horizon greater than two years. One unintended consequence is the current unusually low level of dispersion in the credit markets. No matter which metric we use to measure this dispersion—the spread difference between the highest credit quality and the lowest credit quality by ratings or by spread quintiles—we are finding that investors are not demanding significantly higher spread for marginal credit risk. Historically, low dispersion has signaled complacency and lower expected returns.

With this in mind, fundamental credit analysis is key as we believe the market will continue to reward prudent capital structures that are consistent with a company's industry and strategy, and punish poor ones, driving increased dispersion in the credit market. As such, we seek to limit exposure to issuers with near-term financing needs as tight liquidity conditions may shut some issuers completely out of the market.

No doubt we are in a period of heightened volatility, driven by uncertainty in the path of U.S. rate hikes, Europe's large dispersion in growth prospects, the extraordinary easing policies of the Bank of Japan, China's slowing growth, and, last but not least, the upcoming election calendar in the U.S. and across Europe. Despite that, we believe much of the downside risks have been priced in markets, and we think Asian bonds may offer better value than they have in the last few years. It takes a lot of intestinal fortitude to buy when most are selling. But at today's prices, we believe there is more room for upside potential than downside for investors with a long-term investment horizon.

Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. Investing in emerging markets involves different and greater risks, as these countries are substantially smaller, less liquid and more volatile than securities markets in more developed markets.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing					UNITED STATES				
BONDS					Sprint Communications, Inc., 6.000%, 11/15/2022				
INDONESIA					USD				
Republic of Indonesia, 5.125%, 01/15/2045	USD	400,000	456,000	3.82	650,000	604,500	5.07		
MPM Global Pte, Ltd., 6.750%, 09/19/2019	USD	400,000	419,000	3.51		604,500	5.07		
TBG Global Pte, Ltd., 5.250%, 02/10/2022	USD	400,000	417,000	3.50					
Alam Synergy Pte, Ltd., 6.950%, 03/27/2020	USD	400,000	405,000	3.40					
PT Perusahaan Listrik Negara, 5.250%, 10/24/2042	USD	350,000	362,812	3.05					
			2,059,812	17.28					
CHINA/HONG KONG					SINGAPORE				
Standard Chartered, PLC, 6.500%, 12/29/2049	USD	500,000	469,375	3.95	Olam International, Ltd., 7.500%, 08/12/2020				
KWG Property Holding, Ltd., 8.975%, 01/14/2019	USD	400,000	422,000	3.54	USD	400,000	446,624	3.75	
MCE Finance, Ltd., 5.000%, 02/15/2021	USD	400,000	402,000	3.37			446,624	3.75	
Wynn Macau, Ltd., 5.250%, 10/15/2021	USD	400,000	402,000	3.37					
China Hongqiao Group, Ltd., 6.875%, 05/03/2018	USD	350,000	363,125	3.05					
			2,058,500	17.28					
SRI LANKA					PAKISTAN				
Republic of Sri Lanka, 6.125%, 06/03/2025	USD	500,000	511,875	4.30	Islamic Republic of Pakistan, 8.250%, 04/15/2024				
National Savings Bank, 8.875%, 09/18/2018	USD	400,000	432,382	3.63	USD	400,000	439,000	3.68	
DFCC Bank, PLC, 9.625%, 10/31/2018	USD	400,000	422,960	3.55			439,000	3.68	
			1,367,217	11.48					
VIETNAM					PHILIPPINES				
Socialist Republic of Vietnam, 4.800%, 11/19/2024	USD	400,000	425,500	3.58	SM Investments Corp., 4.875%, 06/10/2024				
Vietnam JSC Bank for Industry & Trade, 8.000%, 05/17/2017	USD	400,000	411,544	3.45	USD	200,000	214,598	1.80	
Debt & Asset Trading Corp., 1.000%, 10/10/2025	USD	520,000	295,677	2.48	USD	200,000	204,082	1.71	
			1,132,721	9.51			418,680	3.51	
					TOTAL BONDS				
							8,527,054	71.56	
					CONVERTIBLE BONDS				
					INDONESIA				
					Delta Investment Horizon International, Ltd., Cnv., 3.000%, 05/26/2020				
					USD	600,000	549,996	4.62	
							549,996	4.62	
					CHINA/HONG KONG				
					Biostime International Holdings, Ltd., Cnv., 0.000%, 02/20/2019				
					HKD	2,000,000	276,291	2.32	
							276,291	2.32	
					TOTAL CONVERTIBLE BONDS				
							826,287	6.94	
					TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING				
							9,353,341	78.50	

Schedule of Investments (continued)

Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Country Allocation	% of Net Assets
Transferable securities and money market instruments dealt in on another regulated market						
BONDS						
CANADA						
Harvest Operations Corp., 6.875%, 10/01/2017	USD	500,000	503,750	4.23	China/Hong Kong	30.40
			503,750	4.23	Indonesia	21.90
					Sri Lanka	11.48
					Vietnam	9.51
					United States	5.07
					Canada	4.23
					Singapore	3.75
					Pakistan	3.68
					Philippines	3.51
					Total Investments	93.53
					Cash and Other Assets, Less Liabilities	6.47
					Total	100.00
CHINA/HONG KONG						
HSBC Holdings, PLC, 6.375%, 12/29/2049	USD	450,000	452,250	3.80		
			452,250	3.80		
TOTAL BONDS			956,000	8.03		
CONVERTIBLE BONDS						
CHINA/HONG KONG						
Ctrip.com International, Ltd., Cnv., 1.000%, 07/01/2020	USD	450,000	489,771	4.10		
Fang Holdings, Ltd., Cnv., 2.000%, 12/15/2018	USD	250,000	247,390	2.08		
Vipshop Holdings, Ltd., Cnv., 1.500%, 03/15/2019	USD	90,000	97,177	0.82		
			834,338	7.00		
TOTAL CONVERTIBLE BONDS			834,338	7.00		
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS DEALT IN ON ANOTHER REGULATED MARKET			1,790,338	15.03		
TOTAL INVESTMENTS			11,143,679	93.53		
CASH AND OTHER ASSETS, LESS LIABILITIES			770,967	6.47		
TOTAL NET ASSETS			11,914,646	100.00		

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Yu Zhang, CFA
Lead Manager

Robert Horrocks, PhD
Lead Manager

Vivek Tanneeru
Co-Manager

Asia Dividend Fund

Fund Manager Report

Performance figures discussed in any of the Fund Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Asia Dividend Fund returned 8.91%, while its benchmark, the MSCI All Country Asia Pacific Index, returned 10.21%.

Market Environment:

After a rather volatile and difficult start to 2016, Asian equities staged a strong rally during the last six months. While the outlook for global growth remained subdued, the central banks of major economies continued to maintain or extend aggressive monetary easing policies, in attempts to prop up growth expectations. Meanwhile, China's economy also started to stabilise, and capital outflow concerns eased significantly amid relatively stable foreign reserves.

Performance Contributors and Detractors:

From a performance attribution standpoint, the Fund's relative underperformance versus the benchmark during the half-year period was due to our overweight in defensive sectors, such as consumer staples, which saw share performance lag more cyclical sectors; and our underweight in sectors such as information technology, during this strong market rally period. However, as we focus on a bottom-up stock selection approach, some of our top performance contributors for the half year were consumer staples holdings. One such holding was Vietnam Dairy Products. With its strong brand equity among Vietnamese consumers, a deep distribution network and a capable management team, Vietnam Dairy continues to enjoy a market-leading position and has delivered strong earnings growth. In the most recent quarter, the company set a precedent when it won government approval to officially remove its foreign ownership limit on the stock. Vietnam Dairy's stock was bid up as investors took the view that a valuable asset like Vietnam Dairy could become sought after by foreign multinational corporations vying for entry into this emerging economy.

On the other hand, South Korea's LG Chem was among the top detractors to Fund performance during the period. A major global petrochemical company and one of the top lithium-ion battery suppliers, LG Chem's electric vehicle battery sales in China was temporarily halted as the company was not selected for the Chinese government's approved vendor list—which would be required in order for LG Chem's EV battery customers in China to receive government subsidies. In addition to facing this protectionist policy hurdle, relations between China and South Korea were further strained following the South Korean government's decision to deploy the THAAD anti-missile system. Stocks of Korean companies with business exposure to China, including LG Chem, sold off. While there is increased short-term uncertainty surrounding the business, we remain confident over its long-term competitiveness. We believe this current setback in its China business will eventually be resolved, and have added to our holding given the current price weakness.

Notable Portfolio Changes:

The Fund's holdings in defensive business models, such as consumer staples and telecommunications, delivered strong calendar year-to-date performance, partially due to their higher earnings visibility and more stable cash flow and dividends. While portfolio performance benefited from the Fund's overweight position in those defensive sectors, we have become increasingly cautious about valuation discrepancies between defensive and more cyclical stocks. For the select names in the defensive sectors in which we believe a valuation re-rating has been a main driver of stock performance, we have



steadily taken profits and reduced our overall exposure. Profits were re-deployed into building new positions in certain cyclical growth stocks, including China Gas Holdings, a city-gas distributor; Gujarat Pipavav Port, an Indian seaport operator; and Sands China, a Macau casino operator. We believe the underlying businesses of those companies have seen earnings bottom out and have emerged from a cyclical trough, while market expectations over their growth outlook remains overly bearish. Additionally, in our view, the capital expenditure cycle for those growth businesses has begun to peak, and the free cash flow should have significant room to expand, supporting an investment case for strong dividend growth.

Outlook:

As the marginal effectiveness of quantitative easing policies from central banks has increasingly been called into question, structural reforms will be relied upon to pick up the slack. On this front, we have seen some positive developments, such as the passage of India's Goods and Services Tax (GST) Bill, and the accelerating supply-side reforms in China in reducing excess industry capacity. While neither is designed to deliver immediate improvements, they are paving the way for potentially delivering more sustainable long-term growth for the region. Asian equities remain attractively priced both from a dividend yield perspective as well as for their ability to grow underlying dividends.

There is no guarantee that the Fund or the companies in its portfolio will pay or continue to pay dividends. Past performance is no guarantee of future results.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing				SOUTH KOREA			
EQUITIES				CHINA/HONG KONG			
Mintch Group, Ltd.	4,824,000	16,983,239	4.15	LG Chem, Ltd., Pfd.	73,476	10,990,688	2.69
Shenzhou International Group Holdings, Ltd.	2,203,000	15,371,618	3.77	BGF Retail Co., Ltd.	59,812	10,487,933	2.57
Alia Group, Ltd.	1,510,800	10,085,015	2.47	KT&G Corp.	79,039	8,972,166	2.20
Sands China, Ltd.	2,289,600	9,974,007	2.44	Samsung Electronics Co., Ltd., Pfd.	7,131	8,360,419	2.05
Kweichow Moutai Co., Ltd. A Shares	209,245	9,339,488	2.29	Samsung Electronics Co., Ltd.	2,333	3,388,416	0.83
China Construction Bank Corp. H Shares	12,156,000	9,044,895	2.22			42,199,622	10.34
Qalcomm, Inc.	126,400	8,532,057	2.09	SINGAPORE			
China Mobile, Ltd. ADR	126,642	7,841,299	1.92	United Overseas Bank, Ltd.	528,700	7,299,933	1.79
PICC Property & Casualty Co., Ltd. H Shares	3,546,000	5,906,013	1.45	Singapore Technologies Engineering, Ltd.	2,372,200	5,618,589	1.38
Yuexiu Transport Infrastructure, Ltd.	8,380,000	5,749,101	1.41	CapitaLand Retail China Trust, REIT	3,622,220	4,288,153	1.05
Far East Horizon, Ltd.	5,607,000	5,315,725	1.30	ARA Asset Management, Ltd.	3,932,125	3,891,017	0.95
Fuyao Glass Industry Group Co., Ltd. H Shares	1,834,800	5,023,271	1.23	Ascendas India Trust	4,548,400	3,599,261	0.88
Café de Coral Holdings, Ltd.	1,442,000	4,802,428	1.18	Super Group, Ltd.	4,908,700	2,860,357	0.70
China Gas Holdings, Ltd.	2,980,000	4,735,842	1.16			27,557,310	6.75
HKBN, Ltd.	3,702,635	4,172,917	1.02	TAIWAN			
Jiangsu Expressway Co., Ltd. H Shares	2,938,000	4,068,728	1.00	Taiwan Semiconductor Manufacturing Co., Ltd. ADR	280,939	8,546,746	2.09
Dali Foods Group Co., Ltd.	6,299,500	3,322,581	0.81	Chunghwa Telecom Co., Ltd. ADR	225,447	7,971,271	1.95
China Machinery Engineering Corp. H Shares	4,009,000	2,354,801	0.58	St. Shine Optical Co., Ltd.	170,000	3,959,596	0.97
Red Star Macalline Group Corp., Ltd. H Shares	2,223,200	2,139,343	0.52	Sercomm Corp.	575,000	1,369,757	0.34
WH Group, Ltd.	2,012,500	1,622,054	0.40			21,847,370	5.35
China Mobile, Ltd.	123,500	1,499,794	0.37	INDONESIA			
Greatview Aseptic Packaging Co., Ltd.	937,000	499,217	0.12	PT United Tractors	4,086,700	5,543,886	1.36
		138,383,433	33.90	PT Hanjaya Mandala Sampoerna	17,038,900	5,156,973	1.26
JAPAN				PT Cikarang Listrindo	37,350,700	4,264,236	1.04
Japan Tobacco, Inc.	243,000	9,900,167	2.44	PT Telekomunikasi Indonesia Persero ADR	60,668	3,989,112	0.98
Pigeon Corp.	302,800	9,114,005	2.24			18,954,207	4.64
Sumitomo Mitsui Financial Group, Inc.	266,500	8,912,556	2.18	INDIA			
ITOCHU Corp.	674,600	8,422,856	2.06	ITC, Ltd.	1,728,228	6,264,762	1.54
Hoya Corp.	205,400	8,197,261	2.01	Bharti Infratel, Ltd.	724,070	3,972,706	0.97
MISUMI Group, Inc.	385,500	7,190,830	1.76	Gujarat Pipavav Port, Ltd.	1,217,733	3,182,420	0.78
Bridgestone Corp.	196,100	7,186,808	1.76			13,419,888	3.29
Seven & I Holdings Co., Ltd.	151,200	7,113,573	1.74	VIETNAM			
Skylark Co., Ltd.	504,000	6,775,749	1.66	Vietnam Dairy Products JSC	1,370,200	8,612,440	2.11
Suntory Beverage & Food, Ltd.	146,900	6,322,439	1.55			8,612,440	2.11
Kao Corp.	109,600	6,167,471	1.51	THAILAND			
NTT DoCoMo, Inc.	237,900	6,027,852	1.48	Thai Beverage Public Co., Ltd.	11,019,300	7,831,712	1.92
Seven Bank, Ltd.	1,809,900	5,765,774	1.41			7,831,712	1.92
Toyo Suisan Kaisha, Ltd.	120,200	5,073,479	1.24				
Mitsubishi Pencil Co., Ltd.	88,700	4,382,140	1.07				
Anritsu Corp.	493,300	2,808,440	0.69				
Itochu Enex Co., Ltd.	136,200	1,042,074	0.26				
		110,403,474	27.06				

Schedule of Investments (continued)**EQUITIES (CONTINUED)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
AUSTRALIA			
Breville Group, Ltd.	923,242	6,167,113	1.51
		6,167,113	1.51
LUXEMBOURG			
L'Occitane International SA	2,987,000	5,962,879	1.46
		5,962,879	1.46
PHILIPPINES			
Globe Telecom, Inc.	120,315	5,061,194	1.24
		5,061,194	1.24
TOTAL EQUITIES		406,400,642	99.57
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING		406,400,642	99.57
TOTAL INVESTMENTS		406,400,642	99.57
CASH AND OTHER ASSETS, LESS LIABILITIES		1,766,157	0.43
TOTAL NET ASSETS		408,166,799	100.00

Country Allocation	% of Net Assets
China/Hong Kong	33.90
Japan	27.06
South Korea	10.34
Singapore	6.75
Taiwan	5.35
Indonesia	4.64
India	3.29
Vietnam	2.11
Thailand	1.92
Australia	1.51
Luxembourg	1.46
Philippines	1.24
Total Investments	99.57
Cash and Other Assets, Less Liabilities	0.43
Total	100.00

A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program

ADR: American Depositary Receipt

H Shares: Mainland China companies listed on The Hong Kong stock exchange but incorporated in mainland China

Pfd: Preferred shares

REIT: Real Estate Investment Trust

The accompanying notes form an integral part of these financial statements.



Yu Zhang, CFA
Lead Manager

Robert Horrocks, PhD
Lead Manager

Sherwood Zhang, CFA
Co-Manager

Asia ex Japan Dividend Fund

Fund Manager Report

Performance figures discussed in any of the Fund Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six month ending 30 September 2016, the Matthews Asia ex Japan Dividend Fund returned 12.38%, outperforming its benchmark, the MSCI All Country Asia ex Japan Index, which returned 10.81%.

Market Environment:

After a rather volatile and difficult start to the year, Asian equities staged a strong rally during the last six months. While the global growth outlook remained subdued, the central banks of major economies continued to maintain or extend aggressive monetary easing policies, in attempts to prop up growth expectations. Meanwhile, China's economy also started to stabilise, and capital outflow concerns eased significantly amid relatively stable foreign reserves.

Performance Contributors and Detractors:

Mobile World Investment, Vietnam's leading consumer electronics and home appliance retailer, was the top contributors to Fund performance during the six-month period. We had added this holding to the portfolio earlier in the year, and saw its leading position further solidify after an industry competitor pulled out of the consumer electronics retail market. China's Shenzhou International Group Holdings, a leading global textile supplier, was the top performance contributor during the most recent quarter. Its share price recovered strongly following solid results during the first half of the calendar year and the group again proved its ability to gain market share in a highly competitive textile market.

On the flip side, our holding in the preferred share class of LG Chem was the top performance detractor. We believe the market overreacted to the negative news that the Chinese government had suspended the South Korean battery makers from participating in China's electric vehicle subsidy program. However, we believe the firm's well-diversified chemical business should help it weather a variety of market cycles.

Notable Portfolio Changes:

The Fund's holdings in defensive business models, such as consumer staples and telecommunication businesses, delivered strong year-to-date performance, partially due to their higher earnings visibility and more stable cash flow and dividends. While portfolio performance benefited from the Fund's overweight position in those defensive sectors, we have become increasingly cautious about valuation discrepancies between defensive and more cyclical stocks. For the select names in the defensive sectors in which we believe a valuation re-rating has been a main driver of stock performance, we have steadily taken profits and reduced our overall exposure. Profits were re-deployed into building new positions in certain cyclical growth stocks, including China Gas Holdings, a city-gas distributor, United Tractors, an Indonesian coal mining contractor, and Sands China, a Macau casino operator. We believe the underlying businesses of those companies have seen earnings bottom out and have emerged from a cyclical trough, while market expectations over their growth outlook remains overly bearish. Additionally, in our view, the capital expenditure cycle for those growth businesses has begun to peak, and the free cash flow should have significant room to expand, supporting an investment case for strong dividend growth.



Outlook:

As the marginal effectiveness of quantitative easing policies from central banks has increasingly been called into question, structural reforms will be relied upon to pick up the slack. On this front, we have seen some positive developments, such as the passage of India's Goods and Services Tax (GST) Bill, and the accelerating supply-side reforms in China in reducing excess industry capacity. While neither is designed to deliver immediate improvements, they are paving the way for potentially delivering more sustainable long-term growth for the region. Asian equities remain attractively priced both from a dividend yield perspective as well as for their ability to grow underlying dividends.

There is no guarantee that the Fund or the companies in its portfolio will pay or continue to pay dividends. Past performance is no guarantee of future results.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing							
EQUITIES				INDIA			
CHINA/HONG KONG							
China Mobile, Ltd.	3,500	42,503	3.02	Tata Motors, Ltd.	4,363	35,048	2.48
AIA Group, Ltd.	6,200	41,387	2.94	ITC, Ltd.	9,509	34,470	2.45
China Construction Bank Corp. H Shares	55,000	40,923	2.91	Bharti Infratel, Ltd.	5,383	29,535	2.10
Qingdao Port International Co., Ltd. H Shares	61,000	36,078	2.56	Gujarat Pipavav Port, Ltd.	10,882	28,439	2.02
Minh Group, Ltd.	10,000	35,206	2.50			127,492	9.05
Shenzhou International Group Holdings, Ltd.	5,000	34,888	2.48	VIETNAM			
Sands China, Ltd.	8,000	34,850	2.48	Mobile World Investment Corp.	6,420	40,101	2.85
China Medical System Holdings, Ltd.	20,000	33,707	2.39	Vietnam Dairy Products JSC	5,268	33,112	2.35
PICC Property & Casualty Co., Ltd. H Shares	20,000	33,311	2.37	Binh Minh Plastics JSC	3,640	31,627	2.25
Guangdong Provincial Expressway Development Co., Ltd. B Shares	49,900	31,733	2.25			104,840	7.45
Kweichow Moutai Co., Ltd. A Shares	670	29,905	2.12	INDONESIA			
Fuyao Glass Industry Group Co., Ltd. A Shares	11,500	29,115	2.07	PT Cikarang Listrindo	293,200	33,474	2.38
China Everbright, Ltd.	14,000	28,740	2.04	PT United Tractors	20,700	28,081	1.99
China Gas Holdings, Ltd.	18,000	28,606	2.03	PT Hanjaya Mandala Sampoerna	89,700	27,148	1.93
SITC International Holdings Co., Ltd.	47,000	28,040	1.99			88,703	6.30
HKBN, Ltd.	24,500	27,612	1.96	TAIWAN			
Guangshen Railway Co., Ltd. H Shares	52,000	26,956	1.91	Taiwan Semiconductor Manufacturing Co., Ltd.	8,000	46,655	3.32
Sinotrans, Ltd. H Shares	55,000	26,765	1.90	Dr Wu Skincare Co., Ltd.	2,574	18,353	1.30
WH Group, Ltd.	16,000	12,896	0.92			65,008	4.62
Dali Foods Group Co., Ltd.	4,000	2,110	0.15	SINGAPORE			
		605,331	42.99	United Overseas Bank, Ltd.	2,500	34,519	2.45
SOUTH KOREA				IGG, Inc.	41,000	27,319	1.94
LG Chem, Ltd., Pfd.	253	37,844	2.69			61,838	4.39
Samsung Electronics Co., Ltd., Pfd.	32	37,517	2.66	PHILIPPINES			
BGF Retail Co., Ltd.	169	29,634	2.10	Globe Telecom, Inc.	540	22,716	1.61
LIG Nex1 Co., Ltd.	384	28,965	2.06			22,716	1.61
KT&G Corp.	250	28,379	2.02	THAILAND			
Koh Young Technology, Inc.	516	21,414	1.52	Tesco Lotus Retail Growth Freehold & Leasehold Property Fund	41,400	21,268	1.51
		183,753	13.05			21,268	1.51
BANGLADESH				GrameenPhone, Ltd.	6,015	20,706	1.47
						20,706	1.47

Schedule of Investments (continued)**EQUITIES (CONTINUED)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
MALAYSIA			
Pavilion Real Estate Investment Trust	46,000	19,688	1.40
		19,688	1.40
TOTAL EQUITIES		1,321,343	93.84
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING		1,321,343	93.84
TOTAL INVESTMENTS		1,321,343	93.84
CASH AND OTHER ASSETS, LESS LIABILITIES		86,697	6.16
TOTAL NET ASSETS		1,408,040	100.00

Country Allocation	% of Net Assets
China/Hong Kong	42.99
South Korea	13.05
India	9.05
Vietnam	7.45
Indonesia	6.30
Taiwan	4.62
Singapore	4.39
Philippines	1.61
Thailand	1.51
Bangladesh	1.47
Malaysia	1.40
Total Investments	93.84
Cash and Other Assets, Less Liabilities	6.16
Total	100.00

A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program

B Shares: Mainland China companies listed on the Shanghai and Shenzhen stock exchanges, available to both China and non-Chinese investors

H Shares: Mainland China companies listed on The Hong Kong stock exchange but incorporated in mainland China

Pfd: Preferred shares

The accompanying notes form an integral part of these financial statements.

PORTFOLIO MANAGERS

Yu Zhang, CFA
Lead Manager

Sherwood Zhang, CFA
Co-Manager

China Dividend Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Matthews China Dividend Fund returned 13.16%, while its benchmark, the MSCI China Index, returned 14.29%.

Market Environment:

During the first six months of the fiscal year, Chinese equities enjoyed a period of good return. Especially after the unexpected Brexit referendum results in June, Chinese equities led a global equity market rebound amid a risk-on environment during the most recent quarter. Low valuations, due to poor market sentiment, combined with stable macroeconomic indicators helped to stage a solid rally. In addition, Chinese securities regulators further emphasised their intention to launch the stock-trading link between the Shenzhen and Hong Kong markets by year-end.

Performance Contributors and Detractors:

During the past six month period, auto parts supplier Minth Group was the top performance contributor for the China Dividend Fund. We have seen Minth continue to grow its business beyond China's domestic market, and also continue to diversify its product offerings. The market reacted positively when the company announced its plan to enter the automotive camera business in April. NetEase, an online gaming operator that we initiated a position in earlier this year, was also among our top contributors. NetEase was among the first Chinese internet companies listed on a U.S. exchange that adopted a consistent dividend policy. We believe NetEase's long-term returns since its listing overseas should set a good example to all Chinese companies in fast-growing industries, such as technology, media and entertainment, listed overseas, as corporate management teams in such industries often neglect the importance of a dividend policy for public companies.

On the flip side, China Power International Development, an independent power producer, was the largest performance detractor. We exited the whole position, due to increasing industry uncertainty caused by China's electricity reform policies.

Notable Portfolio Changes:

The biggest change to the Fund during the first half of fiscal year was the addition of Tencent Holdings, China's leading social network company. Previously, we had suspected the payout ratio for the company was not high enough for our strategy. However, given Tencent's ongoing dominance in social networking and mobile communications, and early stages of the firm monetising its advantages, we grew convinced that Tencent had the ability to deliver solid dividend growth given its consistent dividend policy.

We also made a few changes within our financial sector holdings, based on our analysis of Chinese government policy responses. We initiated a new position in PICC Property & Casualty (P&C), the largest insurer in its field in China, as investors cast doubts on its future profitability after a pricing reform initiative was announced. We believe the scale of PICC P&C's business and its supporting network will be advantageous in serving a fast-growing auto market with a high accident rate, and the reform initiatives should likely play into its favour long term. Due to our concerns over China's reaccelerated credit growth this year, we exited our position in Huishang Bank, a regional bank in less-developed Anhui Province. We also sold out of China International Capital Corporation, a leading investment bank that had an initial public offering last year. Although the firm's differentiated strategy and service standard among local peers continues to appeal to us, its decision not to pay dividends disappointed.



Outlook:

Although there are some signs of stabilising economic data in China, we do question the durability of the recent economic rebound, which has been driven by infrastructure and real estate investment. However, there is a difference between this investment pickup and the approximately US\$586 billion (about 4 trillion renminbi) stimulus program that followed the Global Financial Crisis as more investments are now made through public-private partnership. Thus, whether or not private players have a decisive role in allocating capital to generate sufficient return is key to the long-term sustainability of these investments. We will continue to follow these developments very closely in search of the most compelling investment opportunities.

There is no guarantee that the Fund or the companies in its portfolio will pay or continue to pay dividends. Past performance is no guarantee of future results.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments

	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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Transferable securities and money market instruments admitted to an official exchange listing

EQUITIES

CONSUMER DISCRETIONARY

Auto Components

Mint Group, Ltd.	38,000	133,781	3.00
Fuyao Glass Industry Group Co., Ltd. H Shares	38,800	106,225	2.39
Xingda International Holdings, Ltd.	189,000	77,977	1.75
		317,983	7.14

Hotels, Restaurants & Leisure

Shanghai Jin Jiang International Hotels Group Co., Ltd. H Shares	254,000	78,490	1.77
Café de Coral Holdings, Ltd.	20,000	66,608	1.50
Sands China, Ltd.	15,200	66,215	1.49
China Lodging Group, Ltd. ADR	1,400	64,771	1.46
		276,084	6.22

Textiles, Apparel & Luxury Goods

Shenzhen International Group Holdings, Ltd.	15,000	104,664	2.35
Heilan Home Co., Ltd. A Shares	48,899	78,658	1.77
		183,322	4.12

Specialty Retail

Chow Tai Fook Jewellery Group, Ltd.	89,800	65,313	1.47
		65,313	1.47

Diversified Consumer Services

New Oriental Education & Technology Group, Inc. ADR	1,200	56,297	1.27
		56,297	1.27

Total Consumer Discretionary

898,999 20.22

FINANCIALS

Insurance

AIA Group, Ltd.	19,600	130,836	2.94
PICC Property & Casualty Co., Ltd. H Shares	78,000	129,912	2.92
		260,748	5.86

Banks

China Construction Bank Corp. H Shares	268,000	199,410	4.48
China Merchants Bank Co., Ltd. H Shares	17,500	44,273	1.00
		243,683	5.48

Capital Markets

China Everbright, Ltd.	50,000	102,642	2.31
		102,642	2.31

Real Estate Management & Development

Red Star Macalline Group Corp., Ltd. H Shares	105,000	101,040	2.27
		101,040	2.27

Real Estate Investment Trusts (REITs)

CapitaLand Retail China Trust, REIT	71,740	84,929	1.91
		84,929	1.91

Total Financials

793,042 17.83

Investments

	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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INDUSTRIALS

Transportation Infrastructure

Qingdao Port International Co., Ltd. H Shares	234,000	138,402	3.11
Guangdong Provincial Expressway Development Co., Ltd. B Shares	168,699	107,281	2.41
		245,683	5.52

Marine

SITC International Holdings Co., Ltd.	200,000	119,319	2.68
		119,319	2.68

Road & Rail

Guangshen Railway Co., Ltd. H Shares	170,000	88,124	1.98
Guangshen Railway Co., Ltd. ADR	300	7,837	0.18
		95,961	2.16

Air Freight & Logistics

Sinotrans, Ltd. H Shares	189,000	91,974	2.07
		91,974	2.07

Construction & Engineering

China Machinery Engineering Corp. H Shares	132,000	77,534	1.74
		77,534	1.74

Commercial Services & Supplies

Greentown Service Group Co., Ltd.	128,000	48,034	1.08
		48,034	1.08

Electrical Equipment

Voltronic Power Technology Corp.	2,159	33,750	0.76
		33,750	0.76

Total Industrials

712,255 16.01

INFORMATION TECHNOLOGY

Internet Software & Services

Tencent Holdings, Ltd.	8,000	220,667	4.97
NetEase, Inc. ADR	400	96,978	2.18
		317,645	7.15

Semiconductors & Semiconductor Equipment

Qualcomm, Inc.	1,400	94,501	2.13
		94,501	2.13

Software

IGG, Inc.	141,000	93,952	2.11
		93,952	2.11

Communications Equipment

Sercomm Corp.	39,000	92,905	2.09
		92,905	2.09

Electronic Equipment, Instruments & Components

Aurora Corp.	26,000	42,386	0.95
		42,386	0.95

Total Information Technology

641,389 14.43

Schedule of Investments (continued)

EQUITIES (CONTINUED)

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
TELECOMMUNICATION SERVICES			
Diversified Telecommunication Services			
HKBN, Ltd.	114,758	129,334	2.91
CITIC Telecom International Holdings, Ltd.	341,000	127,274	2.86
		256,608	5.77
Wireless Telecommunication Services			
China Mobile, Ltd. ADR	2,300	142,409	3.20
		142,409	3.20
Total Telecommunication Services		399,017	8.97
CONSUMER STAPLES			
Food Products			
WH Group, Ltd.	111,500	89,868	2.02
Dali Foods Group Co., Ltd.	161,500	85,181	1.92
		175,049	3.94
Beverages			
Kweichow Moutai Co., Ltd. A Shares	1,700	75,878	1.71
		75,878	1.71
Food & Staples Retailing			
Taiwan FamilyMart Co., Ltd.	10,000	71,030	1.60
		71,030	1.60
Total Consumer Staples		321,957	7.25
MATERIALS			
Paper & Forest Products			
Lee & Man Paper Manufacturing, Ltd.	132,000	120,058	2.70
		120,058	2.70
Containers & Packaging			
Greatview Aseptic Packaging Co., Ltd.	142,000	75,655	1.70
		75,655	1.70
Total Materials		195,713	4.40
HEALTH CARE			
Pharmaceuticals			
China Medical System Holdings, Ltd.	64,000	107,863	2.43
Tianjin ZhongXin Pharmaceutical Group Corp., Ltd. S Shares	45,100	33,630	0.76
		141,493	3.19
Total Health Care		141,493	3.19

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
UTILITIES			
Gas Utilities			
China Gas Holdings, Ltd.	52,000	82,639	1.86
		82,639	1.86
Total Utilities		82,639	1.86
ENERGY			
Energy Equipment & Services			
Hilong Holding, Ltd.	383,000	57,038	1.28
		57,038	1.28
Total Energy		57,038	1.28
TOTAL EQUITIES		4,243,542	95.44
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		4,243,542	95.44
TOTAL INVESTMENTS		4,243,542	95.44
CASH AND OTHER ASSETS, LESS LIABILITIES			
		202,564	4.56
TOTAL NET ASSETS		4,446,106	100.00
A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program			
ADR: American Depositary Receipt			
B Shares: Mainland China companies listed on the Shanghai and Shenzhen stock exchanges, available to both China and non-Chinese investors			
H Shares: Mainland China companies listed on The Hong Kong stock exchange but incorporated in mainland China			
REIT: Real Estate Investment Trust			
S Shares: Mainland China companies listed on the Singapore stock exchange but incorporated in mainland China			
Sector Allocation		% of Net Assets	
Consumer Discretionary			20.22
Financials			17.83
Industrials			16.01
Information Technology			14.43
Telecommunication Services			8.97
Consumer Staples			7.25
Materials			4.40
Health Care			3.19
Utilities			1.86
Energy			1.28
Total Investments			95.44
Cash and Other Assets, Less Liabilities			4.56
Total			100.00

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Kenneth Lowe, CFA
Lead Manager

Michael J. Oh, CFA
Co-Manager

Sharat Shroff, CFA
Co-Manager

Asia Focus Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Matthews Asia Focus Fund returned 7.53%, underperforming its benchmark, the MSCI All Country Asia ex Japan Index, which returned 10.81%.

Market Environment:

Equity bourses across Asia and emerging markets rallied during the six months ending 30 September, leading to returns that few had envisaged as we entered 2016. Such an outcome belies an environment that has been marked by large swings in sentiment from market participants as economic and political headlines continue to dominate.

There are multiple factors that appear to be helping the asset class in the short term, with one of these being the “Goldilocks” nature of the U.S. interest rate path outlook. In our view, it is likely that this, alongside the substantial challenges that Europe faces from a political and banking standpoint, have helped contribute to a very strong fund flow backdrop for emerging markets. More fundamentally, the aggressive stimulus that China underwent earlier in the year appears to be bearing fruit as economic data has stabilised. It also appears true that the seemingly perpetual earnings downgrade cycle has bottomed out for the region.

Performance Contributors and Detractors:

The largest contributor to returns came from our holding in Tata Motors, India’s largest automotive company producing Tata and Jaguar Land Rover (JLR) branded vehicles. The company is currently benefiting from a very strong product cycle that includes an initial foray into the lucrative compact luxury sports sedan market with the Jaguar XE. Further, management has invested wisely in the necessary capacity growth for the volume increase that is expected over the next few years. China’s internet behemoth Tencent was also a top contributor. Tencent has continued to grow rapidly with revenues jumping more than 48% year-on-year in first half of 2016 as everything from mobile gaming to premium content monetisation has performed well. In Hong Kong, life insurer AIA Group rose on continued earnings delivery with a key metric for future profitability, the value of new business, rising by an impressive 37% during the first half.

Although the vast majority of the portfolio ended the six months with fairly healthy returns, our positions in Malaysian telecom Axiata Group and Switzerland-based luxury goods company Compagnie Financiere Richemont were weak. The former sputtered on poor earnings delivery as it endured increasing domestic competition as well as strategic missteps. For Richemont, its profitability has been challenged due to a combination of foreign exchange headwinds and wide spread de-stocking in the luxury watch industry. Beyond this, our underweights in mainland China and the information technology sectors hurt our relative performance over the six months due to their overall strength.

Notable Portfolio Changes:

We made a number of changes to the portfolio over the period. Among the additions was Coway, a leading South Korean home appliance rental company for air purifiers, water purifiers and other products. Coway has a large and growing loyal customer base in South Korea that provides the company with stable cash flow and cross-selling opportunities. Coway’s valuation is supported by its steady earnings growth, attractive cash flow return and additional growth opportunities from overseas markets.



We also added Aerospace Industrial Development, a Taiwanese manufacturer of military aircraft, which also performs maintenance, repair and overhaul work and supplies such products as engine casings and composite materials to a variety of customers. Although still state-owned, the firm and its management have done an impressive job breaking into the global supply chain, and we expect growth to continue on market share gains as well as new aircraft deliveries and improved efficiencies post-privatisation. We view the business as attractively priced at around 17x forward 12-month price-to-earnings (P/E) ratio and a 3.6% dividend yield.

Singaporean supermarket chain Sheng Siong was another holding we added as we think that there is still room to grow its footprint in public housing areas as well as boost productivity through older store refurbishments. Further, the company operates a net cash balance sheet and is paying a 3.6% dividend yield.

We exited our position in Australian glove maker Ansell during the period. We were disappointed by the performance of its acquisitions and the change in its marketing strategy. We also funded new positions through the sale of Thai telecom Intouch Holdings, Indonesian food manufacturer Indofood Sukses Makmoor and Hong Kong-based property developer Cheung Kong Properties.

Outlook:

The recent market rally has seemingly reinvigorated some enthusiasm toward the emerging markets asset class. Although the near-term outlook looks fairly reasonable in Asia, one does have to caution against this renewal as little has fundamentally changed to justify valuations that have become rather stretched. Asia ex Japan markets are trading at around 13.5x forward 12-month P/E as we enter a fifth year of no compounded earnings growth. High quality businesses are typically trading at higher multiples given their superior growth outlook.

Additionally, it is an environment where many risks pervade. The political landscape in the U.S. and, in particular in Europe, looks fraught with challenges and uncertainty. Further, many European banks have balance sheets in need of additional capital, whilst Asian leverage is high with Chinese debt levels the most worrying of all. Amid such a backdrop, we remain vigilant in seeking those 25-35 quality businesses that, we believe, will be able to not only weather such storms, but maintain and expand their economic moats and continue to create value for minority shareholders.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg, Tencent, AIA Group.

Schedule of Investments

Investments

	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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Transferable securities and money market instruments admitted to an official exchange listing

EQUITIES

CHINA/HONG KONG

AlA Group, Ltd.	8,000	53,401	5.44
Tencent Holdings, Ltd.	1,400	38,617	3.94
CK Hutchison Holdings, Ltd.	2,552	32,527	3.31
Yum! Brands, Inc.	340	30,570	3.11
Jardine Matheson Holdings, Ltd.	500	30,305	3.09
Techtronic Industries Co., Ltd.	7,500	29,367	2.99
Samsonite International SA	7,800	25,046	2.55
China Mobile, Ltd.	2,000	24,288	2.47
VTech Holdings, Ltd.	2,100	23,978	2.44
HSBC Holdings, PLC	2,800	20,730	2.11
Hang Lung Group, Ltd.	5,000	19,061	1.94
Baidu, Inc. ADR	100	18,249	1.86
		346,139	35.25

SINGAPORE

Singapore Telecommunications, Ltd.	12,800	37,276	3.79
Sheng Siong Group, Ltd.	35,400	27,504	2.80
Vicom, Ltd.	5,700	23,806	2.43
United Overseas Bank, Ltd.	1,000	13,807	1.41
United Overseas Bank, Ltd. ADR	300	8,237	0.84
		110,630	11.27

SOUTH KOREA

Samsung Electronics Co., Ltd.	21	30,500	3.10
Coway Co., Ltd.	327	28,325	2.89
Kangwon Land, Inc.	748	26,691	2.72
		85,516	8.71

TAIWAN

Taiwan Semiconductor Manufacturing Co., Ltd.	6,000	34,990	3.57
Aerospace Industrial Development Corp.	16,000	21,994	2.24
Ennoconn Corp.	1,000	16,700	1.70
		73,684	7.51

MALAYSIA

Heineken Malaysia BHD	6,100	26,168	2.66
Genting Malaysia BHD	23,100	25,424	2.59
Axiata Group BHD	14,900	18,807	1.92
		70,399	7.17

Investments

	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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UNITED STATES

ResMed, Inc.	500	32,132	3.28
Mead Johnson Nutrition Co. Class A	300	23,497	2.39
		55,629	5.67

INDIA

Tata Motors, Ltd. ADR	800	31,475	3.21
		31,475	3.21

INDONESIA

PT Bank Rakyat Indonesia Persero	33,000	30,875	3.15
		30,875	3.15

JAPAN

Japan Tobacco, Inc.	700	28,519	2.91
		28,519	2.91

THAILAND

Kasikornbank Public Co., Ltd.	4,900	26,524	2.70
		26,524	2.70

AUSTRALIA

Insurance Australia Group, Ltd.	5,437	22,704	2.31
		22,704	2.31

SWITZERLAND

Cie Financiere Richemont SA	364	21,900	2.23
		21,900	2.23

TOTAL EQUITIES

903,994 92.09

TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING

903,994 92.09

TOTAL INVESTMENTS

903,994 92.09

CASH AND OTHER ASSETS, LESS LIABILITIES

77,611 7.91

TOTAL NET ASSETS

981,605 100.00

ADR: American Depositary Receipt

BHD: Berhad

The accompanying notes form an integral part of these financial statements.

Schedule of Investments (continued)

Country Allocation	% of Net Assets
China/Hong Kong	35.25
Singapore	11.27
South Korea	8.71
Taiwan	7.51
Malaysia	7.17
United States	5.67
India	3.21
Indonesia	3.15
Japan	2.91
Thailand	2.70
Australia	2.31
Switzerland	2.23
Total Investments	92.09
Cash and Other Assets, Less Liabilities	7.91
Total	100.00



PORTFOLIO MANAGERS

Sharat Shroff, CFA
Lead Manager

Rahul Gupta
Co-Manager

Pacific Tiger Fund

Fund Manager Report

Performance figures discussed in this Fund Manager Commentary reflects that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Matthews Pacific Tiger Fund returned 9.43%, while its benchmark, the MSCI All Country Asia ex Japan Index, returned 10.81%.

Market Environment:

The Asian markets recovered remarkably in the third quarter of this calendar year. The stage was somewhat set after a poor 2015 and first quarter 2016. Policymakers in Asia provided some support to growth through interest rate cuts and fiscal stimulus. With some delay, these effects led to a relatively stable earnings environment thereby supporting stock prices. Brexit created some initial nervousness, but since then we have seen meaningful capital flows into Asia, perhaps as market participants are appreciating the rewards and challenges in Asia with a more balanced approach, versus their largely negative perception in 2015. Capital flows, however, have been largely channelled into passive investments.

Cyclical stocks bounced in a reflex rally towards the end of the March quarter, but then weakened again in the June quarter. Both value and growth stocks performed well during the most recent quarter, but the significant out-performance of the information technology sector dominated the benchmark index returns.

Performance Contributors and Detractors:

The Fund participated in the broader market rally but underperformed the benchmark index, largely attributable to our under allocation in the IT sector and other hardware stocks. For quite some time, the underperformance of Chinese stocks has driven Asia equity market performance, but during this recent six-month period, the Index's bias in favor of information technology stocks overwhelmed all other effects. Information technology stocks are now the biggest sector in the benchmark due to the inclusion of ADRs in May, and the IT sector contributed about half of the gains for the index during the period.

To further highlight, we were disappointed by the performance in one of our consumer discretionary holdings. Orion, a South Korean snack and confectionary company, is coping with a slowdown in China and also investing to launch new products to gain market share and to expand their distribution channel. This negatively impacted Orion's earnings and, hence, the stock was very volatile this past quarter. We view this as only a short-term disruption in its business trajectory and not a long-term impairment. Genting, a gaming company in Malaysia, outperformed in the calendar year first quarter but reversed course in the last six months due to disappointing earnings given a weak gaming environment. Naver, the leading search business in South Korea, continued to deliver on multiple fronts of their business and hence was the largest contributor to performance during the reporting period.

Small caps underperformed quite meaningfully in the broader rally, by about three percent in the last three months, negatively affecting our relative performance given the Fund's skew towards small- and mid- cap businesses versus the benchmark.

**Notable Portfolio Changes:**

We continue to take advantage of market volatility by rotating capital away from investments where valuations have become expensive to businesses that are more reasonably priced while achieving their milestones. In aggregate, this has resulted in shifting some of our allocation away from South Korea into China. In addition, we have deployed capital in India following weakness in specific stocks which we have been following. We also exited one of our long-standing positions in a Chinese property company due to potentially significant changes in corporate ownership, hence creating significant uncertainty regarding the company's future outlook.

Outlook:

Stock markets have been quite volatile over the last 12-18 months, compared to the relatively stable operating trends we have seen in our companies. Macroeconomic factors have played a greater role in driving volatility in Asia's equity markets recently rather than the gradual improvement in earnings expectations. Although the market rally in the last few months has seen valuations revert back to long-term historical averages, there are still pricing disparities in the market which we view as an opportunity.

Policy support in most of our markets has decisively shifted toward a pro-growth stance with policymakers utilising various monetary and fiscal tools to boost growth in their respective economies. We have also seen several key reforms being passed, including supply-side initiatives in China and tax amnesty programs in India and Indonesia. Although these reforms are unlikely to have as immediate of an effect on growth as monetary stimulus, they are undoubtedly positive developments to support long-term, sustainable growth in Asia's economies. One significant reform worth highlighting is the approval of the Goods and Service Tax (GST) Bill in India via both houses of parliament. The tax has stalled for many years due to political hurdles but was finally approved to the surprise of investors. Although it will take time to implement the tax change, it has the potential to create a meaningful improvement in the business environment domestically.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A, Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing			
EQUITIES			
CHINA/HONG KONG			
Baidu, Inc. ADR	62,570	11,418,175	2.80
China Resources Beer Holdings Co., Ltd.	4,967,086	10,559,470	2.60
Ping An Insurance Group Co. of China, Ltd. H Shares	1,863,500	9,701,931	2.38
AIA Group, Ltd.	1,446,200	9,653,792	2.36
Fuyao Glass Industry Group Co., Ltd. H Shares	3,464,800	9,485,846	2.32
Tencent Holdings, Ltd.	341,300	9,414,185	2.31
China Mobile, Ltd. ADR	149,695	9,268,672	2.27
Alibaba Group Holding, Ltd. ADR	79,600	8,414,441	2.06
Hengan International Group Co., Ltd.	997,000	8,291,744	2.03
China Resources Land, Ltd.	2,799,111	7,832,615	1.92
Sinopharm Group Co., Ltd. H Shares	1,622,400	7,814,691	1.91
Lenovo Group, Ltd.	10,580,000	7,035,881	1.72
Dairy Farm International Holdings, Ltd.	818,300	5,811,958	1.42
Tasly Pharmaceutical Group Co., Ltd. A Shares	818,387	5,171,562	1.27
Yum! Brands, Inc.	53,200	4,783,353	1.17
Hong Kong Exchanges and Clearing, Ltd.	131,800	3,473,758	0.85
Swire Pacific, Ltd. A Shares	165,500	1,787,487	0.44
Hang Lung Group, Ltd.	325,000	1,238,954	0.30
Shandong Weigao Group Medical Polymer Co., Ltd. H Shares	920,000	618,671	0.15
		131,777,186	32.28
INDIA			
Kotak Mahindra Bank, Ltd.	909,230	10,610,871	2.61
Tata Power Co., Ltd.	8,709,239	9,862,971	2.42
Sun Pharmaceutical Industries, Ltd.	647,447	7,222,272	1.77
GAIL India, Ltd.	1,193,271	6,714,614	1.64
Titan Co., Ltd.	1,107,422	6,571,680	1.61
Container Corp. of India, Ltd.	274,632	5,689,807	1.39
Housing Development Finance Corp., Ltd.	262,347	5,490,649	1.34
Thermax, Ltd.	371,105	4,710,993	1.15
ITC, Ltd.	1,215,156	4,404,895	1.08
HDFC Bank, Ltd.	164,599	3,146,738	0.77
Dabur India, Ltd.	766,475	3,122,079	0.76
Just Dial, Ltd.	312,807	2,024,225	0.50
		69,571,794	17.04

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
SOUTH KOREA			
Naver Corp.	13,308	10,683,951	2.62
Dongbu Insurance Co., Ltd.	148,777	9,212,867	2.26
Orion Corp.	10,782	8,099,155	1.98
Amorepacific Corp.	22,685	8,027,527	1.97
Samsung Electronics Co., Ltd.	5,188	7,534,978	1.85
Green Cross Corp.	43,125	7,112,148	1.74
Cheil Worldwide, Inc.	349,660	5,082,010	1.24
		55,752,636	13.66
INDONESIA			
PT Telekomunikasi Indonesia Persero	25,073,700	8,284,841	2.03
PT Bank Central Asia	5,607,300	6,748,418	1.65
PT Indofood CBP Sukses Makmur	7,886,800	5,725,801	1.40
PT Perusahaan Gas Negara Persero	23,768,300	5,231,660	1.28
PT Astra International	4,162,000	2,633,987	0.65
		28,624,707	7.01
TAIWAN			
Delta Electronics, Inc.	1,754,032	9,358,773	2.30
President Chain Store Corp.	946,000	7,521,263	1.84
Synnex Technology International Corp.	4,977,311	5,516,502	1.35
		22,396,538	5.49
THAILAND			
Central Pattana Public Co., Ltd.	6,024,100	10,128,715	2.48
Kasikornbank Public Co., Ltd.	1,024,000	5,542,910	1.36
The Siam Cement Public Co., Ltd.	322,600	4,804,764	1.18
		20,476,389	5.02
MALAYSIA			
IHH Healthcare BHD	4,042,500	6,187,739	1.51
Public Bank BHD	910,450	4,363,467	1.07
Genting BHD	2,086,200	4,001,431	0.98
		14,552,637	3.56
VIETNAM			
Vietnam Dairy Products JSC	1,966,275	12,359,091	3.03
		12,359,091	3.03
PHILIPPINES			
GT Capital Holdings, Inc.	238,305	7,084,244	1.73
SM Prime Holdings, Inc.	7,369,575	4,282,774	1.05
		11,367,018	2.78

Schedule of Investments (continued)

EQUITIES (CONTINUED)

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
SWITZERLAND			
DKSH Holding, Ltd.	148,304	10,794,182	2.64
		10,794,182	2.64
UNITED STATES			
Cognizant Technology Solutions Corp. Class A	120,900	6,656,868	1.63
		6,656,868	1.63
JAPAN			
LINE Corp. ADR	10,600	519,612	0.13
		519,612	0.13
TOTAL EQUITIES		384,848,658	94.27
WARRANTS			
MALAYSIA			
Genting BHD, expires 12/18/2018	93,950	31,805	0.01
		31,805	0.01
TOTAL WARRANTS		31,805	0.01
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING		384,880,463	94.28

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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Other transferable securities and money market instruments

EQUITIES

CHINA/HONG KONG

Inner Mongolia Yili Industrial Group Co., Ltd. A Shares*	1,876,619	4,533,519	1.11
		4,533,519	1.11

TOTAL EQUITIES	4,533,519	1.11
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TOTAL OTHER TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

	4,533,519	1.11
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TOTAL INVESTMENTS	389,413,982	95.39
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CASH AND OTHER ASSETS, LESS LIABILITIES

	18,830,616	4.61
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TOTAL NET ASSETS

	408,244,598	100.00
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A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program

ADR: American Depositary Receipt

BHD: Berhad

H Shares: Mainland China companies listed on The Hong Kong stock exchange but incorporated in mainland China

* Security is valued at its fair value under the direction of the Board of Directors.

Country Allocation	% of Net Assets
China/Hong Kong	33.39
India	17.04
South Korea	13.66
Indonesia	7.01
Taiwan	5.49
Thailand	5.02
Malaysia	3.57
Vietnam	3.03
Philippines	2.78
Switzerland	2.64
United States	1.63
Japan	0.13
Total Investments	95.39
Cash and Other Assets, Less Liabilities	4.61
Total	100.00

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Andrew Mattock, CFA
Lead Manager

Henry Zhang, CFA
Co-Manager

Winnie Chwang
Co-Manager

China Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Matthews China Fund returned 12.52% while its benchmark, the MSCI China Index, returned 14.29%.

Market Environment:

After recovering somewhat from the quarter ending in March, Chinese equities resumed their sell-off beginning about May. From May until late June, Chinese equity markets were marred by concerns over slowing economic growth, low trading volumes and prolonged risk-off investment attitudes. Fortunately, China's market environment improved in the most recent quarter as the major macroeconomic issues from the start of the year dissipated. Monetary and fiscal stimulus improved the operating environment on the ground and stock fundamentals started to assert themselves. Continued efforts to restructure the economy and an ongoing focus on supply-side reform provided tailwinds for the market. The market appears to have begun acknowledging China's continuing efforts to achieve a dual mandate of stable growth with bottom-up restructuring. One area that has continued to boom is urban property markets with housing prices up more than 20% year-over-year, for several major cities. This renewed enthusiasm is starting to spread across the country into smaller cities and is soaking up much housing inventory that had previously been a concern.

Performance Contributors and Detractors:

Information technology stocks were among the main contributors to our absolute Fund performance over the six-month period. In particular, Tencent, a leading online gaming and messaging company, has done well. Tencent continues to expand its active user base and offer additional services as part its online applications. Monetisation of its user base continues, and its dominance in its core messaging application still provides plenty of room for growth in advertising. Alibaba has also provided strong absolute returns as it, like Tencent, is using its dominant position to expand its offerings. Again monetisation improvement in online shopping is key to its success.

In the past six months, Chinese Banks also provided strong performance as people started to focus on the long-term valuation merits of the stocks and attractive dividend yields rather than the ongoing write-offs associated with the bad debt cycle. CITIC Securities, a leading brokerage, was the major absolute and relative detractor as volumes in China's domestic stock markets remained weak and investors remained unwillingly to look past what we believe to be a short-term issue.

Notable Portfolio Changes:

Our most significant portfolio adjustments during the six months involved ongoing consolidation of our holdings to approximately 40 stocks. We exited positions in Dongjiang Environment and consolidated our position in China Everbright International as we believe it to be the industry leader and attractively priced. We also exited Hong Kong Exchanges and Clearing in favour of CITIC Securities on valuation differentials between stocks with similar capital market reform drivers. We added to our position in Alibaba as we believe the company is continuing to show progress in improving its monetisation rate in the online shopping channel. During the period, we also exited our position in China Vanke, a leading property developer. Over the past few months, China Vanke encountered a hostile takeover from Baoneng Group, a Shenzhen-based private conglomerate. Although the current chairman and management team have built the company from the ground up since 1988,



their combined shareholding ownership is relatively small. Baoneng, the largest current shareholder of the company, recently proposed a removal of the entire board of directors, including the chairman. We believe the hostile takeover may affect the company's normal operation and management stability. Since the stock had performed well in recent years and benefited from the takeover bid, we took the opportunity to exit this position.

Outlook:

China's economy showed signs of improvement in the recent months, and it was encouraging to see the producer price index consistently improving since the beginning of the year. Capacity cuts in oversupplied sectors, such as coal and steel, have yielded meaningful results shown by price increases. However, we remain cognisant that the structural reform is an ongoing process, and the progress so far seems to be slower than expected. We expect that fixed asset investment and credit expansion will continue to serve as major drivers for China's economic growth, and relatively loose monetary policy and expansionary fiscal policy are unlikely to change in the foreseeable future. For the Fund, we will continue to focus on companies that are less affected by macroeconomic uncertainty and that have sustainable earnings growth and dominant market positions.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg, Tencent

Schedule of Investments

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing				CONSUMER DISCRETIONARY			
EQUITIES				Internet & Catalog Retail			
FINANCIALS				Ctrip.com International, Ltd. ADR			
Banks				7,500 351,617 2.21			
China Construction Bank Corp. H Shares	1,089,340	810,543	5.10	JD.com, Inc. ADR			
Industrial & Commercial Bank of China, Ltd. H Shares	973,000	610,606	3.84	13,200 343,469 2.16			
China Merchants Bank Co., Ltd. H Shares	208,110	526,499	3.31	Vipshop Holdings, Ltd. ADR			
Chongqing Rural Commercial Bank Co., Ltd. H Shares	802,000	495,461	3.12	19,400 288,764 1.82			
		2,443,109	15.37	983,850 6.19			
Insurance				Auto Components			
Ping An Insurance Group Co. of China, Ltd. H Shares	169,000	879,865	5.54	Fuyao Glass Industry Group Co., Ltd. A Shares			
China Life Insurance Co., Ltd. H Shares	289,000	748,913	4.71	134,041 339,356 2.13			
		1,628,778	10.25	Xinyi Glass Holdings, Ltd.			
Real Estate Management & Development				12,000 42,247 0.27			
China Overseas Land & Investment, Ltd.	142,000	483,681	3.04	446,893 2.81			
China Resources Land, Ltd.	162,666	455,180	2.86	Automobiles			
		938,861	5.90	Chongqing Changan Automobile Co., Ltd. B Shares			
Capital Markets				239,381 390,778 2.46			
CITIC Securities Co., Ltd. H Shares	194,000	413,953	2.60	390,778 2.46			
China Galaxy Securities Co., Ltd. H Shares	170,500	155,972	0.98	Total Consumer Discretionary			
Haitong Securities Co., Ltd. H Shares	86,800	147,754	0.93	1,821,521 11.46			
		717,679	4.51	INDUSTRIALS			
Total Financials		5,728,427	36.03	Construction & Engineering			
INFORMATION TECHNOLOGY				China State Construction International Holdings, Ltd.			
Internet Software & Services				318,000 418,981 2.64			
Tencent Holdings, Ltd.	58,200	1,605,350	10.10	China State Construction Engineering Corp., Ltd. A Shares			
Alibaba Group Holding, Ltd. ADR	12,300	1,300,222	8.18	380,800 352,224 2.22			
NetEase, Inc. ADR	1,950	472,770	2.97	771,205 4.86			
SINA Corp.	5,200	395,681	2.49	Commercial Services & Supplies			
Sohu.com, Inc.	5,600	253,418	1.59	China Everbright International, Ltd.			
Baozun, Inc. ADR	15,700	240,841	1.51	271,000 323,216 2.03			
Baidu, Inc. ADR	899	164,055	1.03	323,216 2.03			
Weibo Corp. ADR	520	26,755	0.17	Total Industrials			
		4,459,092	28.04	1,094,421 6.89			
Semiconductors & Semiconductor Equipment				ENERGY			
Semiconductor Manufacturing International Corp.	2,313,000	260,192	1.64	Oil, Gas & Consumable Fuels			
		260,192	1.64	China Shenhua Energy Co., Ltd. H Shares			
Communications Equipment				221,500 434,884 2.74			
ZTE Corp. H Shares	103,016	150,405	0.95	China Petroleum & Chemical Corp. H Shares			
		150,405	0.95	430,000 314,820 1.98			
Total Information Technology		4,869,689	30.63	749,704 4.72			
				Total Energy			
				749,704 4.72			
				MATERIALS			
				Construction Materials			
				Anhui Conch Cement Co., Ltd. H Shares			
				130,500 359,592 2.26			
				China National Materials Co., Ltd. H Shares			
				631,000 146,982 0.92			
				China National Building Material Co., Ltd. H Shares			
				314,000 139,808 0.88			
				646,382 4.06			
				Total Materials			
				646,382 4.06			

*Schedule of Investments (continued)***EQUITIES (CONTINUED)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
TELECOMMUNICATION SERVICES			
Wireless Telecommunication Services			
China Mobile, Ltd.	37,500	455,403	2.86
		455,403	2.86
Total Telecommunication Services		455,403	2.86
HEALTH CARE			
Pharmaceuticals			
CSPC Pharmaceutical Group, Ltd.	166,000	166,468	1.05
Sino Biopharmaceutical, Ltd.	121,000	81,480	0.51
		247,948	1.56
Health Care Providers & Services			
Sinopharm Group Co., Ltd. H Shares	30,000	144,502	0.91
		144,502	0.91
Total Health Care		392,450	2.47
UTILITIES			
Water Utilities			
Beijing Enterprises Water Group, Ltd.	420,000	284,957	1.79
		284,957	1.79
Total Utilities		284,957	1.79
TOTAL EQUITIES		16,042,954	100.91
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		16,042,954	100.91
TOTAL INVESTMENTS		16,042,954	100.91
LIABILITIES IN EXCESS OF CASH AND OTHER ASSETS		(145,425)	(0.91)
TOTAL NET ASSETS		15,897,529	100.00

Sector Allocation	% of Net Assets
Financials	36.03
Information Technology	30.63
Consumer Discretionary	11.46
Industrials	6.89
Energy	4.72
Materials	4.06
Telecommunication Services	2.86
Health Care	2.47
Utilities	1.79
Total Investments	100.91
Liabilities In Excess of Cash and Other Assets	(0.91)
Total	100.00

A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program

ADR: American Depositary Receipt

B Shares: Mainland China companies listed on the Shanghai and Shenzhen stock exchanges, available to both China and non-Chinese investors

H Shares: Mainland China companies listed on The Hong Kong stock exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Sunil Asnani
Lead Manager

Sharat Shroff, CFA
Co-Manager

India Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Matthews India Fund returned 11.59%, while its benchmark, the S&P Bombay Stock Exchange 100 Index, returned 13.25%.

Market Environment:

During the past six months, India's market gains came on the back of rising foreign inflows amid mixed macroeconomic signals for growth, inflation and regulatory reform. While retail inflation moderated to a six-month low of about 5.1%, industrial production, as measured by the index of industrial production, contracted by 2.4% in July, and India's GDP growth moderated to 7.1% for the quarter ending in June—its lowest level in six quarters. This may explain the central bank's decision to cut the repo rate by 25 basis points (0.25%) in early October. On the regulatory front, the government succeeded in having the Goods and Services Taxes (GST) Bill approved by the Upper House of the Parliament and ratified by a number of states—paving the way for a simplified indirect tax regime. Perhaps resultantly, foreign inflows were strong in the third quarter and last six months at US\$4.55 billion and US\$6.30 billion, respectively, compared to US\$7.51 billion year-to-date.

Performance Contributors and Detractors:

The portfolio's underperformance relative to its benchmark during the period was partly a result of a rise in metal prices, which propped up stocks in the materials sector—an area where we are relatively absent. Another factor was a weak near-term outlook for technology service companies, which we are overweight in. Stocks for autos were also up due to holiday season sales. Our portfolio's limited exposure to these auto and metals-related holdings dampened our relative Fund performance.

In terms of stock-specific factors, drug maker Taro Pharmaceuticals fell under pressure from increased concerns of regulatory oversight on its pricing-led growth model. However, we continue to own this stock as we believe the company had long realized this model to be unsustainable, leading it to focus instead on research and development in order to grow volume in recent years. Cognizant Technology also saw a significant correction amid an internal investigation into payments made for the renewal of certain facility licenses, and the departure of a senior manager. While both of these developments are unfortunate and concerning, we believe that the company's internal controls and its management bench are strong enough to weather these issues.

What helped mitigate the portfolio's underperformance was our avoidance of the telecommunications sector and some stock-specific factors within financials, consumer staples and industrials. Challenges facing India's telecom sector have been exacerbated by the entry of a new competitor to the handful of major players that are already grappling with such issues as low tariffs and high spectrum charges. Financials holding Shriram City Union Finance helped performance during the six-month period after it allayed fears over its pace of growth and asset quality, and demonstrated better-than-expected results in the most recent quarter. Tobacco company VST Industries also did well after demonstrating its pricing power amid government tax concerns.

**Notable Portfolio Changes:**

During the period, we added a few private sector banks to our portfolio, one of which was Yes Bank. The bank has generally delivered good numbers historically, but has always battled negative perceptions. However, after consistent delivery and asset quality review by the central bank, these perceptions have improved. Given Yes Bank's focus on corporate lending—an area that would increasingly see limited supply from state-owned banks that are suffering from a variety of issues—it could see ample opportunities to deliver profitable growth. We also exited Ascendas India Trust, which is listed in Singapore but holds the bulk of its operational commercial real estate assets in India. We had been trimming this position for some time as the company's pricing power and growth drivers were not as strong as we initially believed.

Outlook:

India's new central bank leadership under Urjit Patel has taken measures that lean toward a monetary policy focused on both growth and inflation. This could lead to further monetary easing in the coming quarters, and the new measures are in contrast to those of the previous regime under Raghuram Rajan, which focused more singularly on taming inflation. The central bank's current monetary easing stance may help the economy temporarily but, without investment reforms in full swing, earnings may remain depressed, especially in sectors like banking and infrastructure that are dependent on investment cycles. We are cautious of the market optimism, which appears to be running ahead of rather flat third quarter earnings. We believe valuations are nearing the high end of the range, looking over the last decade. In September, even as border tensions flared between India and Pakistan, the market also seemed undeterred. We remain cautious as such bullishness historically has not endured for long without being accompanied by solid results.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing				HEALTH CARE			
EQUITIES				Pharmaceuticals			
FINANCIALS				Taro Pharmaceutical Industries, Ltd.			
Banks				Ajanta Pharma, Ltd.			
IndusInd Bank, Ltd.	300,425	5,396,415	4.86	Alembic Pharmaceuticals, Ltd.			
Kotak Mahindra Bank, Ltd.	440,188	5,137,069	4.64	Sun Pharma Advanced Research Co., Ltd.			
HDFC Bank, Ltd.	265,684	5,079,241	4.59	Sun Pharmaceutical Industries, Ltd.			
Yes Bank, Ltd.	61,000	1,149,545	1.04	Caplin Point Laboratories, Ltd.			
DCB Bank, Ltd.	376,537	707,774	0.64	14,916,933 13.46			
IDFC Bank, Ltd.	547,186	656,245	0.59	Health Care Equipment & Supplies			
		18,126,289	16.36	Poly Medicare, Ltd.			
Consumer Finance				Poly Medicare, Ltd.			
Shriram City Union Finance, Ltd.	117,897	3,762,062	3.40	801,888 0.72			
Sundaram Finance, Ltd.	85,507	1,707,571	1.54	15,718,821 14.18			
		5,469,633	4.94	Total Health Care			
Thriffs & Mortgage Finance				15,718,821 14.18			
Housing Development Finance Corp., Ltd.	178,617	3,738,268	3.37	INFORMATION TECHNOLOGY			
GRUH Finance, Ltd.	263,046	1,294,488	1.17	IT Services			
		5,032,756	4.54	Cognizant Technology Solutions Corp. Class A			
Capital Markets				eClerx Services, Ltd.			
CRISIL, Ltd.	104,819	3,510,287	3.17	Mindtree, Ltd.			
Multi Commodity Exchange of India, Ltd.	850	17,251	0.02	12,439,688 11.23			
		3,527,538	3.19	Internet Software & Services			
Diversified Financial Services				Info Edge India, Ltd.			
IDFC, Ltd.	547,186	552,281	0.50	Just Dial, Ltd.			
		552,281	0.50	3,008,172 2.72			
Total Financials				Total Information Technology			
		32,708,497	29.53	15,447,860 13.95			
CONSUMER STAPLES				INDUSTRIALS			
Personal Products				Machinery			
Emami, Ltd.	193,306	3,396,646	3.07	AIA Engineering, Ltd.			
Dabur India, Ltd.	773,298	3,149,871	2.84	Thermax, Ltd.			
Bajaj Corp., Ltd.	370,907	2,153,689	1.94	Ashok Leyland, Ltd.			
Marico, Ltd.	502,881	2,080,861	1.88	5,105,422 4.60			
		10,781,067	9.73	Air Freight & Logistics			
Tobacco				Blue Dart Express, Ltd.			
ITC, Ltd.	1,610,933	5,839,571	5.28	Blue Dart Express, Ltd.			
VST Industries, Ltd.	94,660	3,226,160	2.91	2,232,877 2.02			
		9,065,731	8.19	Transportation Infrastructure			
Food Products				Gujarat Pipavav Port, Ltd.			
Zydus Wellness, Ltd.	137,956	1,841,416	1.66	Gujarat Pipavav Port, Ltd.			
Nestle India, Ltd.	15,802	1,526,763	1.38	882,874 0.80			
		3,368,179	3.04	Road & Rail			
Total Consumer Staples				Container Corp. of India, Ltd.			
		23,214,977	20.96	Container Corp. of India, Ltd.			
				31,123 644,804 0.58			
				644,804 0.58			
				Total Industrials			
				8,865,977 8.00			

*Schedule of Investments (continued)***EQUITIES (CONTINUED)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
CONSUMER DISCRETIONARY			
Textiles, Apparel & Luxury Goods			
Page Industries, Ltd.	8,010	1,818,750	1.64
Kewal Kiran Clothing, Ltd.	40,627	1,159,590	1.05
Titan Co., Ltd.	125,493	744,702	0.67
Vaibhav Global, Ltd.	22,654	105,291	0.10
		3,828,333	3.46
Household Durables			
Symphony, Ltd.	152,634	2,605,874	2.36
LA Opala RG, Ltd.	78,671	623,531	0.56
		3,229,405	2.92
Total Consumer Discretionary		7,057,738	6.38
MATERIALS			
Chemicals			
Castrol India, Ltd.	357,990	2,553,731	2.30
Asian Paints, Ltd.	77,645	1,353,598	1.22
Supreme Industries, Ltd.	74,470	1,014,819	0.92
		4,922,148	4.44
Metals & Mining			
NMDC, Ltd.	394,853	627,447	0.57
		627,447	0.57
Total Materials		5,549,595	5.01
TOTAL EQUITIES		108,563,465	98.01
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		108,563,465	98.01
TOTAL INVESTMENTS		108,563,465	98.01
CASH AND OTHER ASSETS, LESS LIABILITIES		2,203,831	1.99
TOTAL NET ASSETS		110,767,296	100.00

Sector Allocation	% of Net Assets
Financials	29.53
Consumer Staples	20.96
Health Care	14.18
Information Technology	13.95
Industrials	8.00
Consumer Discretionary	6.38
Materials	5.01
Total Investments	98.01
Cash and Other Assets, Less Liabilities	1.99
Total	100.00

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Kenichi Amaki
Lead Manager

Taizo Ishida
Co-Manager

Japan Fund

Fund Manager Report

Performance figures discussed in this Fund Manager Commentary reflects that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Matthews Japan Fund returned 7.04%, underperforming its benchmark, the MSCI Japan Index, which returned 9.88%.

Market Environment:

Japan's equity market performed poorly during the first several months of the period, weighed by slowing global economic activity, debt issues in China and the Brexit vote. These issues prompted a "flight to safety" trade resulting in a sharp appreciation of the yen. In the latter months of the period, attention shifted to the Bank of Japan (BOJ), which announced in July its intention to conduct a comprehensive review of its controversial negative interest rate policy while also doubling its purchases of equity exchange-traded-funds (ETFs). This sparked an array of top-down driven speculation resulting in significant performance differences by sector and market capitalisation. In general, investors shifted away from defensive quality, growth names and from small cap into large cap names in previously beaten down sectors like commodities, financials and autos.

In late September, the BOJ announced its new monetary policy structure, "Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control." The aim is to control the supply of Japanese government bonds (JGBs) so that 10-year JGB yields will remain more or less around zero percent, resulting in a steeper yield curve. The BOJ also tweaked its equity ETF purchases to acquire more of the broader based Tokyo Stock Price index ETFs rather than the Nikkei 225 index ETFs. These actions sparked a reversal of some of the shifts we saw earlier in the period, and small-cap stocks performed strongly in the last two weeks of the period.

Performance Contributors and Detractors:

Our stock selection in the consumer discretionary sector was the biggest detractor to our relative performance. Real estate information company Next underperformed as investors rotated away from high-growth companies with rich multiples despite delivering steady growth. Hotel operator Kyoritsu Maintenance and Casio, the consumer electronics company, also struggled as the stronger yen negatively affected the spending power of Chinese tourists visiting Japan.

The Fund's structural underweight in the materials sector also had a negative impact on relative performance. We do not hold steel, mining or commodity chemical companies that have benefited from a bottoming in the prices for these goods. In addition, lithium-ion battery material producer W-Scope underperformed due to heightened concern of competition from Chinese suppliers, though we believe that threat is small relative to the strong demand the company is seeing for its products.

Meanwhile, our stock selection in the industrials sector offset some of the negative impact elsewhere. Misumi Group, an online distributor of factory automation components, advanced as it continues to penetrate in overseas markets, including China. Technopro, a staffing company that specializes in engineers, also performed well on the back of stable demand and strong hiring amidst a tight labor market. Construction and mining equipment company Komatsu also performed well as equipment demand started to show signs of bottoming. Komatsu also acquired U.S. mining equipment company Joy Global, which, we believe, to be accretive to earnings going forward.

**Notable Portfolio Changes:**

During the period, we added several new names, including Suzuki Motor. Suzuki is a medium-sized automobile manufacturer specialising in small cars with a significant presence in India through its subsidiary Maruti Suzuki. Its India business, including royalties received, accounts for the vast majority of Suzuki's net profits. Our research in this area involved extensive discussions with our India team who have in-depth knowledge of the local market. We believe India's automobile market has significant room for growth as rising income levels result in higher vehicle ownership.

To fund the purchase of Suzuki, we exited our position in internet service company Kakaku.com. Kakaku.com management has done a great job growing its restaurant information service Tabelog over the past several years, building it into the most dominant restaurant information app in Japan. However, growth at Tabelog has started to slow, weighed by new competition, while the company has struggled to find new avenues for growth. Compared to the slowing growth outlook, valuations remained elevated and hence, we decided to exit the position.

Outlook:

Now that the BOJ has completed its review of its negative interest rate policy, we look forward to returning to a more rational, fundamentally driven market. As a whole, we remain cautious on the outlook for Japanese equities, but we are quite upbeat about our portfolio holdings. In particular, growth in Asia is showing nascent signs of recovery with fiscal measures finally coming through in China. With currencies stabilising in most of emerging Asia, consumption and capital spending seem to be bottoming out. It will take at least several quarters for this to be reflected in earnings figures but we expect our portfolio holdings, particularly those with high exposure to Asia, to grow earnings much faster than the overall market. We believe that a selective and patient approach to Japanese equities will benefit investors over the long term.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing			
EQUITIES			
INDUSTRIALS			
Machinery			
Komatsu, Ltd.	133,600	3,033,755	2.48
Harmonic Drive Systems, Inc.	90,000	2,612,146	2.14
SMC Corp.	7,800	2,231,099	1.83
Mitsubishi Heavy Industries, Ltd.	511,000	2,119,219	1.74
		9,996,219	8.19
Trading Companies & Distributors			
MISUMI Group, Inc.	164,000	3,059,134	2.50
Mitsui & Co., Ltd.	128,500	1,767,292	1.45
MonotaRO Co., Ltd.	54,900	1,466,906	1.20
		6,293,332	5.15
Electrical Equipment			
Mabuchi Motor Co., Ltd.	57,100	3,130,628	2.57
Nidec Corp.	28,500	2,612,690	2.14
		5,743,318	4.71
Professional Services			
TechnoPro Holdings, Inc.	82,900	3,120,187	2.55
Nomura Co., Ltd.	91,500	1,416,214	1.16
Benefit One, Inc.	4,700	147,236	0.12
		4,683,637	3.83
Building Products			
Daikin Industries, Ltd.	27,800	2,575,022	2.11
Aica Kogyo Co., Ltd.	56,900	1,503,736	1.23
		4,078,758	3.34
Road & Rail			
Trancom Co., Ltd.	21,100	1,320,300	1.08
		1,320,300	1.08
Total Industrials		32,115,564	26.30

CONSUMER DISCRETIONARY

Specialty Retail			
Nitori Holdings Co., Ltd.	26,300	3,137,646	2.57
Jin Co., Ltd.	29,100	1,344,570	1.10
VT Holdings Co., Ltd.	159,900	845,120	0.69
Sac's Bar Holdings, Inc.	52,500	562,320	0.46
Workman Co., Ltd.	3,200	97,250	0.08
		5,986,906	4.90
Automobiles			
Toyota Motor Corp.	49,700	2,842,214	2.33
Suzuki Motor Corp.	55,400	1,840,601	1.51
		4,682,815	3.84
Internet & Catalog Retail			
Start Today Co., Ltd.	175,500	3,005,009	2.46
		3,005,009	2.46
Media			
Next Co., Ltd.	220,100	1,793,933	1.47
Septeni Holdings Co., Ltd.	204,400	909,733	0.74
		2,703,666	2.21

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
CONSUMER DISCRETIONARY (CONTINUED)			
Multiline Retail			
Ryohin Keikaku Co., Ltd.	13,200	2,653,769	2.17
		2,653,769	2.17
Auto Components			
Nifco, Inc.	40,200	2,123,647	1.74
		2,123,647	1.74
Hotels, Restaurants & Leisure			
Kyoritsu Maintenance Co., Ltd.	32,200	2,001,797	1.64
		2,001,797	1.64
Distributors			
Doshisha Co., Ltd.	84,100	1,759,815	1.44
		1,759,815	1.44
Total Consumer Discretionary		24,917,424	20.40

FINANCIALS

Diversified Financial Services			
ORIX Corp.	241,600	3,531,981	2.89
Century Tokyo Leasing Corp.	57,700	2,081,959	1.70
Financial Products Group Co., Ltd.	195,300	1,801,328	1.47
Zenkoku Hosho Co., Ltd.	36,400	1,499,532	1.23
		8,914,800	7.29
Insurance			
Tokio Marine Holdings, Inc.	81,800	3,105,101	2.54
		3,105,101	2.54
Banks			
Mitsubishi UFJ Financial Group, Inc.	316,300	1,580,075	1.29
Seven Bank, Ltd.	451,600	1,438,656	1.18
		3,018,731	2.47
Capital Markets			
Nihon M&A Center, Inc.	84,800	2,614,797	2.14
		2,614,797	2.14
Real Estate Management & Development			
Relo Group, Inc.	13,000	2,157,521	1.78
		2,157,521	1.78
Total Financials		19,810,950	16.22

Japan Fund

30 September 2016

Schedule of Investments (continued)

EQUITIES (CONTINUED)

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
CONSUMER STAPLES			
Food & Staples Retailing			
Seven & I Holdings Co., Ltd.	64,700	3,043,970	2.49
San-A Co., Ltd.	38,400	1,917,123	1.57
Cosmos Pharmaceutical Corp.	6,700	1,434,794	1.17
		6,395,887	5.23
Food Products			
Ariake Japan Co., Ltd.	25,900	1,390,346	1.14
Ezaki Glico Co., Ltd.	18,600	1,125,202	0.92
Calbee, Inc.	24,100	909,651	0.74
		3,425,199	2.80
Personal Products			
Kao Corp.	56,100	3,156,891	2.59
		3,156,891	2.59
Household Products			
Pigeon Corp.	97,700	2,940,681	2.41
		2,940,681	2.41
Tobacco			
Japan Tobacco, Inc.	57,500	2,342,632	1.92
		2,342,632	1.92
Total Consumer Staples		18,261,290	14.95
HEALTH CARE			
Health Care Equipment & Supplies			
System Corp.	41,400	3,050,502	2.50
Hoya Corp.	69,800	2,785,632	2.28
Asahi Intecc Co., Ltd.	60,800	2,767,475	2.27
CYBERDYNE, Inc.	127,900	1,993,495	1.63
Daiken Medical Co., Ltd.	54,000	403,925	0.33
		11,001,029	9.01
Health Care Technology			
M3, Inc.	95,800	3,260,780	2.67
		3,260,780	2.67
Biotechnology			
PeptiDream, Inc.	8,800	478,143	0.39
		478,143	0.39
Total Health Care		14,739,952	12.07
INFORMATION TECHNOLOGY			
Electronic Equipment, Instruments & Components			
Keyence Corp.	4,100	2,980,436	2.44
Murata Manufacturing Co., Ltd.	19,500	2,516,430	2.06
		5,496,866	4.50
Internet Software & Services			
Infomart Corp.	147,700	1,708,979	1.40
Dena Co., Ltd.	44,300	1,599,219	1.31
		3,308,198	2.71
Software			
NSD Co., Ltd.	82,100	1,313,503	1.08
Broadleaf Co., Ltd.	62,800	686,493	0.56
		1,999,996	1.64

The accompanying notes form an integral part of these financial statements.

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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INFORMATION TECHNOLOGY (CONTINUED)			
Technology Hardware, Storage & Peripherals			
Elecom Co., Ltd., REIT	28,900	626,278	0.51
		626,278	0.51
Total Information Technology		11,431,338	9.36

MATERIALS			
Chemicals			
W-Scope Corp.	82,100	1,713,907	1.40
		1,713,907	1.40
Total Materials		1,713,907	1.40

TOTAL EQUITIES	122,990,425	100.70
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TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING	122,990,425	100.70
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TOTAL INVESTMENTS	122,990,425	100.70
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LIABILITIES IN EXCESS OF CASH AND OTHER ASSETS	(852,348)	(0.70)
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TOTAL NET ASSETS	122,138,077	100.00
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REIT: Real Estate Investment Trust

Sector Allocation	% of Net Assets
Industrials	26.30
Consumer Discretionary	20.40
Financials	16.22
Consumer Staples	14.95
Health Care	12.07
Information Technology	9.36
Materials	1.40
Total Investments	100.70
Liabilities In Excess of Cash and Other Assets	(0.70)
Total	100.00



PORTFOLIO MANAGERS

Lydia So, CFA
Lead Manager

Kenichi Amaki
Co-Manager

Beini Zhou, CFA
Co-Manager

Asia Small Companies Fund

Fund Manager Report

Performance figures discussed in this Fund Manager Commentary reflects that of the Institutional Accumulation Class Shares (USD).

For the six months ending 30 September 2016, the Matthews Asia Small Companies Fund returned 9.26% while its benchmark, the MSCI All Country Asia ex Japan Small Cap Index, returned 7.08%.

Market Environment:

Asian equity markets registered strong performance in the quarter ending 30 September, after enduring roller coaster-like volatility after the unexpected Brexit referendum. The market rebound was propelled by better-than-expected economic data as well as encouraging developments on the policy front from China, India and parts of Southeast Asia. In mid-August, China announced the details regarding the Shenzhen-Hong Kong Stock Connect Program, which was perceived to increase capital flows into Hong Kong small-cap companies, and hence, a driver for higher valuations for the asset class. In India, the passing of the Goods and Services Tax (GST) Bill is a significant step in the country's reform process and should reduce the complexity in tax collection, and is viewed to be constructive for businesses by cutting red tape. Meanwhile, in Indonesia, the implementation of the tax amnesty program and the re-appointment of Sri Mulyani Indrawati (former World Bank managing director) as Finance Minister were positive steps toward improving foreign investor confidence in the economy.

Performance Contributors and Detractors:

Holdings in China/Hong Kong were major contributors to performance during the six-month period. The Fund's long-term holdings Sunny Optical Technology Group and Fairwood Holdings were top contributors to Fund performance thanks to strong operational performance that translated into solid earnings growth. It is encouraging to see these companies performing well in their respective industries in the midst of a moderating growth environment. On the other hand, our holdings in Singapore and South Korea were lackluster and detracted from performance.

In general, our holdings across sectors performed reasonably well in absolute terms. Our positions in the health care, materials and consumer discretionary sectors were some of the top contributors to returns during the period. Stock selection in these three sectors drove the Fund's outperformance during the period.

Notable Portfolio Changes:

We made a number of changes to the portfolio due to relative growth visibility and valuation considerations, as well as shedding holdings that performed below our expectations. We exited Ipca Laboratories, an Indian pharmaceutical company, due to concerns surrounding regulatory issues. We initiated new positions in companies that, we believe, are beneficiaries of evolving consumption trends, including Macauto Industrial. The Taiwanese company is a manufacturer of automotive sunshades, which has been growing nicely due to the greater penetration of sunroofs in new cars. Another new addition to the portfolio was South Korea's Yonwoo. The company specializes in manufacturing packaging materials such as pumps and tubes for cosmetic companies in Korea and globally.

Within our China holdings, we exited China Distance Education Holdings as the company suffered from lackluster demand of its online accounting courses for several quarters. While the company remains profitable and financially sound, we would rather seek growth opportunities that offer better visibility. We initiated a position in Beijing Urban Construction, a China-based engineering and design company focused on mass urban transit and



subway projects. We believe the company will be one of the major beneficiaries of the build-out of mass transit in major cities in China over the next few years.

Outlook:

We believe that recent macroeconomic data and ongoing reforms in larger economies such as China, India and Indonesia are on the right track which bode well for an improving operating environment for corporates and domestic demand. However, there is still a possibility of a U.S. Federal Reserve rate hike later this year, while other central banks globally are likely to remain in an easing mode. Irrespective of changes in interest rates, we continue to favour companies with relatively under-levered balance sheets and strong cash flow generation. Our portfolio decisions continue to be driven by stock specific factors such as earnings growth trends and uncovering companies that operate in industries in the early stages of growth. We are encouraged by the pick-up in IPO activity in the second half of this year which widens our opportunity set in the small-cap growth universe in Asia ex Japan.

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.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg

Schedule of Investments

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing				SOUTH KOREA			
EQUITIES				INDIA			
CHINA/HONG KONG				INDONESIA			
Vitasoy International Holdings, Ltd.	1,068,000	2,156,749	2.78	GRUH Finance, Ltd.	263,201	1,295,250	1.67
Value Partners Group, Ltd.	1,956,000	2,015,401	2.60	Berger Paints India, Ltd.	315,417	1,236,702	1.60
Fairwood Holdings, Ltd.	390,000	1,812,533	2.34	AIA Engineering, Ltd.	59,420	1,150,783	1.48
Lifetech Scientific Corp.	6,968,000	1,757,055	2.26	Supreme Industries, Ltd.	81,436	1,109,746	1.43
Qingdao Port International Co., Ltd. H Shares	2,592,000	1,533,059	1.98	CRISIL, Ltd.	28,426	951,959	1.23
Clear Media, Ltd.	1,584,000	1,509,544	1.95	Page Industries, Ltd.	3,953	897,568	1.16
SITC International Holdings Co., Ltd.	2,382,000	1,421,092	1.83	Gujarat Pipavav Port, Ltd.	287,516	751,394	0.97
Bitauto Holdings, Ltd. ADR	44,300	1,339,196	1.73	LA Opala RG, Ltd.	93,507	741,118	0.96
Genscript Biotech Corp.	4,528,000	1,281,301	1.65	Emami, Ltd.	41,624	731,390	0.94
Tongda Group Holdings, Ltd.	4,840,000	1,183,489	1.53	DCB Bank, Ltd.	206,576	388,300	0.50
Best Pacific International Holdings, Ltd.	1,328,000	1,130,529	1.46			9,311,909	12.01
eHi Car Services, Ltd. ADR	90,800	919,806	1.19	INDONESIA			
YY, Inc. ADR	16,900	883,904	1.14	PT Selamat Sempurna	2,869,300	967,353	1.25
Kerry Logistics Network, Ltd.	601,000	826,972	1.07	PT Astra Otoparts	5,376,900	964,060	1.24
IMAX China Holding, Inc.	166,200	816,038	1.05	PT Sumber Alfaria Trijaya	22,935,000	922,602	1.19
Regina Miracle International Holdings, Ltd.	564,273	772,975	1.00	PT Bank Tabungan Pensiunan Nasional	4,598,000	902,370	1.16
Chow Sang Sang Holdings International, Ltd.	427,000	755,551	0.97	PT Ultrajaya Milk Industry & Trading Co.	2,439,300	811,169	1.05
Beijing Urban Construction Design & Development Group Co., Ltd. H Shares	1,095,000	684,785	0.88	PT Arwana Citramulia	8,706,900	380,272	0.49
YGM Trading, Ltd.	76,000	40,379	0.05	PT Puradelta Lestari	8,563,900	161,491	0.21
		22,840,358	29.46			5,109,317	6.59
TAIWAN				SINGAPORE			
PChome Online, Inc.	181,151	2,135,582	2.75	ARA Asset Management, Ltd.	1,534,180	1,518,141	1.96
Aerospace Industrial Development Corp.	1,156,000	1,589,051	2.05	Raffles Medical Group, Ltd.	933,300	1,046,657	1.35
Merida Industry Co., Ltd.	258,000	1,218,850	1.57	Delfi, Ltd.	680,400	1,041,937	1.34
Macauto Industrial Co., Ltd.	163,000	1,078,200	1.39	iFAST Corp., Ltd.	994,800	637,786	0.82
Elite Material Co., Ltd.	394,000	1,076,550	1.39			4,244,521	5.47
Sunny Friend Environmental Technology Co., Ltd.	241,000	1,032,150	1.33	MALAYSIA			
Amulaire Thermal Technology, Inc.	277,536	976,518	1.26	7-Eleven Malaysia Holdings BHD	2,972,400	1,293,755	1.66
Sinbon Electronics Co., Ltd.	372,797	858,057	1.11	Karex BHD	2,021,125	1,202,265	1.55
Kerry TJ Logistics Co., Ltd.	628,000	844,466	1.09	GD Express Carrier BHD	2,663,800	1,120,786	1.45
Voltronic Power Technology Corp.	48,584	759,476	0.98			3,616,806	4.66
Addcn Technology Co., Ltd.	68,200	526,186	0.68				
Adlink Technology, Inc.	580	1,180	0.00				
		12,096,266	15.60				

*Schedule of Investments (continued)***EQUITIES (CONTINUED)**

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
THAILAND			
KCE Electronics Public Co., Ltd.	327,900	1,003,552	1.30
AEON Thana Sinsap Thailand Public Co., Ltd.	301,800	869,014	1.12
Forth Smart Service Public Co., Ltd.	1,473,700	621,119	0.80
Plan B Media Public Co., Ltd. F Shares	2,994,700	449,475	0.58
		2,943,160	3.80
PHILIPPINES			
Concepcion Industrial Corp.	1,062,900	1,272,323	1.65
Security Bank Corp.	182,616	909,785	1.17
Philippine Seven Corp.	187,670	545,654	0.70
		2,727,762	3.52
JAPAN			
W-Scope Corp.	41,200	860,085	1.11
Honma Golf, Ltd.	530,500	684,119	0.88
		1,544,204	1.99
ISRAEL			
Sarine Technologies, Ltd.	603,800	760,944	0.98
		760,944	0.98
VIETNAM			
DHG Pharmaceutical JSC	128,480	645,151	0.83
		645,151	0.83
TOTAL EQUITIES		75,094,608	96.85
TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING			
		75,094,608	96.85
TOTAL INVESTMENTS		75,094,608	96.85
CASH AND OTHER ASSETS, LESS LIABILITIES		2,441,186	3.15
TOTAL NET ASSETS		77,535,794	100.00

Country Allocation	% of Net Assets
China/Hong Kong	29.46
Taiwan	15.60
South Korea	12.01
India	11.94
Indonesia	6.59
Singapore	5.47
Malaysia	4.66
Thailand	3.80
Philippines	3.52
Japan	1.99
Israel	0.98
Vietnam	0.83
Total Investments	96.85
Cash and Other Assets, Less Liabilities	3.15
Total	100.00

ADR: American Depositary Receipt

BHD: Berhad

F Shares: Foreign Shares

H Shares: Mainland China companies listed on The Hong Kong stock exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Tiffany Hsiao, CFA
Lead Manager

Kenichi Amaki
Co-Manager

China Small Companies Fund

Fund Manager Report

Performance figures discussed in this Fund Manager Commentary reflects that of the Institutional Accumulation Class Shares (USD)

For the six months ending 30 September 2016, the Matthews China Small Companies Fund returned 13.71%, outperforming its benchmark, the MSCI China Small Cap Index, which returned 8.39%.

Market Environment:

Despite an initial doom-and-gloom sentiment that immediately followed the unexpected Brexit referendum results, global equity markets overall recovered steadily since their March lows, driven by lessened fears of an oil price induced widespread default risk. Overseas-listed Chinese securities performed particularly well in the June and September quarters relative to global equities, making up for the weak start in 2016. This was helped by improving economic indicators, such as China's manufacturing Purchasing Managers' Index, which in July turned positive for the first time since February 2015. The services and consumption sectors of the economy remained steadily on track, and details for the Shenzhen–Hong Kong Stock Connect Program were released in mid-August. The new stock-trading link is a significant catalyst for Hong Kong-listed small cap stocks, and propelled them higher, given the large valuation gap with similar onshore-listed peers. Lastly, earnings results, announced throughout the summer, for operations during the first half of 2016 were generally satisfactory amid relatively low expectations. Overall, our view is that political uncertainty globally could continue to play a big hand in volatility across markets. Although China is not immune to global uncertainty, its equity markets fared relatively better—especially late in the June quarter. The Fund's relative outperformance against the benchmark reflects the view that even if events, such as Brexit, trigger uncertainty about the future of the European Union, China has enough tools to muddle through the crisis. These tools include fiscal spending, interest rate adjustments and currency management. It also helps that China is still relatively insulated from global turbulence due to its capital flow restrictions. We expect China to remain focused on its own structural reform initiatives to transition from an investment-driven model to a consumption-driven one, amid external distractions.

Performance Contributors and Detractors:

During the first half of the fiscal year, among the biggest contributors to the Fund's relative outperformance versus the benchmark were the consumer discretionary and health care sectors due to good stock selection. The biggest drag on the Fund's relative performance came from holdings in the information technology and real estate sectors mainly due to allocation effect.

Two of our best-performing stocks were Sunny Optical Technology, a premier Chinese optical lens and module provider, and Minth Group, a leading branded auto parts manufacturer. Both Sunny Optical and Minth grew by diversifying and expanding their product categories and applications. They showed impressive, strong execution capabilities versus that of their competition.

Among our top detractors of Fund performance during the six-month period were China Distance Education Holdings and eHi Car Services, the second-largest car rental company in China. China Distance Education operates in a very competitive online education space. The firm's financial results had continued to disappoint and we ultimately exited the position. Competitors to eHi reported poor financial results, which dragged down eHi's stock, however, we still believe the firm has strong growth prospects ahead given the growing consumer spending on travel.

**Notable Portfolio Changes:**

We exited Sunny Optical Technologies as the position had done well for us over the years, and we believed its market capitalisation had surpassed our ideal level. We also exited our positions in Technovator International as the adoption rate of energy-saving solutions in commercial properties and government buildings had been slower than anticipated.

We believe in the strong secular trend of innovative fabless semiconductor companies gaining global market share. To this end, we initiated a position in Silergy, an analog semiconductor company based in Hangzhou and founded by Silicon Valley veterans. The company's core competency is in its proprietary manufacturing process and its highly efficient R&D platform. The company continues to expand its product portfolio through innovation and acquisitions, and should continue to grow at an enviable pace in the years ahead. We also participated in the initial public offering of Greentown Service Group, a leading brand in property management services that can boast a strong pipeline of impending projects.

Outlook:

We are optimistic about the outlook for Chinese small-cap securities given the planned implementation of the Shenzhen–Hong Kong Connect Program. We believe this will facilitate price discovery for Hong Kong-listed Chinese small-cap companies. For the time being, we continue to focus on innovative and capital-efficient small companies that have strong secular growth drivers and are relatively insulated from macroeconomic fluctuations. We will continue to focus on companies with sustainable quality earnings streams, strong cash flows and good balance sheets that can champion varying economic conditions. We still find sectors such as industrial automation, health care and consumer discretionary to be among the most attractive from a secular growth perspective.

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.

Sources: Brown Brothers Harriman (Luxembourg) S.C.A., Matthews Asia, FactSet Research Systems, Bloomberg, Tencent, AIA Group

Schedule of Investments

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets	Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing				INDUSTRIALS			
EQUITIES				Transportation Infrastructure			
CONSUMER DISCRETIONARY				Qingdao Port International Co., Ltd. H Shares			
Household Durables				251,000			
Wuxi Little Swan Co., Ltd. B Shares	44,204	157,983	3.62	148,457			
Guangzhou Holike Creative Home Co., Ltd. A Shares	12,800	67,694	1.55	3.39			
Nien Made Enterprise Co., Ltd.	5,000	64,507	1.47	Yuexiu Transport Infrastructure, Ltd.			
Q Technology Group Co., Ltd.	83,000	34,540	0.79	188,000			
		324,724	7.43	277,435			
				6.34			
Textiles, Apparel & Luxury Goods				Marine			
Regina Miracle International Holdings, Ltd.	102,000	139,726	3.19	SITC International Holdings Co., Ltd.			
Best Pacific International Holdings, Ltd. H Shares	162,000	137,911	3.15	287,000			
		277,637	6.34	171,223			
				3.91			
Auto Components				Commercial Services & Supplies			
Hu Lane Associate, Inc.	23,000	115,181	2.63	Sunny Friend Environmental Technology Co., Ltd.			
Minth Group, Ltd.	30,000	105,617	2.41	21,000			
Amulaire Thermal Technology, Inc.	12,228	43,025	0.98	89,938			
		263,823	6.02	148,000			
				55,539			
				1.27			
Hotels, Restaurants & Leisure				Electrical Equipment			
Fairwood Holdings, Ltd.	26,500	123,159	2.81	Voltronic Power Technology Corp.			
Tuniu Corp. ADR	8,800	92,041	2.11	9,297			
Melco International Development, Ltd.	35,000	46,058	1.05	145,334			
		261,258	5.97	3.32			
				3.32			
Media				Machinery			
Dexter Studios Co., Ltd.	5,002	89,227	2.04	TK Group Holdings, Ltd.			
Clear Media, Ltd.	80,000	76,240	1.74	504,000			
IMAX China Holding, Inc.	11,300	55,483	1.27	139,089			
		220,950	5.05	3.18			
				3.18			
Leisure Products				Air Freight & Logistics			
Honma Golf, Ltd.	77,500	99,942	2.28	Kerry Logistics Network, Ltd.			
		99,942	2.28	74,500			
				102,511			
				2.34			
Specialty Retail				Road & Rail			
Chow Sang Sang Holdings International, Ltd.	35,000	61,930	1.41	eHi Car Services, Ltd. ADR			
		61,930	1.41	10,000			
				101,300			
				2.31			
				2.31			
Total Consumer Discretionary				Professional Services			
		1,510,264	34.50	51job, Inc. ADR			
				2,500			
				86,368			
				1.97			
				1.97			
				Construction & Engineering			
				Beijing Urban Construction Design & Development Group Co., Ltd. H Shares			
				79,000			
				49,405			
				1.13			
				1.13			
				Total Industrials			
				1,218,142			
				27.82			
				HEALTH CARE			
				Biotechnology			
				China Biologic Products, Inc.			
				900			
				111,466			
				2.55			
				Shanghai Haohai Biological Technology Co., Ltd. H Shares			
				21,400			
				105,104			
				2.40			
				4.95			
				Health Care Equipment & Supplies			
				Lifetech Scientific Corp.			
				434,000			
				109,438			
				2.50			
				Shandong Weigao Group Medical Polymer Co., Ltd. H Shares			
				128,000			
				86,076			
				1.97			
				4.47			
				Life Sciences Tools & Services			
				Genscript Biotech Corp.			
				388,000			
				109,793			
				2.51			
				2.51			
				Pharmaceuticals			
				SSY Group, Ltd.			
				178,599			
				61,355			
				1.40			
				1.40			
				Total Health Care			
				583,232			
				13.33			

Schedule of Investments (continued)

EQUITIES (CONTINUED)

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
FINANCIALS			
Real Estate Management & Development			
KWG Property Holding, Ltd.	234,000	154,167	3.52
Beijing Properties Holdings, Ltd.	1,080,000	54,455	1.24
China Jinmao Holdings Group, Ltd.	172,000	53,186	1.22
K Wah International Holdings, Ltd.	89,000	48,663	1.11
		310,471	7.09
Capital Markets			
Value Partners Group, Ltd.	186,000	191,649	4.38
		191,649	4.38
Total Financials		502,120	11.47

INFORMATION TECHNOLOGY

Electronic Equipment, Instruments & Components			
Tongda Group Holdings, Ltd.	250,000	61,131	1.40
Elite Material Co., Ltd.	17,000	46,450	1.06
		107,581	2.46
Semiconductors & Semiconductor Equipment			
Silergy Corp.	6,000	88,749	2.03
		88,749	2.03
Technology Hardware, Storage & Peripherals			
Adlink Technology, Inc.	34,479	70,128	1.60
		70,128	1.60
Internet Software & Services			
YY, Inc. ADR	1,100	57,532	1.31
		57,532	1.31
Software			
Gridsum Holding, Inc. ADR	2,635	44,136	1.01
		44,136	1.01
Total Information Technology		368,126	8.41

CONSUMER STAPLES

Food Products			
Vitasoy International Holdings, Ltd.	52,000	105,010	2.40
		105,010	2.40
Total Consumer Staples		105,010	2.40

ENERGY

Oil, Gas & Consumable Fuels			
China Aviation Oil Singapore Corp., Ltd.	55,800	54,821	1.25
		54,821	1.25
Total Energy		54,821	1.25

Investments	Quantity/ Nominal Value	Market Value USD	% of Net Assets
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MATERIALS

Construction Materials

China Resources Cement Holdings, Ltd.	112,000	44,925	1.03
		44,925	1.03
Total Materials		44,925	1.03

TOTAL EQUITIES

4,386,640 100.21

TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL EXCHANGE LISTING

4,386,640 100.21

TOTAL INVESTMENTS

4,386,640 100.21

LIABILITIES IN EXCESS OF CASH AND OTHER ASSETS

(9,395) (0.21)

TOTAL NET ASSETS

4,377,245 100.00

A Shares: Shares traded through the Shanghai-Hong Kong Stock Connect program

ADR: American Depositary Receipt

B Shares: Mainland China companies listed on the Shanghai and Shenzhen stock exchanges, available to both China and non-Chinese investors

H Shares: Mainland China companies listed on The Hong Kong stock exchange but incorporated in mainland China

Sector Allocation	% of Net Assets
Consumer Discretionary	34.50
Industrials	27.82
Health Care	13.33
Financials	11.47
Information Technology	8.41
Consumer Staples	2.40
Energy	1.25
Materials	1.03
Total Investments	100.21
Liabilities In Excess of Cash and Other Assets	(0.21)
Total	100.00

The accompanying notes form an integral part of these financial statements.

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Statement of Assets and Liabilities

As at 30 September 2016

	Asia Strategic Income Fund (USD)	Asia Credit Opportunities Fund (USD)	Asia Dividend Fund (USD)	Asia ex Japan Dividend Fund (USD)	China Dividend Fund (USD)
ASSETS					
Investment in securities at market value (note 2C)	10,468,115	11,143,679	406,400,642	1,321,343	4,243,542
At cost	10,043,463	10,403,523	354,704,973	1,194,531	3,877,587
Cash and cash equivalent at bank	629,138	577,622	3,758,651	64,618	150,756
Amount receivable on sales of investments	–	–	9,138,230	20,079	20,752
Interests and dividends receivable	173,800	194,472	1,131,956	1,173	9,218
Subscriptions receivable	–	–	2,887,192	–	22,382
Unrealised gain on forward currency exchange contracts (note 12)	1,694	–	–	–	–
Prepaid expenses and other receivables	85,169	37,554	1,424,681	46,534	61,977
TOTAL ASSETS	11,357,916	11,953,327	424,741,352	1,453,747	4,508,627
LIABILITIES					
Amounts payable on purchases of investments	313,255	–	1,671,057	15,557	13,492
Redemptions payable	–	–	12,804,630	–	13,822
Management fees and administration fees (note 4)	(708)	2,541	354,617	(10,571)	(12,054)
Payable for foreign taxes (note 7B)	–	–	356,380	1,422	–
Unrealised loss on forward currency exchange contracts (note 12)	1,497	–	–	–	–
Accrued expenses and other payables	76,448	36,140	1,387,869	39,299	47,261
TOTAL LIABILITIES	390,492	38,681	16,574,553	45,707	62,521
TOTAL NET ASSETS	10,967,424	11,914,646	408,166,799	1,408,040	4,446,106

The accompanying notes form an integral part of these financial statements.

Statement of Assets and Liabilities *(Continued)*

As at 30 September 2016

Asia Focus Fund (USD)	Pacific Tiger Fund (USD)	China Fund (USD)	India Fund (USD)	Japan Fund (USD)	Asia Small Companies Fund (USD)	China Small Companies Fund (USD)	Combined (USD)
903,994	389,413,982	16,042,954	108,563,465	122,990,425	75,094,608	4,386,640	1,150,973,389
902,858	379,312,388	14,557,456	106,807,691	114,874,251	72,743,903	4,049,089	1,073,471,713
57,414	18,951,021	164,301	3,887,063	4,044,077	3,051,743	79,504	35,415,908
–	–	–	202,208	1,428,249	454,991	100,976	11,365,485
1,655	678,794	29,505	1,054	633,298	100,679	11,945	2,967,549
–	4,201,086	30,149	1,726	595,101	2,860	7,686	7,748,182
–	–	–	–	–	–	–	1,694
71,432	119,798	27,974	386,333	4,644	333,769	36,247	2,636,112
1,034,495	413,364,681	16,294,883	113,041,849	129,695,794	79,038,650	4,622,998	1,211,108,319
–	1,579,707	111,133	390,834	1,635,787	1,250,999	189,407	7,171,228
–	1,167,649	146,494	7,418	5,286,260	–	6,369	19,432,642
(16,864)	422,047	2,192	104,228	100,456	87,534	(11,770)	1,021,648
–	–	–	1,631,045	–	56,580	–	2,045,427
–	–	–	–	–	–	–	1,497
69,754	1,950,680	137,535	141,028	535,214	107,743	61,747	4,590,718
52,890	5,120,083	397,354	2,274,553	7,557,717	1,502,856	245,753	34,263,160
981,605	408,244,598	15,897,529	110,767,296	122,138,077	77,535,794	4,377,245	1,176,845,159

This table follows the same sequence of financial captions on the previous page.

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets

For the period ended 30 September 2016

	Asia Strategic Income Fund (USD)	Asia Credit Opportunities Fund (USD)	Asia Dividend Fund (USD)	Asia ex Japan Dividend Fund (USD)	China Dividend Fund (USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	10,199,567	10,573,839	409,879,371	1,015,781	3,963,081
INCOME					
Dividends income, net of foreign tax withholding (note 2G)	–	–	8,016,861	28,930	106,087
Interest income, net (note 2G)	155,650	375,055	4,045	–	81
Other income	24,650	5,115	–	14,862	13,497
TOTAL INCOME	180,300	380,170	8,020,906	43,792	119,665
EXPENSES					
Overdraft interest on bank accounts	16	–	485	19	–
Management fees and administration fees (note 4)	61,580	60,850	2,292,932	7,328	23,284
Domiciliation, Administration and Transfer agency fees	23,682	24,016	54,516	26,383	23,199
Professional fees	31,172	14,469	29,379	11,553	35,535
Printing fees	799	799	1,047	799	799
Depository fees	2,954	255	32,980	29	101
Taxe d'abonnement (note 7A)	2,661	2,854	100,591	337	960
Transaction costs (note 8)	5,889	656	379,555	3,929	14,299
Other expenses	28,470	18,372	197,322	39,909	19,195
TOTAL EXPENSES	157,223	122,271	3,088,807	90,286	117,372
Advisory Fees Waived and Fees Reimbursed (note 2H)	55,467	37,877	118,871	61,961	63,867
Advisory Fees and Expenses Recovered (note 2H)	–	–	–	–	–
NET INVESTMENT INCOME/(LOSS)	78,544	295,776	5,050,970	15,467	66,160
Net realised gain/(loss) on sales of investments	(40,710)	169,336	5,562,630	33,571	60,776
Net realised gain/(loss) on forward currency exchange contracts	(61,973)	602	(58,032)	(1,335)	1
Net realised gain/(loss) on foreign exchanges (note 2E)	153,772	(141)	(70,039)	489	(6)
Net realised gain/(loss) for the period	51,089	169,797	5,434,559	32,725	60,771
Net change in unrealised gain/(loss) on sales of investments	666,236	389,778	24,989,420	104,507	339,402
Net change in unrealised gain/(loss) on foreign tax provision (note 7B)	–	–	(354,935)	(1,421)	–
Net change in unrealised gain/(loss) on forward currency exchange contracts	(38,331)	–	–	–	–
Net change in unrealised gain/(loss) on foreign exchanges (note 2E)	(229)	(353)	271,192	(97)	5,089
Net change in unrealised gain/(loss) for the period	627,676	389,425	24,905,677	102,989	344,491
Increase/(decrease) in net assets as a result of operations	757,309	854,998	35,391,206	151,181	471,422
Subscriptions	171,536	868,009	33,709,368	254,498	1,561,877
Redemptions	–	(6,655)	(68,817,635)	(806)	(1,529,763)
Dividend distributions (note 10)	(160,988)	(375,545)	(1,995,511)	(12,614)	(20,511)
NET ASSETS AT THE END OF THE PERIOD	10,967,424	11,914,646	408,166,799	1,408,040	4,446,106

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets *(Continued)*

For the period ended 30 September 2016

Asia Focus Fund (USD)	Pacific Tiger Fund (USD)	China Fund (USD)	India Fund (USD)	Japan Fund (USD)	Asia Small Companies Fund (USD)	China Small Companies Fund (USD)	Combined (USD)
911,351	347,221,789	18,996,873	105,408,111	48,595,763	72,574,437	3,386,434	1,032,726,397
15,873	4,863,288	353,349	516,566	759,757	997,378	85,806	15,743,895
19	78,671	120	1,154	2,548	1,757	100	619,200
18,879	–	17,379	7,999	–	–	15,916	118,297
34,771	4,941,959	370,848	525,719	762,305	999,135	101,822	16,481,392
–	17	20	481	235	–	–	1,273
5,826	1,968,320	77,744	537,010	501,277	464,085	26,247	6,026,483
25,518	44,129	24,188	29,173	28,662	23,771	20,142	347,379
40,886	36,307	38,172	26,458	8,805	22,451	36,539	331,726
799	1,046	1,046	1,047	799	799	799	10,578
64	76,619	381	5,869	908	9,157	197	129,514
237	98,241	3,766	25,131	29,637	18,486	962	283,863
2,914	98,512	37,944	96,687	79,346	130,690	14,317	864,738
24,574	141,839	26,321	35,630	105,839	37,178	15,508	690,157
100,818	2,465,030	209,582	757,486	755,508	706,617	114,711	8,685,711
77,102	9	45,151	7,940	23,472	860	58,454	551,031
–	(395,337)	–	(64,822)	–	(44,722)	–	(504,881)
11,055	2,081,601	206,417	(288,649)	30,269	248,656	45,565	7,841,831
(15,269)	(1,628,764)	(904,622)	(1,238,084)	654,159	(1,092,043)	(103,624)	1,457,356
–	(4,784)	(2)	(1,129)	(282)	(1,427)	(13)	(128,374)
(426)	(134,782)	318	(203,833)	(10,597)	(10,979)	1,239	(274,985)
(15,695)	(1,768,330)	(904,306)	(1,443,046)	643,280	(1,104,449)	(102,398)	1,053,997
71,024	33,225,378	2,409,043	12,871,135	5,696,754	7,042,550	512,085	88,317,312
–	760,336	–	(674,525)	–	57,433	–	(213,112)
–	–	–	–	–	–	–	(38,331)
1,222	794,981	52,355	137,591	(4,887)	21,708	2,422	1,280,994
72,246	34,780,695	2,461,398	12,334,201	5,691,867	7,121,691	514,507	89,346,863
67,606	35,093,966	1,763,509	10,602,506	6,365,416	6,265,898	457,674	98,242,691
2,648	90,029,443	701,413	15,912,887	91,129,535	322,809	990,202	235,654,225
–	(64,100,600)	(5,564,266)	(21,156,208)	(23,952,637)	(1,627,350)	(457,065)	(187,212,985)
–	–	–	–	–	–	–	(2,565,169)
981,605	408,244,598	15,897,529	110,767,296	122,138,077	77,535,794	4,377,245	1,176,845,159

This table follows the same sequence of financial captions on the previous page.

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Number of Shares

For the period ended 30 September 2016

	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)	C Acc (USD)	S Acc (USD)
ASIA STRATEGIC INCOME FUND										
Shares outstanding at the beginning of the period	278,926	269,766	251,146	269,776	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	207	9,516	–	8,639	–	–	–	–	–	–
Shares redeemed	–	–	–	–	–	–	–	–	–	–
Shares outstanding at the end of the period	279,133	279,282	251,146	278,415	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ASIA CREDIT OPPORTUNITIES FUND										
Shares outstanding at the beginning of the period	n.a.	343,131	n.a.	343,133	n.a.	227,344	n.a.	n.a.	n.a.	n.a.
Shares subscribed	–	11,700	–	39,516	–	19,879	–	–	–	–
Shares redeemed	–	–	–	–	–	405	–	–	–	–
Shares outstanding at the end of the period	n.a.	354,831	n.a.	382,649	n.a.	246,818	n.a.	n.a.	n.a.	n.a.
ASIA DIVIDEND FUND										
Shares outstanding at the beginning of the period	8,068,880	2,886,962	6,095,450	827,058	151,416	2,246,957	287,418	61,438	8,004,916	n.a.
Shares subscribed	1,093,251	133,584	520,567	2,418	34,006	315,716	42,232	4,769	–	–
Shares redeemed	2,731,090	361,939	1,239,859	140,723	8,475	137,262	60,292	1,254	–	–
Shares outstanding at the end of the period	6,431,041	2,658,607	5,376,158	688,753	176,947	2,425,411	269,358	64,953	8,004,916	n.a.
ASIA EX JAPAN DIVIDEND FUND										
Shares outstanding at the beginning of the period	16,667	16,759	16,667	16,759	11,066	11,127	n.a.	n.a.	n.a.	n.a.
Shares subscribed	22,200	405	–	405	814	267	–	–	–	–
Shares redeemed	–	–	–	–	47	–	–	–	–	–
Shares outstanding at the end of the period	38,867	17,164	16,667	17,164	11,833	11,394	n.a.	n.a.	n.a.	n.a.
CHINA DIVIDEND FUND										
Shares outstanding at the beginning of the period	180,641	28,705	84,560	57,556	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	49,487	5,533	75,088	1,010	–	–	–	–	–	–
Shares redeemed	106,660	20	19,372	6,402	–	–	–	–	–	–
Shares outstanding at the end of the period	123,468	34,218	140,276	52,164	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ASIA FOCUS FUND										
Shares outstanding at the beginning of the period	50,000	n.a.	50,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	282	–	–	–	–	–	–	–	–	–
Shares redeemed	–	–	–	–	–	–	–	–	–	–
Shares outstanding at the end of the period	50,282	n.a.	50,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PACIFIC TIGER FUND										
Shares outstanding at the beginning of the period	14,246,045	1,031,500	2,503,559	n.a.	4,239,056	1,305,994	23,024	n.a.	n.a.	n.a.
Shares subscribed	4,266,196	26,045	190,703	–	980,375	268,981	5,760	–	–	–
Shares redeemed	2,694,607	41,130	850,723	–	347,121	382,185	1,306	–	–	–
Shares outstanding at the end of the period	15,817,634	1,016,415	1,843,539	n.a.	4,872,310	1,192,790	27,478	n.a.	n.a.	n.a.

Statement of Changes in Number of Shares *(Continued)*

For the period ended 30 September 2016

	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)	C Acc (USD)	S Acc (USD)
CHINA FUND										
Shares outstanding at the beginning of the period	1,613,582	n.a.	95,257	n.a.	133,614	n.a.	2,104	n.a.	n.a.	n.a.
Shares subscribed	5,946	–	2,559	–	33,231	–	6,192	–	–	–
Shares redeemed	486,886	–	16,819	–	30,577	–	6,114	–	–	–
Shares outstanding at the end of the period	1,132,642	n.a.	80,997	n.a.	136,268	n.a.	2,182	n.a.	n.a.	n.a.
INDIA FUND										
Shares outstanding at the beginning of the period	4,987,792	n.a.	218,472	n.a.	589,127	n.a.	92,246	n.a.	n.a.	3,103,968
Shares subscribed	12,147	–	23,353	–	76,419	–	30,973	–	–	1,176,367
Shares redeemed	91,504	–	57,039	–	113,354	–	35,170	–	–	1,551,984
Shares outstanding at the end of the period	4,908,435	n.a.	184,786	n.a.	552,192	n.a.	88,049	n.a.	n.a.	2,728,351
JAPAN FUND										
Shares outstanding at the beginning of the period	2,241,515	n.a.	158,831	n.a.	27,435	n.a.	n.a.	n.a.	n.a.	2,175,385
Shares subscribed	8,297,723	–	85,096	–	8,700	–	–	–	–	–
Shares redeemed	2,149,485	–	24,343	–	4,499	–	–	–	–	–
Shares outstanding at the end of the period	8,389,753	n.a.	219,584	n.a.	31,636	n.a.	n.a.	n.a.	n.a.	2,175,385
ASIA SMALL COMPANIES FUND										
Shares outstanding at the beginning of the period	7,074,932	n.a.	187,137	n.a.	11,994	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	–	–	27,797	–	1,791	–	–	–	–	–
Shares redeemed	116,236	–	42,569	–	4,811	–	–	–	–	–
Shares outstanding at the end of the period	6,958,696	n.a.	172,365	n.a.	8,974	n.a.	n.a.	n.a.	n.a.	n.a.
CHINA SMALL COMPANIES FUND										
Shares outstanding at the beginning of the period	184,399	n.a.	99,768	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	26,270	–	52,000	–	–	–	–	–	–	–
Shares redeemed	20,854	–	16,590	–	–	–	–	–	–	–
Shares outstanding at the end of the period	189,815	n.a.	135,178	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics

Values per share in Share Class currency

	As at 30 September 2016	As at 31 March 2016	As at 31 March 2015
ASIA STRATEGIC INCOME FUND			
Net Assets			
I Acc (USD)	2,984,647	2,772,898	2,721,268
I Dist (USD)	2,680,821	2,484,646	2,438,859
A Acc (USD)	2,657,522	2,477,017	2,443,086
A Dist (USD)	2,644,434	2,465,006	2,431,716
NAV Per Share			
I Acc (USD)	10.69*	9.94	9.76
I Dist (USD)	9.60*	9.21	9.51
A Acc (USD)	10.58*	9.86	9.73
A Dist (USD)	9.50*	9.14	9.48
Shares Outstanding			
I Acc (USD)	279,133	278,926	278,926
I Dist (USD)	279,282	269,766	256,410
A Acc (USD)	251,146	251,146	251,146
A Dist (USD)	278,415	269,776	256,412
ASIA CREDIT OPPORTUNITIES FUND ¹			
Net Assets			
I Dist (USD)	3,807,021	3,520,987	n.a.
A Dist (USD)	4,086,580	3,512,240	n.a.
I Dist (GBP)	3,103,616	2,459,869	n.a.
NAV Per Share			
I Dist (USD)	10.73*	10.26	n.a.
A Dist (USD)	10.68*	10.24	n.a.
I Dist (GBP)	12.57*	10.82	n.a.
Shares Outstanding			
I Dist (USD)	354,831	343,131	n.a.
A Dist (USD)	382,649	343,133	n.a.
I Dist (GBP)	246,818	227,344	n.a.
ASIA DIVIDEND FUND			
Net Assets			
I Acc (USD)	99,783,304	114,616,926	261,468,378
I Dist (USD)	36,097,155	36,700,323	48,044,214
A Acc (USD)	80,731,588	84,013,230	157,623,512
A Dist (USD)	9,214,618	10,380,289	13,706,145
I Acc (GBP)	3,185,978	2,247,009	1,985,479
I Dist (GBP)	38,137,134	29,749,141	18,095,897
A Acc (GBP)	4,714,725	4,156,321	3,424,896
A Dist (GBP)	1,008,524	805,077	1,531,055
C Acc (USD)	121,386,870	110,973,760	112,982,043
NAV Per Share			
I Acc (USD)	15.52*	14.25*	14.45*
I Dist (USD)	13.58*	12.76*	13.28*
A Acc (USD)	15.02*	13.83*	14.11*
A Dist (USD)	13.38*	12.59*	13.20*
I Acc (GBP)	18.01*	14.89*	14.71*
I Dist (GBP)	15.72*	13.29*	13.49*
A Acc (GBP)	17.50*	14.51*	14.40*
A Dist (GBP)	15.53*	13.15*	13.42*
C Acc (USD)	15.16*	13.91*	14.06*

* NAV per share includes swing pricing adjustment.

¹ Commenced operations on 30 September 2015.

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics *(Continued)*

Values per share in Share Class currency

	As at 30 September 2016	As at 31 March 2016	As at 31 March 2015
ASIA DIVIDEND FUND (CONTINUED)			
Shares Outstanding			
I Acc (USD)	6,431,041	8,068,880	18,032,906
I Dist (USD)	2,658,607	2,886,962	3,604,978
A Acc (USD)	5,376,158	6,095,450	11,133,222
A Dist (USD)	688,753	827,058	1,035,080
I Acc (GBP)	176,947	151,416	134,537
I Dist (GBP)	2,425,411	2,246,957	1,337,065
A Acc (GBP)	269,358	287,418	236,928
A Dist (GBP)	64,953	61,438	113,659
C Acc (USD)	8,004,916	8,004,916	8,004,916
ASIA EX JAPAN DIVIDEND FUND²			
Net Assets			
I Acc (USD)	444,583	169,590	n.a.
I Dist (USD)	190,629	169,588	n.a.
A Acc (USD)	189,866	169,301	n.a.
A Dist (USD)	189,826	169,298	n.a.
I Acc (GBP)	156,826	117,419	n.a.
I Dist (GBP)	146,614	117,411	n.a.
NAV Per Share			
I Acc (USD)	11.44*	10.18	n.a.
I Dist (USD)	11.11*	10.12	n.a.
A Acc (USD)	11.39*	10.16	n.a.
A Dist (USD)	11.06*	10.10	n.a.
I Acc (GBP)	13.25*	10.61	n.a.
I Dist (GBP)	12.87*	10.55	n.a.
Shares Outstanding			
I Acc (USD)	38,867	16,667	n.a.
I Dist (USD)	17,164	16,759	n.a.
A Acc (USD)	16,667	16,667	n.a.
A Dist (USD)	17,164	16,759	n.a.
I Acc (GBP)	11,833	11,066	n.a.
I Dist (GBP)	11,394	11,127	n.a.
CHINA DIVIDEND FUND			
Net Assets			
I Acc (USD)	1,613,943	2,078,253	2,059,487
I Dist (USD)	414,209	312,829	2,594,658
A Acc (USD)	1,801,620	958,176	754,978
A Dist (USD)	616,334	613,824	465,798
NAV Per Share			
I Acc (USD)	13.07*	11.55*	11.71*
I Dist (USD)	12.10*	10.94*	11.35*
A Acc (USD)	12.84*	11.37*	11.59*
A Dist (USD)	11.82*	10.70*	11.18*
Shares Outstanding			
I Acc (USD)	123,468	180,641	175,302
I Dist (USD)	34,218	28,705	227,879
A Acc (USD)	140,276	84,560	64,919
A Dist (USD)	52,164	57,556	41,512

* NAV per share includes swing pricing adjustment.

² Commenced operations on 30 November 2015.

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics *(Continued)*

Values per share in Share Class currency

	As at 30 September 2016	As at 31 March 2016	As at 31 March 2015
ASIA FOCUS FUND			
Net Assets			
I Acc (USD)	495,050	457,769	510,193
A Acc (USD)	486,555	453,583	508,067
NAV Per Share			
I Acc (USD)	9.85*	9.16	10.20
A Acc (USD)	9.73*	9.07	10.16
Shares Outstanding			
I Acc (USD)	50,282	50,000	50,000
A Acc (USD)	50,000	50,000	50,000
PACIFIC TIGER FUND			
Net Assets			
I Acc (USD)	240,365,087	197,179,502	582,183,292
I Dist (USD)	9,935,628	9,184,478	19,622,598
A Acc (USD)	26,100,802	32,370,687	93,410,487
I Acc (GBP)	86,100,258	61,411,828	26,558,467
I Dist (GBP)	15,190,584	13,635,953	10,764,427
A Acc (GBP)	471,341	324,522	172,560
NAV Per Share			
I Acc (USD)	15.20*	13.89*	15.10*
I Dist (USD)	9.78*	8.94*	10.51*
A Acc (USD)	14.16*	12.98*	14.18*
I Acc (GBP)	17.67*	14.54*	15.39*
I Dist (GBP)	12.74*	10.48*	11.35*
A Acc (GBP)	17.15*	14.14*	15.06*
Shares Outstanding			
I Acc (USD)	15,817,634	14,246,045	38,695,240
I Dist (USD)	1,016,415	1,031,500	1,873,349
A Acc (USD)	1,843,539	2,503,559	6,608,570
I Acc (GBP)	4,872,310	4,239,056	1,731,226
I Dist (GBP)	1,192,790	1,305,994	951,437
A Acc (GBP)	27,478	23,024	11,496
CHINA FUND			
Net Assets			
I Acc (USD)	12,816,782	16,174,328	59,030,808
A Acc (USD)	835,430	872,547	1,017,559
I Acc (GBP)	1,706,497	1,334,311	941,591
A Acc (GBP)	26,535	20,465	30,359
NAV Per Share			
I Acc (USD)	11.32*	10.06*	11.77*
A Acc (USD)	10.31*	9.19*	10.81*
I Acc (GBP)	12.52*	10.02*	11.42*
A Acc (GBP)	12.16*	9.76*	11.18*
Shares Outstanding			
I Acc (USD)	1,132,642	1,613,582	4,999,924
A Acc (USD)	80,997	95,257	93,805
I Acc (GBP)	136,268	133,614	82,171
A Acc (GBP)	2,182	2,104	2,706

* NAV per share includes swing pricing adjustment.

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics *(Continued)*

Values per share in Share Class currency

	As at 30 September 2016	As at 31 March 2016	As at 31 March 2015
INDIA FUND			
Net Assets			
I Acc (USD)	64,267,324	58,694,353	54,510,987
A Acc (USD)	2,356,854	2,510,523	1,790,395
I Acc (GBP)	8,939,601	7,715,877	6,627,218
A Acc (GBP)	1,388,127	1,179,440	2,338,746
S Acc (USD) ³	30,762,513	31,399,760	n.a.
NAV Per Share			
I Acc (USD)	13.09*	11.73*	13.94*
A Acc (USD)	12.75*	11.45*	13.68*
I Acc (GBP)	16.19*	13.05*	15.11*
A Acc (GBP)	15.77*	12.74*	14.83*
S Acc (USD) ³	11.28*	10.08*	n.a.
Shares Outstanding			
I Acc (USD)	4,908,435	4,987,792	3,923,949
A Acc (USD)	184,786	218,472	131,343
I Acc (GBP)	552,192	589,127	440,068
A Acc (GBP)	88,049	92,246	158,280
S Acc (USD) ³	2,728,351	3,103,968	n.a.
JAPAN FUND⁴			
Net Assets			
I Acc (USD)	94,347,014	23,465,937	n.a.
A Acc (USD)	2,451,567	1,655,300	n.a.
I Acc (GBP)	423,185	307,582	n.a.
S Acc (USD) ⁵	24,791,219	23,031,808	n.a.
NAV Per Share			
I Acc (USD)	11.25*	10.51*	n.a.
A Acc (USD)	11.16*	10.46*	n.a.
I Acc (GBP)	13.38*	11.25*	n.a.
S Acc (USD) ⁵	11.40*	10.62*	n.a.
Shares Outstanding			
I Acc (USD)	8,389,753	2,241,515	n.a.
A Acc (USD)	219,584	158,831	n.a.
I Acc (GBP)	31,636	27,435	n.a.
S Acc (USD) ⁵	2,175,385	2,175,385	n.a.
ASIA SMALL COMPANIES FUND			
Net Assets			
I Acc (USD)	75,541,617	70,545,490	13,439,603
A Acc (USD)	1,839,779	1,839,445	2,251,112
I Acc (GBP)	119,171	131,658	3,270,636
NAV Per Share			
I Acc (USD)	10.86*	9.94*	11.54*
A Acc (USD)	10.67*	9.80*	11.44*
I Acc (GBP)	13.28*	10.94*	12.37*
Shares Outstanding			
I Acc (USD)	6,958,696	7,074,932	1,168,352
A Acc (USD)	172,365	187,137	197,529
I Acc (GBP)	8,974	11,994	265,248
CHINA SMALL COMPANIES FUND			
Net Assets			
I Acc (USD)	2,580,671	2,213,060	1,426,675
A Acc (USD)	1,796,574	1,173,375	1,148,232
NAV Per Share			
I Acc (USD)	13.60*	11.96*	12.62*
A Acc (USD)	13.29*	11.72*	12.42*
Shares Outstanding			
I Acc (USD)	189,815	184,399	112,689
A Acc (USD)	135,178	99,768	92,090

* NAV per share includes swing pricing adjustment.

³ Commenced operations on 5 February 2016.

⁴ Commenced operations on 30 April 2015.

⁵ Commenced operations on 8 January 2016.

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements

As at 30 September 2016

1. GENERAL

MATTHEWS ASIA FUNDS (the “Fund”) is a self-managed investment company organised under the laws of the Grand Duchy of Luxembourg as a “société d’investissement à capital variable” (SICAV) and is authorised under Part I of the amended Luxembourg Law of 17 December 2010 relating to collective investment undertakings. The Fund was incorporated on 5 February 2010.

The Fund’s articles of incorporation have been deposited with the Luxembourg Registre du Commerce et des Sociétés and were published in the *Mémorial C, Recueil des Sociétés et Associations* (the “Mémorial”) on 25 February 2010 and the last update was published on 31 March 2016.

The Fund has been registered under number B-151275 with the Luxembourg Trade and Companies Register.

The objective of the Fund is to provide investors with access to the markets of the Asia Pacific region, through diversification of investments. Each Sub-Fund will have a specific investment objective.

At the closing date, twelve Sub-Funds were available for investments.

Each Sub-Fund offers the following Classes of Shares:

	I ACC (USD)	I DIST (USD)	A ACC (USD)	A DIST (USD)	I ACC (GBP)	I DIST (GBP)	A ACC (GBP)	A DIST (GBP)	C ACC (USD)	S ACC (USD)
Asia Strategic Income Fund	X	X	X	X						
Asia Credit Opportunities Fund		X		X		X				
Asia Dividend Fund	X	X	X	X	X	X	X	X	X	
Asia ex Japan Dividend Fund	X	X	X	X	X	X				
China Dividend Fund	X	X	X	X						
Asia Focus Fund	X		X							
Pacific Tiger Fund	X	X	X		X	X	X			
China Fund	X		X		X		X			
India Fund	X		X		X		X			X
Japan Fund	X		X		X					X
Asia Small Companies Fund	X		X		X					
China Small Companies Fund	X		X							

Each Sub-Fund may offer both accumulation (“Acc”) and distribution Shares (“Dist”), but in relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the Net Asset Value of such Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors of the Fund to periodically distribute substantially all the income earned on investments. All classes belonging to the same Sub-Fund will be commonly invested in adherence with the specific investment objective of the relevant Sub-Fund but may differ with regard to fee structure, minimum subscription amount, dividend policy or other particular features described in the Fund’s prospectus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Luxembourg law and regulations relating to Undertakings for Collective Investment and generally accepted accounting principles.

B) COMBINED FINANCIAL STATEMENTS

The Combined Statement of Assets and Liabilities and Combined Statements of Operations and Changes in Net Assets are expressed in USD.

C) VALUATION OF THE INVESTMENTS IN SECURITIES AND MONEY MARKET INSTRUMENTS

The Fund’s equity securities are valued based on market quotations or at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund (the “Board”) when no market quotations are available or when market quotations have become unreliable.

Market values for equity securities are determined based on the last sale price on the principal (or most advantageous) market on which the security is traded. If a reliable last sale price is not available, market values for equity securities are determined using the mean between the last available bid and asked price. Securities are valued through valuations obtained from a commercial pricing service or at the most recent mean of the bid and asked prices provided by investment dealers in accordance with the Fund’s Pricing Policies.

Notes to Financial Statements *(Continued)*

As at 30 September 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

C) VALUATION OF THE INVESTMENTS IN SECURITIES AND MONEY MARKET INSTRUMENTS *(Continued)*

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.

Events affecting the value of foreign investments may occur between the time at which they are determined and the Fund's valuation point of 2:00 p.m. Luxembourg time. When such events occur, each Sub-Fund may fair value its securities if the impact of such events can be reasonably determined. Notwithstanding the foregoing, the Fund may determine not to fair value securities where it believes that the impact of doing so would not have a material impact on the calculation of a Sub-Fund's NAV on that day.

The Board has delegated the responsibility of making fair value determinations to the Investment Manager's Valuation Committee (the "Valuation Committee"), subject to the Fund's Pricing Policies. The Fund has retained third-party pricing services that may be utilized by the Valuation Committee under circumstances described in the Pricing Policies to provide fair value prices for certain securities held by the Fund. To propose the fair value price of the suspended securities, the Valuation Committee may use techniques such as analyses of the price movements of selected proxies / indices whose performance might indicate valuation changes of the suspended securities. When fair value pricing is used, the prices of securities used by a Sub-Fund to calculate its Net Asset Value ("NAV") differ from quoted or published prices for the same securities for that day. All fair value determinations are made subject to the Board's oversight.

D) NET REALISED AND NET CHANGE IN UNREALISED GAIN/(LOSS) ON SALES OF INVESTMENTS

Net realised and net change in unrealised gains or losses on sales of investments are calculated on the basis of first in first out cost method of the investments sold.

E) CONVERSION OF FOREIGN CURRENCIES

The books and records of the Fund are maintained in USD.

Transactions denominated in foreign currencies are recorded at the current prevailing exchange rates. All assets and liabilities denominated in foreign currencies are translated into USD at the current exchange rate.

Conversion gains or losses resulting from changes in the exchange rate during the reporting year and realised gains and losses on the settlement of foreign currency transactions are reported in the results of operations for the current year.

The Fund does not isolate that portion of gains and losses on investments in equity securities that are due to changes in the foreign exchange rate from those that are due to changes in market prices of equity securities.

The accounting records and the financial statements of each Sub-Fund are expressed in USD.

Bank accounts, other net assets and market value of the investments in securities expressed in currencies other than the currency of a Sub-Fund are converted at the exchange rates prevailing on the date of the Statement of Assets and Liabilities. Income and expenses in currencies other than the currency of a Sub-Fund are converted at the rate of exchange prevailing at the transaction date.

Net realised and net change in unrealised gains and losses on foreign exchange transactions represent: (i) foreign exchange gains and losses from the sale and holding of foreign currencies; (ii) gains and losses between trade date and settlement date on securities transactions and (iii) gains and losses arising from the difference between amounts of dividends and interest recorded and the amounts actually received.

F) COST OF INVESTMENTS IN SECURITIES

Cost of investments in securities in currencies other than the currency of a Sub-Fund is converted into the Sub-Fund's currency at the exchange rate applicable at purchase date.

G) INCOME

Interest income is accrued on a daily basis and may include the amortisation of premiums and accretions of discounts. Bank and time deposits interest income are recognised on an accrual basis.

Dividends are credited to income on the date upon which the relevant securities are first listed as 'ex dividend' provided that the amount of a dividend is known with reasonable certainty. This income is shown net of any withholding taxes, except where the withholding tax has been received or is receivable.

H) FEE WAIVER

The Investment Advisor may, for such time as it considers appropriate, choose to waive all or part of the fees that it is entitled to receive, or to reimburse a Sub-Fund for other expenses, in order to reduce the impact such fees and expenses may have on the performance of the Share Class. The Investment Advisor will reimburse on a monthly basis the amount of the fee waiver or expense reimbursement to the respective Sub-Fund. Fees that have been previously waived and expenses that have been previously reimbursed may be recovered by the Investment Advisor.

The amounts of the fees waived and fees recovered for the current period are separately disclosed as "Advisory Fees Waived and Expenses Reimbursed" and "Advisory Fees and Expenses Recovered", respectively, in the Statements of Operations and Changes in Net Assets.

Notes to Financial Statements *(Continued)*

As at 30 September 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

I) FORMATION EXPENSES

The cost of establishing the Fund amounted to USD 157,391. The establishment costs are amortised on a straight line basis over five years from the date of which the Fund commenced business. As of 30 September 2016 the establishment costs have been fully amortised.

J) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

3. EXCHANGE RATES

The exchange rates used in the financial statements as at 30 September 2016 are:

Australian Dollar (AUD)	1.3125	Hong Kong Dollar (HKD)	7.7545	Philippines Peso (PHP)	48.495
Swiss Franc (CHF)	0.9748	Indonesian Rupiah (IDR)	13,051	Singapore Dollar (SGD)	1.3648
Chinese Yuan (CNY)	6.6786	Indian Rupee (INR)	66.580	Sri Lankan Rupee (LKR)	146.80
Bangladesh Taka (BDT)	78.375	Japanese Yen (JPY)	101.32	Thai Bhat (THB)	34.650
British Pound (GBP)	0.7718	South Korean Won (KRW)	1,101.4	Taiwan New Dollar (TWD)	31.346
Euro (EUR)	0.8960	Malaysian Ringgit (MYR)	4.1355	Vietnamese Dong (VND)	22,305

4. MANAGEMENT FEES AND ADMINISTRATION FEES

The Investment Advisor receives an amount corresponding to the Management Fee, which may be up to 1.50% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. The Management fees in the table represent the effective fees paid to the Investment Advisor, which are then paid out to the Investment Manager.

	I ACC (USD)	I DIST (USD)	A ACC (USD)	A DIST (USD)	I ACC (GBP)	I DIST (GBP)	A ACC (GBP)	A DIST (GBP)	C ACC (USD)	S ACC (USD)
Asia Strategic Income Fund	0.65%	0.65%	1.20%	1.20%	—	—	—	—	—	—
Asia Credit Opportunities Fund	—	0.65%	—	1.20%	—	0.65%	—	—	—	—
Asia Dividend Fund	0.75%	0.75%	1.25%	1.25%	0.75%	0.75%	1.25%	1.25%	0.75%	—
Asia ex Japan Dividend Fund	0.75%	0.75%	1.25%	1.25%	0.75%	0.75%	—	—	—	—
China Dividend Fund	0.75%	0.75%	1.25%	1.25%	—	—	—	—	—	—
Asia Focus Fund	0.75%	—	1.25%	—	—	—	—	—	—	—
Pacific Tiger Fund	0.75%	0.75%	1.25%	—	0.75%	0.75%	1.25%	—	—	—
China Fund	0.75%	—	1.25%	—	0.75%	—	1.25%	—	—	—
India Fund	0.75%	—	1.25%	—	0.75%	—	1.25%	—	—	0.75%
Japan Fund	0.75%	—	1.25%	—	0.75%	—	—	—	—	0.75%
Asia Small Companies Fund	1.00%	—	1.50%	—	1.00%	—	—	—	—	—
China Small Companies Fund	1.00%	—	1.50%	—	—	—	—	—	—	—

In addition, the Investment Advisor receives an Administration Fee, which may be up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. The Administration Fee is currently 0.25% for each Sub-Fund. The Investment Advisor pays the Administration Fee to the Investment Manager for administrative services provided to each Sub-Fund.

5. DEPOSITARY AND CENTRAL ADMINISTRATION FEES

The Depositary and the Administrative Agent receive from the Fund aggregate fees that amount to a maximum of 2% per annum of the total net assets of each Sub-Fund. The fees effectively charged to each Sub-Fund are disclosed in the Statement of Operations of the Fund. The Depositary and Administration Agent fees are payable monthly in arrears. Transaction costs are charged separately.

6. DIRECTOR FEE

The three Directors who are employees of Matthews do not receive additional compensation in respect of their roles as Directors of the Fund. The Director who is independent of Matthews is remunerated as a Conducting Officer, and not separately as a Director of the Fund.

Notes to Financial Statements *(Continued)*

As at 30 September 2016

7. TAXATION

A) TAXE D'ABONNEMENT

The subscription tax is payable quarterly and calculated on the total net assets of each Sub-Fund at the end of the relevant quarter at a rate of 0.05% per annum.

This rate is reduced to 0.01% (i) for Sub-Funds or individual classes of shares reserved to one or more institutional investors or (ii) funds or Sub-Funds having the exclusive objective to invest in money market instruments as defined by the amended law of 17 December 2010 relating to undertakings of collective investment.

B) PROVISION FOR FOREIGN TAXES

The Sub-Funds may be subject to short-term capital gains tax in India on gains realised upon disposal of Indian securities held for a period of one year or less. The tax is computed on net realised gains; any realised losses in excess of gains may be carried forward for a period of up to eight years to offset future gains. Any net taxes payable must be remitted to the Indian government prior to repatriation of sales proceeds. The Sub-Funds that invest in Indian securities accrue a deferred tax liability for net unrealised short-term gains in excess of available carry forwards on Indian securities. This accrual may reduce a Sub-Fund's net asset value. As at 30 September 2016, the Asia Dividend Fund recorded a payable of USD 356,380, the Asia ex Japan Dividend Fund a payable of USD 1,421, the India Fund a payable of USD 1,631,045 and the Asia Small Companies Fund a payable of USD 56,580 as an estimate for potential future India capital gains taxes.

8. TRANSACTION COSTS

For the period ended 30 September 2016, the Fund incurred transaction costs which have been defined as brokerage fees and depositary transaction fees relating to purchase or sale of transferable securities or other eligible assets as follows:

Sub-Fund (USD)	Brokerage fees and commissions	Depositary transaction fees	Total transaction costs
Asia Strategic Income Fund	–	5,889	5,889
Asia Credit Opportunities Fund	–	656	656
Asia Dividend Fund	354,760	24,795	379,555
Asia ex Japan Dividend Fund	3,200	729	3,929
China Dividend Fund	8,141	6,158	14,299
Asia Focus Fund	377	2,537	2,914
Pacific Tiger Fund	78,872	19,640	98,512
China Fund	32,065	5,879	37,944
India Fund	90,648	6,039	96,687
Japan Fund	77,001	2,345	79,346
Asia Small Companies Fund	108,195	22,495	130,690
China Small Companies Fund	6,725	7,592	14,317

9. SOFT COMMISSION ARRANGEMENTS

The Investment Manager may effect transactions with or through the agency of another person with whom the Investment Manager or an entity affiliated to the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Investment Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assist in the provision of investment services to the Fund. The total monetary value of these arrangements for the period ended 30 September 2016 is USD 59,182.

10. DIVIDENDS

The Fund intends to declare and distribute dividends representing substantially all of the investment income attributable to Distributing Shares. Dividends in respect of these Shares will normally be payable quarterly or semi-annually, will be declared in the currency of denomination of the relevant Fund and will be recorded on ex-date. Interim dividends in respect of the Distributing Shares of any particular Fund may be paid from the attributable net investment income and realised capital gains with a frequency and at such intervals as the Board of Directors may decide.

Notes to Financial Statements *(Continued)*

As at 30 September 2016

10. DIVIDENDS (Continued)

The Securities and Futures Commission of Hong Kong (“SFC”) requires disclosure of the composition of dividends distributed by SFC authorized funds. This disclosure should include the amount of the distribution per share as well as the portion of the dividend paid out of capital on a rolling twelve-month period.

The following dividend payments were made during the twelve months ended 30 September 2016:

	Currency	Ex-Date	Date of dividend payment	Dividend per Share	Dividend paid out of distributable income for the period (%)	Dividend paid out of capital (%)
Asia Dividend Fund						
I Dist	USD	12/10/15	12/17/15	0.050442	20.18%	79.82%
I Dist	USD	3/21/16	3/30/16	0.042454	17.14%	82.86%
I Dist	USD	6/21/16	7/1/16	0.177386	72.28%	27.72%
I Dist	USD	9/20/16	9/30/16	0.116778	66.55%	33.45%
A Dist	USD	12/10/15	12/17/15	0.051848	0.00%	100.00%
A Dist	USD	3/21/16	3/30/16	0.043409	0.00%	100.00%
A Dist	USD	6/21/16	7/1/16	0.165515	63.31%	36.69%
A Dist	USD	9/20/16	9/30/16	0.117313	52.40%	47.60%
I Dist	GBP	12/10/15	12/17/15	0.054167	24.25%	75.75%
I Dist	GBP	3/21/16	3/30/16	0.046035	29.01%	70.99%
I Dist	GBP	6/21/16	7/1/16	0.169438	72.96%	27.04%
I Dist	GBP	9/20/16	9/30/16	0.133430	66.24%	33.76%
A Dist	GBP	12/10/15	12/17/15	0.050368	0.00%	100.00%
A Dist	GBP	3/21/16	3/30/16	0.047635	0.00%	100.00%
A Dist	GBP	6/21/16	7/1/16	0.167450	64.27%	35.73%
A Dist	GBP	9/20/16	9/30/16	0.128422	51.20%	48.80%
China Dividend Fund						
I Dist	USD	12/10/15	12/17/15	0.000000	0.00%	0.00%
I Dist	USD	6/21/16	7/1/16	0.243910	81.09%	18.91%
A Dist	USD	12/10/15	12/17/15	0.025583	0.00%	100.00%
A Dist	USD	6/21/16	7/1/16	0.239577	76.03%	23.97%
Pacific Tiger Fund						
I Dist	USD	12/10/15	12/17/15	0.727711	60.38%	39.62%
I Dist	GBP	12/10/15	12/17/15	0.228652	66.25%	33.75%

11. SWING PRICING

The Board of Directors of the Fund implemented a price adjustment policy in order to protect the interests of the Fund’s Shareholders. The purpose of the price adjustment policy is to allocate the costs associated with large inflows and outflows to investors transacting that day, thereby protecting the long-term Shareholders from the worst effects of dilution. It achieves this purpose by adjusting the price at which deals in a Sub-Fund are transacted. In other words, Sub-Funds’ prices may be adjusted up or down depending on the level and type of investor transactions on a particular day. In this way the existing and remaining Shareholders do not suffer an inappropriate level of dilution. The Fund will only trigger an adjustment in the price when there are net flows which exceed a threshold preset by the Board of Directors. The adjustment will be based on the normal dealing costs for the particular assets in which a Sub-Fund is invested but will not exceed 2% of the price. Once an adjustment is made to the price, that price is the official price for that Sub-Fund for all deals that day.

A periodic review is undertaken in order to verify the appropriateness of swing factor being applied.

The NAV per share as disclosed in the statistical information is the published NAV per share whereas the total net assets disclosed in the statement of net assets is the total net asset value excluding any period end swing adjustment.

As at 30 September 2016, swing pricing was applied on the NAV per share of the following Sub-Funds:

Asia Dividend Fund, China Dividend Fund, Pacific Tiger Fund, China Fund, India Fund, Japan Fund, Asia Small Companies Fund and China Small Companies Fund.

Notes to Financial Statements *(Continued)*

As at 30 September 2016

12. FORWARD CURRENCY EXCHANGE CONTRACTS

A forward currency exchange contract is an agreement to buy or sell a specific amount of foreign currency at a certain rate, on or before a certain date. Outstanding forward currency exchange contracts are valued on 30 September 2016, by reference to the forward rate of exchange applicable to the maturity of the contracts. The unrealised gain and loss are shown in the Statement of Assets and Liabilities under “Unrealised gain on forward currency exchange contracts” and “Unrealised loss on forward currency exchange contracts”, respectively.

As at 30 September 2016, Asia Strategic Income Fund has outstanding forward currency exchange contracts as follows:

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) USD	% of Net Assets
Unrealised Gain on Forward Currency Exchange Contracts							
MYR	4,148,500	USD	1,000,000	12/20/16	J.P. Morgan	1,694	0.02
Total Unrealised Gain on Forward Currency Exchange Contracts						1,694	0.02
Unrealised Loss on Forward Currency Exchange Contracts							
USD	500,000	CNY	3,367,000	12/21/16	Deutsche Bank	(1,497)	(0.01)
Total Unrealised Loss on Forward Currency Exchange Contracts						(1,497)	(0.01)
Net Unrealised Gain on Forward Currency Exchange Contracts						197	0.01

13. SIGNIFICANT EVENT

The Fund has appointed Brown Brothers Harriman (Luxembourg) SCA as the Fund’s depositary, administrative agent and transfer agent effective 4 April 2016. The new registered address of the Fund effective 4 April 2016 is 80, route d’Esch L-1470 Luxembourg.

Further Information

STATEMENT OF CHANGES IN PORTFOLIO

A copy of the changes in the securities portfolio for the year is available free of charge at the registered office of the Fund.

Performance and Expenses *(Unaudited)*

As at 30 September 2016

	Average Annual Total Return ¹					Inception Date	Portfolio Turnover Ratio ²	Total Expense Ratio ³
	3 months	1 year	3 years	5 years	Since Inception			
ASIA STRATEGIC INCOME FUND								
I Acc (USD)	5.11%	13.36%	n.a.	n.a.	3.25%	29 Aug 2014	90.37%	1.24%
I Dist (USD)	5.13%	13.45%	n.a.	n.a.	3.26%	29 Aug 2014	90.37%	1.24%
A Acc (USD)	5.06%	12.91%	n.a.	n.a.	2.74%	29 Aug 2014	90.37%	1.74%
A Dist (USD)	5.06%	12.91%	n.a.	n.a.	2.75%	29 Aug 2014	90.37%	1.74%
Markit iBoxx Asian Local Bond Index (USD)	2.34%	12.64%	n.a.	n.a.	1.99% ⁴			
ASIA CREDIT OPPORTUNITIES FUND								
I Dist (USD)	4.49%	14.25%	n.a.	n.a.	14.25%	30 Sept 2015	166.84%	1.24%
A Dist (USD)	4.36%	13.68%	n.a.	n.a.	13.68%	30 Sept 2015	166.84%	1.74%
I Dist (GBP)	8.15%	33.78%	n.a.	n.a.	33.78%	30 Sept 2015	166.84%	1.24%
J.P. Morgan Asia Credit Index (USD)	2.40%	10.55%	n.a.	n.a.	10.55% ⁵			
ASIA DIVIDEND FUND								
I Acc (USD)	5.87%	18.02%	4.71%	9.54%	7.09%	30 Apr 2010	21.40%	1.21%
I Dist (USD)	5.86%	17.98%	4.67%	9.55%	7.45%	26 Aug 2010	21.40%	1.23%
A Acc (USD)	5.70%	17.34%	4.11%	8.98%	6.90%	26 Aug 2010	21.40%	1.79%
A Dist (USD)	5.71%	17.30%	4.13%	8.97%	6.90%	26 Aug 2010	21.40%	1.77%
I Acc (GBP)	9.68%	38.22%	12.65%	13.67%	11.11%	28 Feb 2011	21.40%	1.24%
I Dist (GBP)	9.65%	38.14%	12.63%	13.66%	11.10%	28 Feb 2011	21.40%	1.23%
A Acc (GBP)	9.51%	37.47%	12.08%	13.07%	10.54%	28 Feb 2011	21.40%	1.74%
A Dist (GBP)	9.59%	37.48%	12.06%	13.09%	10.54%	28 Feb 2011	21.40%	1.76%
C Acc (USD)	5.87%	18.25%	4.99%	9.94%	7.15%	20 Sept 2010	21.40%	0.94%
MSCI AC Asia Pacific Index (USD)	9.37%	16.02%	3.04%	7.23%	4.54% ⁴			
ASIA EX JAPAN DIVIDEND FUND								
I Acc (USD)	8.95%	n.a.	n.a.	n.a.	14.40%	30 Nov 2015	140.50%	1.49%
I Dist (USD)	9.01%	n.a.	n.a.	n.a.	14.44%	30 Nov 2015	140.50%	1.49%
A Acc (USD)	8.79%	n.a.	n.a.	n.a.	13.90%	30 Nov 2015	140.50%	1.99%
A Dist (USD)	8.84%	n.a.	n.a.	n.a.	13.92%	30 Nov 2015	140.50%	1.99%
I Acc (GBP)	12.86%	n.a.	n.a.	n.a.	32.50%	30 Nov 2015	140.50%	1.49%
I Dist (GBP)	12.95%	n.a.	n.a.	n.a.	32.56%	30 Nov 2015	140.50%	1.49%
MSCI AC Asia ex Japan Index (USD)	10.25%	n.a.	n.a.	n.a.	12.34% ⁴			
CHINA DIVIDEND FUND								
I Acc (USD)	11.61%	19.69%	8.19%	n.a.	7.58%	31 Jan 2013	90.23%	1.49%
I Dist (USD)	11.62%	19.71%	8.21%	n.a.	7.58%	31 Jan 2013	90.23%	1.49%
A Acc (USD)	11.46%	19.11%	7.69%	n.a.	7.06%	31 Jan 2013	90.23%	1.99%
A Dist (USD)	11.51%	19.19%	7.72%	n.a.	7.09%	31 Jan 2013	90.23%	1.99%
MSCI China Index (USD)	13.96%	13.18%	4.14%	n.a.	2.29% ⁴			
ASIA FOCUS FUND								
I Acc (USD)	6.83%	19.68%	n.a.	n.a.	-0.64%	30 May 2014	46.39%	1.11%
A Acc (USD)	6.57%	18.95%	n.a.	n.a.	-1.16%	30 May 2014	46.39%	1.62%
MSCI AC Asia ex Japan Index (USD)	10.25%	17.18%	n.a.	n.a.	1.60% ⁴			

1 Annualised performance for periods of at least one year, otherwise cumulative.

2 The Portfolio Turnover Ratio is calculated in accordance with the CSSF Circular 03/122 i.e. the aggregated sales and purchases less aggregated subscriptions and redemptions, divided by average net assets of the period. The portfolio turnover ratio may be negative as a result of shareholder transactions exceeding the investment transactions for the accounting period.

3 The Total Expense Ratio includes such fees as the Management and Administration fee, Domiciliation, Administration and Transfer agency fees, Professional fees, Printing fees, Depository fee and Taxe d'abonnement. The Total Expense Ratio reported is for the 12 month period ended 30 September 2016 and is annualised for periods of less than 12 months.

4 Based on the Inception Date of the I Acc (USD) Share Class.

5 Based on the Inception Date of the I Dist (USD) Share Class.

Performance and Expenses *(Unaudited) (Continued)*

As at 30 September 2016

	Average Annual Total Return ¹					Inception Date	Portfolio Turnover Ratio ²	Total Expense Ratio ³
	3 months	1 year	3 years	5 years	Since Inception			
PACIFIC TIGER FUND								
I Acc (USD)	7.27%	20.06%	7.02%	8.95%	6.74%	30 Apr 2010	-72.77%	1.36%
I Dist (USD)	7.24%	20.04%	n.a.	n.a.	3.03%	31 Oct 2014	-72.77%	1.37%
A Acc (USD)	7.11%	19.39%	6.42%	8.38%	5.87%	26 Aug 2010	-72.77%	1.91%
I Acc (GBP)	11.13%	40.68%	15.16%	13.05%	10.73%	28 Feb 2011	-72.77%	1.38%
I Dist (GBP)	11.17%	40.63%	n.a.	n.a.	14.85%	31 Oct 2014	-72.77%	1.38%
A Acc (GBP)	11.00%	39.89%	14.48%	12.45%	10.14%	28 Feb 2011	-72.77%	1.88%
MSCI AC Asia ex Japan Index (USD)	10.25%	17.18%	3.76%	7.19%	4.39% ⁴			
CHINA FUND								
I Acc (USD)	15.51%	12.75%	0.90%	4.39%	1.90%	26 Feb 2010	112.72%	1.48%
A Acc (USD)	15.32%	12.07%	0.36%	3.86%	0.50%	26 Aug 2010	112.72%	1.99%
I Acc (GBP)	19.69%	31.93%	8.54%	8.33%	4.11%	28 Feb 2011	112.72%	1.50%
A Acc (GBP)	19.45%	31.18%	7.97%	7.76%	3.56%	28 Feb 2011	112.72%	1.99%
MSCI China Index (USD)	13.96%	13.18%	4.14%	8.53%	3.79% ⁴			
INDIA FUND								
I Acc (USD)	5.91%	3.97%	20.78%	9.91%	5.26%	30 June 2011	-8.34%	1.46%
A Acc (USD)	5.72%	3.49%	20.21%	9.36%	4.74%	30 June 2011	-8.34%	1.98%
I Acc (GBP)	9.76%	21.91%	29.99%	14.05%	9.61%	30 June 2011	-8.34%	1.48%
A Acc (GBP)	9.67%	21.31%	29.33%	13.48%	9.06%	30 June 2011	-8.34%	1.98%
S Acc (USD)	6.11%	n.a.	n.a.	n.a.	12.80%	5 Feb 2016	-8.34%	1.00%
S&P BSE 100 Index (USD)	6.96%	9.45%	14.97%	7.04%	2.32% ⁴			
JAPAN FUND								
I Acc (USD)	2.93%	21.10%	n.a.	n.a.	8.66%	30 Apr 2015	26.30%	1.43%
A Acc (USD)	2.76%	20.39%	n.a.	n.a.	8.05%	30 Apr 2015	26.30%	1.98%
I Acc (GBP)	6.61%	41.74%	n.a.	n.a.	22.79%	30 Apr 2015	26.30%	1.47%
S Acc (USD)	3.07%	n.a.	n.a.	n.a.	14.00%	8 Jan 2016	26.30%	1.00%
MSCI Japan Index (USD)	8.76%	12.52%	n.a.	n.a.	-0.74% ⁴			
ASIA SMALL COMPANIES FUND								
I Acc (USD)	8.71%	12.19%	4.63%	n.a.	2.44%	30 Apr 2013	99.09%	1.72%
A Acc (USD)	8.55%	11.49%	4.09%	n.a.	1.92%	30 Apr 2013	99.09%	2.22%
I Acc (GBP)	12.64%	31.36%	n.a.	n.a.	12.45%	30 Apr 2014	99.09%	1.72%
MSCI AC Asia ex Japan Small Cap Index (USD)	7.32%	10.51%	2.16%	n.a.	0.89% ⁴			
CHINA SMALL COMPANIES FUND								
I Acc (USD)	13.43%	17.85%	6.09%	n.a.	6.94%	29 Feb 2012	77.62%	1.72%
A Acc (USD)	13.30%	17.20%	5.56%	n.a.	6.40%	29 Feb 2012	77.62%	2.20%
MSCI China Small Cap Index (USD)	10.44%	8.85%	3.14%	n.a.	4.66% ⁴			

1 Annualised performance for periods of at least one year, otherwise cumulative.

2 The Portfolio Turnover Ratio is calculated in accordance with the CSSF Circular 03/122 i.e. the aggregated sales and purchases less aggregated subscriptions and redemptions, divided by average net assets of the period. The portfolio turnover ratio may be negative as a result of shareholder transactions exceeding the investment transactions for the accounting period.

3 The Total Expense Ratio includes such fees as the Management and Administration fee, Domiciliation, Administration and Transfer agency fees, Professional fees, Printing fees, Depository fee and Taxe d'abonnement. The Total Expense Ratio reported is for the 12 month period ended 30 September 2016 and is annualised for periods of less than 12 months.

4 Based on the Inception Date of the I Acc (USD) Share Class.

5 Based on the Inception Date of the I Dist (USD) Share Class.

Disclosures and Index Definitions *(Unaudited)*

Investor Disclosure

All performance quoted represents past performance and is no guarantee of future results. The performance data do not take into account the commissions and costs incurred on the issue and redemption of shares. Investment returns 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 the return figures quoted. Investors investing in Sub-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 for the Sub-Funds are based on a NAV to NAV basis, assuming reinvestment of dividends and capital gains, and are net of management fees and other expenses.

Calculation Method of the Risk Exposure

The methodology used in order to calculate the global exposure is the commitment approach in accordance with the CSSF Circular 11/512.

Index Definitions

It is not possible to invest directly in an index.

The **Markit iBoxx Asian Local Bond Index (ALBI)** tracks the total return performance of a bond portfolio consisting of local-currency denominated, high quality and liquid bonds in Asia ex-Japan. The Markit iBoxx Asian Local Bond Index includes bonds from the following countries: China, 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 cap-weighted index comprising sovereign, quasi-sovereign and corporate bonds and is partitioned by country, sector and credit rating. JACI includes bonds from the following countries: China, Hong Kong, India, Indonesia, Korea, Philippines, Thailand and Singapore.

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

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

The **MSCI All Country Asia Pacific Index** is a free float-adjusted market capitalisation-weighted index of the stock markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand.

The **MSCI China Index** is a free float-adjusted market capitalisation-weighted index of Chinese equities that includes China-affiliated corporations and H shares listed on The Hong Kong Exchange, and B shares listed on the Shanghai and Shenzhen exchanges.

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).

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

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



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