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**BR O C H U R E**  
(Form ADV Part 2A)

**March 28, 2024**

This brochure provides information about the qualifications and business practices of Matthews International Capital Management, LLC ("Matthews" or "Adviser"). If you have any questions about the contents of this brochure, please contact us at (888) 289-7988 and/or [clientservices@matthewsasiasia.com](mailto:clientservices@matthewsasiasia.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Matthews also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We may sometimes refer to ourselves as a registered investment adviser. This means that we are registered as an investment adviser under the Investment Advisers Act of 1940, as amended. However, registration does not imply a certain level of skill or training.

## Item 2 – **Material Changes**

The Brochure dated March 27, 2024, serves as an update to the Brochure dated March 31, 2023, with no material changes.

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#### Item 4 - Advisory Business

Matthews provides investment management services to client portfolios based on applicable investment objectives, guidelines, or restrictions within the framework of our investment approach, which we describe below. Matthews was founded in 1991 (and reorganized as a limited liability company in 1996) and has managed client portfolios since its founding. We manage portfolios of securities primarily in Emerging Market countries and the Asia Pacific region, primarily through U.S. registered investment companies, including mutual funds and exchange-traded funds ("ETFs"), similar non-U.S. funds (some of which are registered under the laws of the country where they are formed), and private funds. We also offer investment advice to institutional clients such as pension and profit-sharing plans, insurance companies, endowments, foundations, and other clients worldwide through separately managed accounts.

Matthews invests primarily in companies located in or with substantial ties to, and in securities issued by the governments of, Emerging Market countries and the Asia Pacific region. The Asia Pacific region consists of all countries and markets in Asia plus all countries and markets in the Pacific region, including Australia and New Zealand. Emerging market countries generally include every country in the world except the United States, Australia, Canada, Hong Kong, Israel, Japan, New Zealand, Singapore, and most of the countries in Western Europe. Portfolios that invest in the Asia Pacific region may include investments in Hong Kong, Japan, and Singapore, whereas portfolios that invest in Emerging Markets will generally exclude those countries. The list of Emerging Market countries may change from time to time. Matthews also invests in countries and markets outside Emerging Markets and the Asia Pacific region and Emerging Markets.

Matthews believes markets in Emerging Market countries and the Asia Pacific region are on paths toward economic development and, in general, deregulation and greater openness to market forces. Matthews believes in the potential for these economies and that the intersection of development and deregulation will give rise to new opportunities for future growth.

Since our investment services focus on Emerging Market countries and the Asia Pacific region, they may not constitute a complete or balanced investment program. They should represent only part of an investor's portfolio.

Matthews also manages institutional client accounts on a fully discretionary basis. Before establishing a client relationship, we work with the prospective client to understand their particular needs and investment goals, and to establish guidelines or restrictions appropriate to the account, and in accordance with our fiduciary responsibility as an investment adviser. The client agreement may include guidelines and restrictions applicable to our management of the account, including any limits on our discretion to manage the account or limitations on investing in certain securities or types of securities.

Matthews cannot guarantee or provide assurance that a particular investment objective(s) will be achieved. We do not guarantee the future performance of any fund or account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management of any fund or account we manage. The investment decisions we make are subject to various market, currency, economic, political, and business risks, and the risk that investment decisions will not always be profitable. Many of these risks are discussed in Item 8; please review the section carefully before deciding whether to engage our services or invest in any of our funds.

We also provide e-mail subscriptions for weekly, monthly, and Fund updates, and commentary on Emerging Markets and the Asia Pacific region via the internet. These commentaries are not intended to constitute investment advice, an offer to provide investment advisory services, or a recommendation to buy or sell specific securities.

As of December 31, 2023, Matthews had US\$9,316,020,320 in discretionary assets under management, and we did not advise any accounts or funds for which we do not have discretionary authority.

## **Item 5 - Fees and Compensation**

Matthews' current annual management fee rate for most institutional separate accounts is 0.75% of assets under management. Current annual management fee rates for such accounts with specialized objectives, including, for example, accounts investing in smaller companies, begin at 1.00% of assets under management. Management fees may be negotiated. We may charge different fees for specific mandates or may agree to different or lower fees in recognition of the specific services provided, the client type or location, the amount of prospective assets in addition to actual assets to be managed, the relationship with other accounts we manage or other factors. We may amend our fee schedule at any time.

Matthews charges varying fees to the Matthews International Funds d/b/a Matthews Asia Funds ("Matthews Asia Funds")<sup>1</sup>, similar non-U.S. funds, institutional separate accounts, and each series of Matthews Asia Institutional Funds, LLC ("Matthews Private Funds"). Each fund has its own prospectus or other relevant offering document, and each institutional separate account has an investment management agreement, which among other items, details applicable fees and the manner of payment. Our investment management agreement with a client will state the specific manner for charging advisory fees.

Generally, our advisory fees are calculated at an annual rate, and payable monthly in arrears, based on the actual number of days and the average daily net asset value of a client's portfolio. Fees may be prorated for periods of less than one month. Upon termination of an account, any earned, unpaid fees will be due and payable. Other advisory firms may charge different or lower fees for comparable services.

Generally, clients may choose to be billed directly for fees or may authorize Matthews to directly deduct fees from their fund or account. If we are authorized to deduct fees directly, the client's custodian should send a quarterly statement showing transactions in the account, including our fees, directly to the client and we will receive paper or electronic copies of the custodian's statements. We urge clients to carefully review these statements, where applicable, and compare the official custodial records to any account statements that may be sent by Matthews. Our statements may vary from the statements produced by the custodian due to differences in reporting dates, timing and sources of valuation used by us and the custodian.

In addition to our management fees, clients may also pay fees and expenses of other service providers, including, but not limited to, custodial fees, sales charges, transfer taxes, foreign investment license fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions (including commissions). These charges, fees and commissions are in addition to Matthews' fee; they are paid to other parties, and we do not receive any portion of these amounts. Please refer to Item 12 below for information on the use of commissions to acquire research and brokerage services.

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<sup>1</sup> The Matthews Asia Funds currently consist of mutual funds and exchange traded funds ("ETFs") registered under the U.S. Investment Company Act of 1940, as amended.

With respect to the Matthews Private Funds, each such fund bears all of its respective expenses relating to it and its business, including the costs of operating and administering its affairs including, without limitation: fees and reimbursable expenses of any third-party administrator; fees and reimbursable expenses of the custodian; communication and printing expenses of Matthews and its affiliates in connection with fund activities (including marketing materials and publication of the fund's net asset value); transfer and other taxes; the costs of insurance premiums; legal and bookkeeping costs; auditing; accounting and tax preparation fees and expenses, including any related software used for the foregoing; filing fees; expenses related to regulatory filings made in connection with the fund's operations; costs of member reporting; costs of fund governance activities (such as obtaining member consents if and when necessary or appropriate); any and all taxes (including entity-level taxes, to the extent not attributable to specific members, as determined by Matthews) and governmental fees or other charges payable by or with respect to the fund; litigation (both actual and threatened), indemnification and other extraordinary expenses; liquidation expenses; and all other costs and expenses that are similar in type and nature to the expenses described above, including costs and expenses related to the management and operation of the fund. Additionally, each Matthews Private Fund generally will be responsible for a pro rata portion of any common expenses among other Matthews Private Funds, if any, in addition to its own organizational, offering, and operating expenses, including those related to its investment activities.

Item 12 below describes the factors that we consider when selecting broker-dealers and other counterparties for securities transactions, including the use of commissions to acquire research and brokerage services. It is the relevant fund or client's account, and not Matthews, that will pay the commissions and other fees charged by broker-dealers and other counterparties. Neither Matthews nor our supervised persons receive or accept commissions or similar compensation for the purchase or sale of securities or other investment products.

## **Item 6 - Performance-Based Fees and Side-by-Side Management**

Matthews does not currently charge performance-based fees to any fund or account. In other words, we do not charge fees based on a share of the capital gains of assets managed or based on the capital appreciation of the assets in a client's account. All funds and accounts managed by Matthews as of the date of this Brochure are charged a fixed fee based on assets under management.

Although we do not currently do so, certain Matthews Private Funds or separate accounts may in the future charge performance-based fees. If and when Matthews introduces performance-based fees it will disclose to its clients or potential clients any potential conflicts of interest that may arise from managing accounts that pay performance-based fees alongside accounts that pay asset-based fees and will take measures to mitigate such conflicts. These measures include updating certain policies and procedures, including Matthews' Conflicts Policy and Trading Policies, and monitoring trade allocation and aggregation practices to ensure the fair and equitable treatment of all clients over time. Please refer to Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) and Item 12 (Brokerage Practices) for more information.

## **Item 7 - Types of Clients**

Matthews manages portfolios for institutional clients, such as pension and profit-sharing plans, insurance companies, endowments, foundations, and other business entities around the world through separate accounts. Matthews also acts as investment adviser to pooled investment vehicles, including U.S.-registered mutual funds and ETFs, funds registered under the laws of Luxembourg, United Kingdom, and Canada and unregistered investment vehicles, such as the Matthews Private Funds.

Matthews typically requires a minimum asset size of US\$100 million to open an institutional separate account. The minimum may not apply to all strategies that we manage, and we may change or waive the minimum requirement. For example, we may not apply a minimum size requirement in consideration of the nature of a specific mandate, the specific services provided, the client type or location, and the amount of prospective assets in addition to assets to be managed, or where relationships exist with other accounts we manage.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

The foundation of Matthews investment philosophy is our long-term optimism for economic growth and development in Emerging Market countries and the Asia Pacific region. Matthews believes that the best way to capitalize on this anticipated growth is to develop expectations about the economic evolution of the regions and combine those expectations with a bottom-up focus on the businesses that we expect to benefit from that evolution. Matthews draws on the extensive experiences of its investment professionals in Emerging Markets and the Asia Pacific region to find companies and issuers that fit its philosophy and outlook.

As active managers, we believe that the current composition of the stock markets and indices may not be the best guide to the most successful industries and companies of the future and that our stock selection activities are value added. We further believe that a long-term approach is the most effective way to capitalize on the evolution of Emerging Market countries and Asia Pacific. To support our buy and hold convictions, we conduct fundamental analysis of companies, emphasizing on-the-ground research and meetings with local company management. As long-term investors, we typically hold positions over a multi-year time horizon.

We also do not attempt to trade in and out of market cycles. We focus our research efforts on identifying the most attractive long-term growth opportunities in Emerging Markets and Asia Pacific's diverse markets.

Our long-term, bottom-up, benchmark-agnostic approach generally results in portfolios characterized by lower turnover, high active share, and significant exposure to business models that are oriented towards domestic demand growth within Emerging Market countries and Asia Pacific economies. This approach is expressed through a series of quality growth equity strategies and a number of total return-oriented dividend growth strategies. We typically recommend that our clients also view investment in the securities of Emerging Markets and Asia Pacific issuers over longer periods.

*Our equity investment process has three key elements:*

*1. Finding Ideas*

Matthews draws on extensive experience in Emerging Markets and the Asia Pacific region to find issuers that fit our philosophy. The team uncovers ideas from a wide range of sources, including but not limited to:

- Issuer meetings and interviews;
- Observing and understanding regional and country trends;
- Independent and third-party research; and
- 
- Screening and internal analysis.

*2. Issuer Research and Due Diligence*

The entire team of research analysts and portfolio managers conducts research. The team also draws upon the firm's Knowledge Platforms, which are groups of research analysts and portfolio managers that come together to generate and discuss new investment ideas, perform industry analysis, and respond to ad-hoc research requests from portfolio management teams.

Investment professionals generally meet with issuers by travelling to the company's offices or by hosting meetings with company representatives in our San Francisco, New Jersey, or Hong Kong offices, and also actively utilize teleconferencing and video conferencing capabilities to speak with issuers located in Emerging Market countries and Asia Pacific. We look to understand the drivers of long-term future growth through our due diligence process and evaluate factors such as:

- Quality Business: the ability of an issuer to survive and generate sustainable earnings and cash flow through economic and market cycles;
- Quality Management: management with integrity; alignment of interest with minority shareholders and the demonstrated ability to meet business targets and milestones; and
- Appropriate Valuation: the value of the business as a whole in the context of its expected future growth (in our research process, valuation assessment comes after confirmation of the quality of a business and its management team).



### 3. Making the Investment Decision

Our goal is to build and maintain a portfolio that offers the potential for long-term returns while balancing risks across a broad spectrum of investment opportunities. The lead portfolio manager(s) reviews the research conclusions of the team to determine if an issuer merits being added to or remaining in the portfolio. The portfolio managers focus on the following:

- Relative attractiveness: Does the issuer provide better long-term potential to meet portfolio's objectives than an existing holding?
- Suitability: How does the individual security impact the overall objectives, style, and market-capitalization profile of the portfolio?
- Diversity: Does the issuer offer the ability to participate in an area not already well represented in the portfolio?

Although we seek to develop the conviction to remain invested in issuers, many factors may lead us to sell a security. These factors may include client need for liquidity, ESG considerations where relevant to the strategy, economic, political, regulatory or market events (e.g., changes in financial or credit conditions or military action), changes in relative valuation (to both an issuer's growth prospects and to other issuers), management malfeasance, or other unethical conduct. We constantly monitor valuations in the context of growth expectations, and we typically will trim positions where valuations have risen significantly, rather than sell a holding outright. Generally, our long-term investment horizon leads to reduced portfolio turnover.

As an active manager, Matthews' investment process does not rely on passive or index strategies. For this reason, it should not expect that the composition of a client's portfolio will closely track the composition, weightings, or performance of market indices or of the broader markets generally. As a result, changes in the value of a client's portfolio (overshort and longer periods) will likely vary from the performance of indices, of stock markets generally, and of broader markets.

#### Our responsible investing investment process has the following key elements:

Matthews' approach to ESG is based on the following beliefs 1) ESG is an evolving concept that makes it very difficult to define in the same way for every strategy, jurisdiction, individual, and investor; 2) we invest across many geographies at different stages of development and what may be appropriate for one country and government may be inappropriate for another; and 3) ESG education and coaching is the best way to gradually incorporate ESG concepts into our research and analysis of the value of a holding.

For certain strategies, we may consider ESG factors alongside a wide range of inputs that we evaluate as part of fundamental research, but no one factor, or input is determinative, and risks related to ESG factors will not necessarily exclude a particular investment. In such strategies, if we consider ESG factors, we may use a combination of negative screens and ESG data. In our sustainable investing strategies, we use ESG standards to help identify those companies that we believe contribute (or have the potential to contribute) to a sustainable future by addressing global environmental, social and governance challenges. In these sustainable investing strategies, we will also employ a negative screening process using data and ratings from various third-party data providers and Matthews' own internal analysis to exclude, in the ultimate determination of Matthews, companies that Matthews believes do not meet the strategy's ESG standards. In addition, once invested in a company, Matthews may engage with its portfolio companies on sustainability and governance matters through active dialogue, exercising shareholder rights and by encouraging enhanced ESG disclosure and implementation.

### Types of investments

Our investments for clients cover a range of different types of securities. In our equity strategies, we typically invest in common stock, preferred stock and other equity securities and convertible securities.

We may enter into foreign currency transactions in connection with the settlement of foreign securities. Matthews generally conducts foreign currency exchange transactions on a spot (*i.e.*, cash) basis at the then-prevailing rate in the foreign currency exchange market. We may in the future conduct such transactions through forward contracts or swaps to purchase or sell foreign currencies at a future date at a fixed rate.

We may enter into any other type of investment transactions appropriate for a fund or a client's account in accordance with the terms and limits stipulated in the applicable offering document or client agreement.

### General Risks Associated with Information Security or Cybersecurity Risk

Matthews and its service providers and other market participants increasingly depend on information technology and communications systems to conduct business functions. These systems are subject to different threats or risks that could affect clients, despite the efforts of Matthews and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity and availability of information belonging to clients.

Matthews and its service providers may have limited ability to prevent or mitigate cyber-attacks or security or technology breakdowns affecting client accounts. While Matthews has established business continuity plans and systems designed to prevent or reduce the impact of cyber-attacks, such plans and systems are subject to inherent limitations.

### General Risks Associated with Public Health Emergencies

Pandemics and other local, national, and international public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 Flu, the Avian Flu, Ebola and the outbreak of the novel coronavirus ("COVID-19") pandemic, can result in market volatility and disruption, and any similar future emergencies may materially and adversely impact economic production and activity in ways that cannot be predicted, all of which could result in substantial investment losses.

Public health emergencies, such as COVID-19, may have a significant adverse impact on our investments and result in significant investment losses. The extent of the impact on business operations and performance of market participants and the companies in which we invest depends and will continue to depend on many factors, virtually all of which are highly uncertain and unpredictable, and this impact may include or lead to: (i) significant reductions in revenue and growth; (ii) unexpected operational losses and liabilities; (iii) impairments to credit quality; and (iv) reductions in the availability of capital. These same factors may limit our ability to source, research, and execute new investments, as well as to sell investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal, and regulatory frameworks in ways that are adverse to the investment strategies we intend to pursue, all of which could materially diminish our ability to fulfill investment objectives. They may also impair the ability of the companies in which we invest or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences, including the potential for defaults by borrowers under debt instruments held in a client's portfolio. In addition, the operations of securities markets may be significantly impacted,

or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote- working requirements, and other factors related to a public health emergency, including the potential adverse impact on the health of any such entity's personnel. These measures may also hinder normal business operations by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing the ability to make accurate and timely projections of financial performance.

### General Domestic Risks

The U.S. government may restrict U.S. investors, including our clients, from investing in certain foreign issuers. Any of these restrictions may severely affect security prices; impair a portfolio's ability to purchase or sell foreign securities or transfer its assets or income back to the U.S.; result in forced selling of securities or an inability to participate in an investment that Matthews otherwise believes is attractive; or otherwise adversely affect a portfolio's operations.

The U.S. government may impose sanctions from time-to-time generally prohibiting U.S. investors from directly or indirectly purchasing or otherwise gaining exposure to certain securities identified as having ties to China's military. These sanctions may limit the potential universe of securities in which a portfolio may invest, may require a portfolio to divest from securities that it otherwise would not, and could negatively impact the investment performance of a portfolio.

Political or social instability in the U.S. and domestic economic volatility are other potential risks that could impact an investment in a foreign security. Events in the U.S., such as civil unrest or domestic terrorism can also have an adverse effect on non-U.S. securities markets and investors.

### General Risks Associated with Investing in Emerging Markets and the Asia Pacific Region

Investing in securities involves the risk of loss and losing money. We believe that investment in Emerging Market countries and the Asia Pacific region should constitute only a portion, rather than the entirety of an investment portfolio. We recommend clients invest in the region over longer-term periods to better manage volatility of the value of a portfolio. Investing in regionally concentrated, single-country, sector or small company mandates may not be appropriate for all clients.

Before investing in Emerging Market countries and/or the Asia Pacific region, clients should be prepared to bear particular risks associated with investing in issuers of the countries in that region or in those countries, as well as risks associated with the different types of investments we may make. Investing in Emerging Markets involves political, social, and economic and currency risks described herein, as well as different and greater risks than investing in more developed markets because, among other things, Emerging Markets are often less stable politically and economically, and their markets are smaller and less developed. Their exchanges, markets and brokerage industries do not have the level of government oversight as do those in more developed countries. The specific risks associated with a client's portfolio will depend on the investment mandate. Many, but not all, of these risks are described below.

*Risk Overview.* The value of a portfolio may be adversely affected by political, economic, social and religious instability; inadequate investor protection; changes in laws or regulations of countries within Emerging Markets countries and the Asia Pacific region (including both in countries where a client invests, as well as in the broader region) and globally; international relations with other nations; natural disasters or adverse changes in climate or weather; the spread of infectious diseases and other health issues, the effects of which may be exacerbated by the lack of transparency and less effective health care systems in some parts of the region; corruption; and military activity. It may be difficult to obtain or enforce judgments against issuers

in Emerging Market countries and Asia Pacific, or their management.

Furthermore, the economies of many Emerging Market countries and the Asia Pacific region differ from the economies of more developed countries in many respects, such as their rate of growth, inflation, capital reinvestment, resource self-sufficiency, financial system stability, the national balance of payments position and sensitivity to changes in global trade. The governments of certain countries have placed restrictions on the operational freedom of private enterprise and have or may nationalize privately owned assets including issuers held by a client's account and direct or may direct industries and issuers for social, political, or other reasons not related to the economic interests of shareholders. From time to time, a relatively small number of issuers and industries may represent a large portion of the total market in a particular country or region, and these issuers and industries may be especially sensitive to adverse social, political, economic, or regulatory developments. Emerging Markets and Asia Pacific also have different accounting standards, corporate disclosure, governance, and regulatory requirements than more developed countries. As a result, there may be less publicly available information about issuers in Emerging Market countries and the Asia Pacific region. There is generally less governmental regulation of exchanges, markets, brokers, issuers, and settlement and clearance facilities than in more developed countries, which may result in less transparency with respect to an issuer's operations. The economies of many Emerging Market countries and the Asia Pacific region are dependent on exports and global trade and some have limited natural resources (such as oil), resulting in dependence on foreign sources for certain raw materials, and vulnerability to global fluctuations in price or supply. Changes in the economies of the main trading partners of Emerging Market countries and the Asia Pacific region including developed countries, could negatively impact the growth prospects of Emerging Market countries and Asia Pacific markets. The securities markets of Emerging Market countries and Asia Pacific may be correlated with the markets of other developed countries.

Global economies and financial markets are becoming increasingly interconnected. This increases the possibility that conditions in one country or region might adversely impact the issuers of securities in a different country or region. The economies of many Emerging Market countries and the Asia Pacific region are dependent on the economies of the United States, Europe and other Asia Pacific and Emerging Market countries, and events in any of these economies could negatively impact the economies of Asia Pacific and Emerging Market countries. A decline in the markets of other countries may result in a significant decline in the markets of Asia Pacific and Emerging Countries. To the extent an account concentrates its investments in a single region of the world (or in a single country within that region) the account's performance may be more volatile than that of accounts that invest globally. If securities of Emerging Market countries and the Asia Pacific region (or the securities of issuers from individual countries in the region) fall out of favor, it may cause a client's account to underperform accounts that do not concentrate in a single region or country.

Securities markets of these countries may be substantially smaller, less liquid and more volatile than securities markets in more developed countries. Local regulation frequently imposes limits (collars) on intra-day changes in trading prices for securities, which may artificially constrain trading volume and distort market pricing mechanisms. Many markets also require the suspension of trading in securities at times, occasionally for extended periods, or for reasons that are not common in developed markets (e.g., trading may be suspended prior to shareholder meetings or in connection with the distribution of dividends, stock splits or other corporate actions). Trading suspensions and stock exchange closures (which may be months rather than days), which may take place with little or no prior notice, are more common than in the U.S. and other developed markets and may result in periodic or sustained periods of illiquidity. The absence of negotiated brokerage commissions in certain countries may result in higher brokerage and other fees. The procedures and rules governing foreign transactions and custody also may involve delays in payment, delivery or recovery of money or investments.

In addition, standards related to corporate governance may be weaker, and transactions with or among management may be less transparent. As a result, the account's rights, and those of other independent shareholders, may be adversely impacted in corporate actions. Brokerage commissions, custodian services fees, withholding taxes and other costs relating to investment in Emerging Markets are generally higher than in developed markets. Among other risks of investing in less developed markets are the variable quality and reliability of financial information and related audits of companies. In some cases, financial information and related audits may be unbearable and not subject to verification. Auditing firms in some of these markets are not subject to independent inspection or oversight of audit quality. This may result in investment decisions being made based on flawed or misleading information. Additionally, investors may have substantial difficulties bringing legal actions to enforce or protect investors' rights, which may increase the risks of loss.

#### *Specific Risks Associated with Investing in Emerging Market Countries and the Asia Pacific Region*

Investing in any Emerging Market or Asia Pacific country also entails risks specific and unique to that country and these risks may be significant and change rapidly. The Asia Pacific region comprises countries in all stages of economic development. Some Emerging Market or economies may experience overextension of credit, currency devaluations, rising unemployment, high inflation, underdeveloped financial services sectors, heavy reliance on international trade and prolonged economic recessions. Currency fluctuations, devaluations and trading restrictions in any one country can have a significant effect on the entire Emerging Markets or the Asia Pacific region in general.

Currency Exchange Rate Risk. When we conduct securities transactions for clients in an Asia Pacific market or in an Emerging Market country, the transaction is usually undertaken in the local currency rather than in U.S. dollars. To execute these transactions, an account must purchase or sell a specified amount of the local currency, which exposes the account to the risk that the value of the foreign currency will increase or decrease. Similarly, any income from Asia Pacific or Emerging Market country securities will be received in the local currency rather than in U.S. dollars. As a result, the value of an account's portfolio as well as the income derived from these holdings may be impacted by fluctuations in the exchange rate. Additionally, Asia Pacific and Emerging Market countries may utilize formal or informal currency-exchange controls (or "capital controls") or apply additional taxes on investments held by foreign investors which may artificially affect the value of an account's portfolio.

Currency controls may also restrict or prohibit our ability to repatriate both investment capital and income for a client's portfolio; this, in turn, may undermine the value of the portfolio and potentially place the account's assets at risk of loss. We consider risks associated with currencies and foreign currency exchange in our investment process but do not generally actively manage such risk using hedging or other strategies.

Volatility Risk. The smaller size and lower levels of liquidity in the markets of Emerging Markets countries, as well as other factors, may result in changes in the prices of Asia Pacific and Emerging Market securities that are more dramatic, or volatile, than those of issuers in more developed regions. This volatility can cause the value of a client's portfolio to fluctuate dramatically. Partially because of this volatility, we recommend that clients invest over longer periods.

Legal, Ownership and Regulatory Risks. The legal environment in Emerging Markets may provide less certainty than in more developed markets. The interpretation and application of decrees and legislative acts can be often contradictory and uncertain, particularly for matters relating to taxation and creditors rights. Legislation may be imposed retroactively or may be issued in the form of internal regulations unknown to the public. State bodies and judges may

not adhere to the requirements of the law and/or to the relevant contract, and judicial independence and political neutrality should not be assumed. There is no certainty that investors will be compensated in full or in part for any damages or losses suffered as a result of legislation imposed or decisions of state bodies or judges. Some markets (such as China and Russia) are only beginning to develop the concept of legal/formal ownership and of beneficial ownership, and consequently the courts in these markets may consider that any nominee or local custodian as registered holder of securities would have full ownership of a holding, and that a beneficial owner may have no rights whatsoever. The securities markets of some countries lack the liquidity, efficiency, regulatory and supervisory controls of more developed markets. Lack of liquidity may adversely affect the value or ease of disposal of assets. The share register may not be properly maintained, and ownership interests may not be, or remain, fully protected. Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.

Risks Associated with Local Taxes, Fees and Duties. The proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. In certain countries, the absence of clearly established tax laws and practices may lead to a change in the current interpretation or understanding of the law with retroactive effect, causing an account to become subject to additional and unanticipated taxation or other restrictive regulation. In addition, some countries may permit tax reclaims for certain taxes withheld from a client's account. Tax rules in these countries and in the U.S. relating to reclaiming these amounts may be unclear, and the cost, difficulty or other considerations may make collecting these reclaims impossible or impractical for some investors. The imposition of such additional taxes, withholding practices, impossibility, or impracticality of reclaims, or the unavailability of tax credits may increase the costs of investing in such countries or adversely impact returns on a client's portfolio.

Risks Associated with China, Hong Kong, Taiwan, and Macau. The Chinese government exercises significant control over China's economy through its industrial policies (e.g., allocation of resources, credit and other preferential treatment), monetary policy, management of currency exchange rates, and management of the payment of foreign currency-denominated obligations. For over three decades, the Chinese government has been reforming economic and market practices, providing a larger sphere for private ownership of property, and interfering less with market forces. While currently contributing to growth and prosperity, these reforms could be altered or discontinued at any time. Changes in these policies could adversely impact affected industries or companies. China's economy, particularly its export-oriented industries, may be adversely impacted by trade or political disputes with China's major trading partners, including the U.S. In addition, the Chinese government may actively attempt to influence the operation of Chinese markets through currency controls, direct investments, limitations on specific types of transactions (such as short selling), limiting or prohibiting investors (including foreign institutional investors) from selling holdings in Chinese companies, or other similar actions. Military conflicts, either in response to internal social unrest or conflicts with other countries, could disrupt the economic development in China. China's long-running conflict over Taiwan remains unresolved as political tensions with Hong Kong continues and territorial border disputes persist with several neighboring countries. While economic relations with Japan have deepened, the political relationship between the two countries has become more strained in recent years, which could weaken economic ties. There is also a greater risk involved in currency fluctuations, currency convertibility, interest rate fluctuations and higher rates of inflation. The Chinese government also sometimes takes actions intended to increase or decrease the values of Chinese stocks. China's economy, particularly its export-oriented sectors may be adversely impacted by trade or political disputes with China's major trading partners, including the U.S. In addition, as its consumer class continues to grow, China's domestically oriented industries may be especially

sensitive to changes in government policy and investment cycles. Social cohesion in China is being tested by growing income inequality and larger scale environmental degradation. Social instability could threaten China's political system and economic growth, which could have an adverse impact on the values of investments in China, Hong Kong, Taiwan or other countries in region.

Although Macau is a Special Administrative Region (SAR) of China, it maintains a high degree of autonomy from China in economic matters. Macau's economy is heavily dependent on the gaming sector and tourism industries, and its exports are dominated by textiles and apparel. Accordingly, Macau's growth and development are highly dependent upon external economic conditions, particularly those in China.

Accounts may invest in vary degrees of their assets in certain operating companies in China through legal structures known as variable interest entities ("VIEs"). In China, ownership of companies in certain sectors by foreign individuals and entities (including U.S. persons) is prohibited. In order to facilitate foreign investment in these businesses, many Chinese companies have created VIEs. In such an arrangement, a China-based operating company typically establishes an offshore shell company in another jurisdiction, such as the Cayman Islands. That shell company enters into service and other contracts with the China-based operating company, then issues shares on a foreign exchange, such as the New York Stock Exchange. Foreign investors hold stock in the shell company rather than directly in the China-based operating company. This arrangement allows U.S. investors to obtain economic exposure to the China-based company through contractual means rather than through formal equity ownership.

VIEs are a longstanding industry practice and well known to officials and regulators in China; however, VIEs are not formally recognized under Chinese law. Investors face uncertainty about future actions by the government of China that could significantly affect an operating company's financial performance and the enforceability of the shell company's contractual arrangements. It is uncertain whether Chinese officials or regulators will withdraw their implicit acceptance of the VIE structure, or whether any new laws, rules or regulations relating to VIE structures will be adopted or, if adopted, what impact they would have on the interests of foreign shareholders. Under extreme circumstances, China might prohibit the existence of VIEs, or sever their ability to transmit economic and governance rights to foreign individuals and entities; if so, the market value of an account's associated portfolio holdings would likely suffer significant, detrimental, and possibly permanent effects, which could result in substantial investment losses.

Risk Associated with North Korea. The development of Asia Pacific economies, and particularly those of China, Japan and South Korea, may also be affected by political, military, economic and other factors related to North Korea. The situation remains a source of tension and is currently volatile, particularly as North Korea appears to continue to develop nuclear capabilities, and tactical and strategic missile systems. Negotiations to ease tensions and resolve the political division of the Korean peninsula have been carried out from time to time producing sporadic and inconsistent results. There have also been efforts to increase economic, cultural and humanitarian contacts among North Korea, South Korea, Japan and other nations. There can be no assurance that such negotiations or efforts will continue or will ease tensions in the region. Any military action or the risk of military action or strains on the economy of North Korea could have a materially adverse effect on all countries in the region, particularly China, Japan and South Korea. Lack of available information regarding North Korea is also a significant risk factor.

Risks Associated with Emerging Market Countries in Europe. While many countries in Western Europe are considered to have developed markets, many eastern European countries are less developed. Investments in eastern European countries, even if denominated in Euros, may involve special risks associated with investments in Emerging Markets. Economic and political structures in many emerging European countries are in the early stages of economic

development and developing rapidly, and these countries may lack the social, political, and economic stability characteristics of many more developed countries. In addition, the small size and relatively limited operating history of the securities markets in emerging European countries and the limited volume of trading in securities in those markets may make investments in these countries illiquid and more volatile than investments in more developed countries and may make obtaining prices on portfolio securities from independent sources more difficult than in other, more developed markets. In the past, certain emerging European countries have failed to recognize private property rights and at times have nationalized or expropriated the assets of private companies. There may also be little financial or accounting information available with respect to companies located in certain eastern European countries, which, as a result, may make it difficult to assess the value or prospects of an investment in those companies.

Defaults or restructurings by governments could have adverse effects on economies, financial markets, and asset valuations throughout Europe and lead to additional countries abandoning the Euro or withdrawing from the European Union. During periods of instability or upheaval, a country's government may act in a detrimental or hostile manner toward private enterprise or foreign investment.

In addition, Russia's military incursions in Ukraine have led to, and may lead to additional sanctions being levied against Russia by the United States, European Union, and other countries. Russia's military incursion and the resulting sanctions may further adversely affect global energy and financial markets and thus affect the value of an account's investments, even beyond any direct exposure an account may have to Russian issuers or the adjoining geographic regions. The extent and duration of the military action, sanctions and resulting market disruptions are difficult to predict, but may be substantial.

Risks Associated with Latin America. Latin American economies are generally considered Emerging Markets and have in the past experienced considerable difficulties, including high inflation rates, high interest rates, high unemployment, government overspending and political instability. Similar conditions in the present or future may impact a portfolio's performance. Because Latin American countries are highly reliant on the exportation of commodities such as oil and gas, minerals, and metals, their economies may be significantly impacted by fluctuations in commodity prices and the global demand for certain commodities.

Investments in Latin American countries may be subject to currency risks, such as restrictions on the flow of money in and out of a country, extreme volatility relative to the U.S. dollar, and devaluation, all of which may decrease the value of a portfolio's investments. Other Latin American investment risks may include inadequate investor protection, less developed regulatory, accounting, auditing and financial standards, unfavorable changes in laws or regulations, natural disasters, corruption, and military activity. The governments of many Latin American countries may also exercise substantial influence over many aspects of the private sector, and any such exercise could have a significant effect on companies in which Matthews invests. A relatively small number of Latin American companies represents a large portion of Latin America's total market and thus may be more sensitive to adverse political or economic circumstances and market movements. Securities of companies in Latin American countries may be subject to significant price volatility, which may impact a portfolio's performance. During periods of instability or upheaval, a country's government may act in a detrimental or hostile manner toward private enterprise or foreign investments.

Risks Associated with Africa and the Middle East. The economies of certain African and Middle Eastern countries are in the earliest stages of economic development, which may result in a high concentration of trading volume and market capitalization in a small number of issuers or a limited number of industries. There are typically fewer brokers in African and Middle Eastern countries, and they are typically less well capitalized than brokers in the United States or other developed markets. Many African nations have a history of military intervention, dictatorship, civil war, and corruption, which all limit the effectiveness of markets in those countries. Many Middle



Eastern countries are facing political and economic uncertainty, with little or no democratic tradition or free market history, which may result in significant economic downturn. During periods of instability or upheaval, a country's government may act in a detrimental or hostile manner toward private enterprise or foreign investment. Further, the economies of many Middle Eastern and African countries are largely dependent on, and linked together by, certain commodities (such as gold, silver, copper, diamonds, and oil). As a result, African and Middle Eastern economies are vulnerable to changes in commodity prices, and fluctuations in demand for these commodities may significantly impact economies in these regions. A downturn in one country's economy may have a disproportionately large effect on others in the region.

Risks Associated with Specific Investments and Strategies. The types of instruments purchased for client portfolios also entail special risks, which include:

Equity Securities. The values of equity securities held in client portfolios are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and more risky than some other forms of investment.

Equity securities of issuers from Emerging Market countries and the Asia Pacific region are typically listed on their respective stock exchanges but may also be traded on other markets within or outside of Emerging Market countries or the Asia Pacific region. Emerging Market and Asia Pacific securities may also trade in the form of depositary receipts, including American, European and Global Depositary Receipts. Although depositary receipts have risks similar to the securities that they represent, they may also involve higher expenses, and may lack fungibility. For these and other reasons, depositary receipts may trade at a discount to the underlying security. In addition, depositary receipts may provide less disclosure, may not pass through voting and other shareholder rights and may be less liquid than the underlying securities listed on an exchange.

Preferred Stocks. We may purchase preferred stock for clients' portfolios. Preferred stock represents an equity or ownership interest in a company, and normally pays dividends at a specified rate from an issuer's earnings. Preferred stock may have limited participation in a company's growth. On the other hand, preferred stocks typically have precedence over common stock in the event the issuer liquidates or declares bankruptcy. However, in those circumstances, the claims of bond owners take precedence over the claims of owners of preferred and common stock. Preferred stock dividends may be cumulative, non-cumulative, participating, or auction rate. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the price of these stocks to decline. Preferred stock may have mandatory sinking fund provisions, as well as provisions allowing the company to call or redeem the stock, which can limit the benefit of declining interest rates, since the security would need to be replaced with a security earning less interest. Many of the risks associated with purchasing common stock and debt securities apply to preferred stock.

Dividend Paying Stocks. We may purchase dividend paying-equity securities for clients' portfolios. We cannot guarantee that companies that have historically paid dividends will continue to pay them or pay them at the current rates in the future. Dividend-paying equity securities, in particular those whose market price relates closely to their yield, may exhibit greater sensitivity to interest rate changes. During periods of rising interest rates, these securities may decline in value. Investment in these securities may also limit the potential for appreciation during a broad market advance. The prices of dividend-paying equity securities (and particularly of those issued by Emerging Market and/or Asia Pacific companies) can be highly volatile. It should not be assumed that investments in these securities will necessarily reduce the volatility of clients' portfolios or provide "protection," compared to other types of equity securities when markets perform poorly.

Convertible Securities. We may purchase convertible preferred stocks, and convertible bonds and debentures for clients' portfolios. The risks of convertible bonds and debentures

include repayment risk and interest rate risk. Repayment risk is the risk that a borrower does not repay the amount of money that was borrowed (or the “principal”) when the bond was issued. This is referred to as a “default,” and would result in the loss of the investment. Interest rate risk is described below. Investing in a convertible security denominated in a different currency from that of the underlying security exposes a client’s portfolio to currency risk as well as risks associated with the level and volatility of the foreign exchange rate between the security’s currency and the underlying stock’s currency. Convertible securities may trade less frequently and in lower volumes or have periods of less frequent trading. Lower trading volume may also make valuations more difficult.

Passive Foreign Investment Companies (PFICs). We may invest in securities of issuers that are treated as PFICs under U.S. federal income tax law. Investments in PFICs may subject the accounts to taxes and interest charges that cannot be avoided, or that can be avoided only through complex methods that may have the effect of imposing a less favorable tax rate or accelerating the recognition of gains and payment of taxes.

Derivatives. Where consistent with a client’s investment mandate, we may enter into derivatives transactions including options, futures and swaps. Derivatives are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. Derivatives are speculative and subject to leverage risk whereby relatively small movements in the underlying instrument may result in large changes in the value of the derivative. Investments that involve leverage may result in losses that greatly exceed the amount originally invested.

Exchange-Traded Fund (“ETF”). The risks of owning an ETF generally reflect the risks associated with investing in the underlying securities, although lack of liquidity in an ETF could result in its share price being more volatile. ETFs can trade at discounts or premiums to the net asset value of their underlying investments, particularly during times of significant market volatility, which could cause a portfolio to experience additional losses. Although shares representing interests in ETFs can be bought or sold on a stock exchange, such shares cannot be purchased or redeemed directly from the ETF except in large baskets of one or more large blocks of shares by institutions known as authorized participants who enter into an agreement with the ETF.

Risks of Smaller Companies. Where consistent with a client’s investment mandate, we may purchase securities of smaller companies. While smaller companies may offer substantial opportunities for capital growth, they also involve substantial risks, and investments in smaller companies may be considered speculative. Smaller companies often have limited product lines, markets or financial resources and may be more dependent on one or a few key persons and may lack management depth. Larger portions of their stock may be held by a small number of investors (including founders and management) than is typical of larger companies. Smaller companies may have more difficulty obtaining credit (and on less advantageous terms) than larger companies. As a result, creditors (and the impact of financial or operating restrictions associated with debt financing) may have more influence than for larger or more established companies. These factors may dilute the holdings, or otherwise adversely impact the rights of investors in corporate governance or corporate actions. Smaller companies may also be unable to generate funds for growth or developments or be developing or marketing new products or services for which markets are not yet established and may never become established. We may have more difficulty obtaining information about smaller companies, making it more difficult to evaluate the impact of market, economic, regulatory and other factors and may also make valuing or disposing securities of smaller company more difficult than for larger companies. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities and the securities of these companies generally have more abrupt or erratic price

movements than more widely held or larger, more established companies, or market indices in general. Among the reasons for the greater price volatility are the less certain growth prospects of smaller companies, the lower degree of liquidity in the markets for these securities, and the greater sensitivity of smaller companies to changing economic conditions. The value of securities of smaller companies may react differently to political, market and economic developments than the markets as a whole or than other types of stocks.

Initial Public Offerings. We may invest in a company in its initial public offering (“IPO”) to the extent that doing so is appropriate for the clients’ portfolio and the opportunity to participate is available. Investments in IPOs, which are subject to market risk and liquidity risk, involve greater risks and higher transaction costs than investments in shares of companies that have traded publicly on an exchange for extended periods of time. The value of IPOs may fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the company’s business model, quality of management, earnings growth potential and other criteria used to evaluate its investment prospects. Attractive IPOs are often oversubscribed and may not be available to all clients, or only in very limited quantities. If a client invests in an IPO, and the client’s portfolio is smaller, any gains or losses from the IPO may exaggerate the portfolio’s performance and volatility compared to a larger portfolio. U.S. investors may not be able to participate in Emerging Market or Asia Pacific IPOs due to applicable U.S. and local laws. Even where U.S. investors are able to participate, they may not be able to purchase meaningful positions and may have difficulty selling such holdings. In addition, some investors may seek to quickly resell or “flip” an IPO for a short-term gain, which may add price volatility to the IPO. Matthews portfolio managers are permitted to engage in short-term trading of IPOs. There is no assurance of favorable IPO investment opportunities in the future, or that an investment in IPOs will have a positive impact on the performance of clients’ portfolios. Please also see Item 12 below for more information about our policies regarding allocation of IPO opportunities.

Responsible Investing/Sustainability Risk. To the extent, environmental, social, and governance (“ESG”) or other sustainability factors are taken into consideration in making investment decisions, such factors may reduce or increase a portfolio’s exposure to certain issuers, industries, sectors, regions or countries and may also cause a portfolio to forego certain investment opportunities. As a result, taking such factors into account may result in lower performance than other strategies that do not take such factors into consideration. Matthews makes no guarantee that any particular result will be achieved from such considerations. In evaluating ESG or other sustainability factors, Matthews may utilize third-party data which may be incomplete or inaccurate and cause Matthews to incorrectly assess the sustainability characteristics of a security or issuer.

Concentration Risk. To the extent that an account concentrates its investments in an industry, it will be subject to greater risks of adverse developments and price movements in that industry compared to an account that invests more broadly. An account that concentrates its investments in an industry will also carry the risk that it may perform poorly during a slump in demand for securities, or goods or services, of companies in that industry.

## Item 9 - Disciplinary History

We have no events to report relating to any legal or disciplinary events material to a client's or prospective client's evaluation of our business or the integrity of our management.

## Item 10 - Other Financial Industry Activities and Affiliations

RBC USA Holdco Corporation ("RBC"), which is a direct, wholly owned subsidiary of the publicly traded Royal Bank of Canada, has an ownership interest of less than 25% in Matthews. Funds managed by a subsidiary of Lovell Minnick Partners LLC ("Lovell"), a private equity firm and registered investment adviser, also have a beneficial ownership interest (through direct owners) of less than 25% in Matthews. Mizuho Bank, Ltd. ("Mizuho"), which is a direct, wholly owned subsidiary of the publicly traded Mizuho Financial Group, Inc. has an ownership interest of less than 25% in Matthews. Each of RBC, Lovell (through direct owners) and Mizuho has the right to appoint a Director to our Board of Directors but does not control the day-to-day business or operations of Matthews.

We have relationships with various entities in the financial industry, some of which result from our relationships with RBC, Lovell and Mizuho. However, we are not controlled by, and operate independently from, RBC, Lovell or Mizuho and any party affiliated with them. Thus, we do not believe that these relationships create a material conflict of interest for our clients.

*Investment Companies/Funds.* We serve as investment adviser to the Matthews Asia Funds and the Matthews Private Funds. Some of our officers and employees also serve as officers to the Matthews Asia Funds, and one of our officers serves as an interested Trustee of the Matthews Asia Funds. We also serve as investment adviser to, and our officers and employees also serve as directors and officers of: (1) Matthews Asia Funds Société d'investissement à capital variable, organized under the laws of Luxembourg and conducting business under the European Union's directive for Undertakings for Collective Investment in Transferable Securities ("UCITS"), and (2) The China Fund Inc., a closed-end registered investment company. We also serve as a sub-investment manager to the M&G (ACS) Matthews China Equity Fund, an open-ended investment company organized in the United Kingdom.

*Broker-Dealers.* Matthews Global Investors (Hong Kong) Limited, a Hong Kong registered broker-dealer, is a wholly owned subsidiary of Matthews that is engaged in marketing investment products to non-U.S. investors. However, we do not execute any client brokerage with or through Matthews Global Investors (Hong Kong) Limited.

Some of our employees or management personnel are registered representatives of an unaffiliated broker-dealer firm, Foreside Funds Distributors LLC ("Foreside"). These individuals are supervised by Foreside in connection with their activities related to the sales of shares of the mutual funds, ETFs, or of other investment vehicles that we may manage. Foreside is the principal underwriter in the United States for the Matthews Asia Funds.

## Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

*Our Code of Ethics:*

We have adopted a Code of Ethics (the "Code") in order to mitigate and manage conflicts of interest that may exist or arise in connection with personal securities transactions by our officers and employees. Below is a brief summary of the Code. We will provide a copy of the Code to any client or prospective client upon request.

The Code contains restrictions on personal securities transactions applicable to all our officers and employees. The Code includes a standard of business conduct requiring officers and employees who are Access Persons:

- To comply with applicable laws;
- To report their personal securities transactions to our Risk and Compliance Department;
- To acknowledge their receipt of, and agreement to observe, the requirements of the Code; and
- To report any violations of the Code to our Chief Compliance Officer (“CCO”).

To reduce potential conflicts of interest, the Code prohibits all current officers, employees and their immediate family members from investing in the securities of Emerging Market countries and the Asia Pacific region, as well as in other securities the Risk and Compliance Department may classify as an Asia Pacific or Emerging Market security at its discretion, based on the facts and circumstances of each security. As a general practice, Matthews permits an employee to continue holding Emerging Market and Asia Pacific securities if they were purchased/owned prior to an employee joining Matthews and in other limited circumstances, but all such “grandfathered” securities are held to the rules and requirements of the Code.

To further reduce the potential for conflicts of interest between clients and Matthews, the Code requires all officers and employees who are Access Persons to: (1) obtain approval prior to making certain trades (including Matthews Asia Funds and Matthews Private Funds) in their personal accounts; (2) submit regular reports of personal transactions made in personal accounts; and (3) provide an annual report of all personal account holdings. Additionally, a minimum holding period of 90 days is imposed on purchases of the shares of the Matthews Asia Funds. These approvals and reports apply to accounts directly or beneficially held by our officers and employees (as well as certain persons closely related to them).

We have also adopted a Gifts and Entertainment Policy to minimize and manage potential conflicts of interest in connection with our employees’ receiving gifts and entertainment in connection with their professional duties.

The Risk and Compliance Department monitors and enforces the Code and the Gifts and Entertainment Policy in a manner that we believe is consistent with Matthews’ obligations and fiduciary duties as an investment adviser to help us prevent conflicts of interest.

#### Cross Transactions in Certain Accounts:

As a general practice, Matthews does not engage in cross transactions. However, from time to time, when permitted by applicable law and Matthews’ policy, Matthews, acting on behalf of certain accounts, may permit certain accounts to engage in cross transactions. Cross transactions occur if Matthews causes an account to buy securities or other instruments from, or sell securities or other instruments to, another account managed by Matthews. There are potential conflicts of interest, regulatory issues or restrictions contained in Matthews internal policies relating to these transactions which may limit Matthews’ decision to engage in these transactions for accounts. Although such transactions may lead to a conflict of interests because Matthews acts as an investment adviser to the accounts on both sides of the transaction, Matthews has developed policies and procedures in relation to cross transactions to identify and mitigate such conflicts. Cross transactions may disproportionately benefit some accounts relative to other accounts due to the relative amount of market savings obtained by the accounts, and cross transactions may be effected at different prices for different accounts due to differing legal and/or regulatory requirements applicable to such accounts. Cross transactions will be effected in accordance with fiduciary requirements and applicable law (which may include disclosure and consent). In the case of commingled funds, consent may be granted by a governing body or independent persons, in which case other investors will not have the opportunity to provide or withhold consent to the proposed transaction.

*Other Conflicts of Interest Related to Personal Trading and the Professional Activities of our Officers and Employees:*

Since the companies we invest in for the accounts we manage are primarily located in Emerging Market countries and the Asia Pacific region, the prohibitions under the Code significantly reduce, but do not eliminate, conflicts between the personal trading activities of our officers and employees who are Access Persons and trading for our accounts. Nevertheless, our and our officers' and employees' trading and professional activities may give rise to other potential conflicts of interest. These are described below, along with descriptions of how those potential conflicts of interest are managed.

We act as investment managers to various investment companies, investment funds and other accounts. We may give advice and take action with respect to any funds or accounts that may differ from action taken on behalf of other funds or accounts. We do sometimes invest for our own accounts in money market and short-term domestic fixed income securities to manage corporate cash, as opposed to long-term investments. Matthews may also provide seed capital to investment companies and similar funds that we sponsor or manage. We manage conflicts by requiring that any personal transaction be made in compliance with the Code, as discussed above, and in accordance with our fiduciary duties to our clients.

Because we manage a number of accounts, potential conflicts of interest may arise related to the amount of time individuals devote to managing any particular account. However, since we do not charge performance-based fees to any accounts, the incentive to favor certain accounts over others is reduced. Moreover, we have adopted procedures for allocation of portfolio transactions and investment opportunities across multiple accounts on a fair and equitable basis over time. Please see "Allocating Transactions and Opportunities" in Item 12 below.

Potential conflicts of interest may also arise in connection with an employee's knowledge and the timing of transactions, investment opportunities, broker selection, portfolio holdings and investments, and the valuation of holdings or potential holdings. Employees who have access to the size and timing of transactions, including transactions for the Matthews Asia Funds and Matthews Private Funds, may have information concerning the market impact of such transactions and may be in a position to use this information to their possible advantage or to the possible detriment of clients or investors. An opportunity to buy or sell an investment may be suitable for multiple accounts we manage, but not in sufficient quantities for all accounts to participate fully. We manage these potential conflicts between clients' and employees' personal dealing accounts by requiring employee accounts to adhere to the requirements in the Code and through our procedures for allocating portfolio transactions and investment opportunities to client accounts discussed under "Allocating Transactions and Opportunities" in Item 12 below.

Investment professionals who invest (or whose immediate family members invest) in a fund(s) managed by Matthews, including the Matthews Asia Funds and Matthews Private Funds, may have an incentive to treat that fund preferentially compared to other accounts in which they are not invested. However, all investment professionals work as a team and share research across investment mandates and client accounts. Subject to certain exceptions, Matthews seeks to mitigate conflicts and facilitate equal access over time to investment opportunities for all funds and accounts we manage. As noted in Item 12 below, these exceptions may provide priority access to limited investment opportunities for funds or accounts that (1) invest in securities of small companies if no account we manage has previously invested in those securities; and (2) certain accounts that focus on a specific country or sector.

**Item 12 - Brokerage Practices**

Matthews generally has discretion over the selection and amount of securities to buy or sell for an account without obtaining specific consent to a transaction. We also generally have discretion to select the broker, dealer or other counterparty to effect a particular transaction and, where negotiable, the commission rates or other compensation. To help fulfill its fiduciary duty

to its clients and manage the selection of counterparties and individual transactions, Matthews has adopted a Brokerage and Trading Policy (the "Trading Policies"). The Trading Policies govern our trading activities for our clients and help us address potential conflicts of interest raised by brokerage practices.

*Oversight.* The Trade Management Oversight Committee ("TMOC") oversees Matthews' Trading Policies. The TMOC develops, implements, and supervises the Trading Policies, and is composed of senior executives and portfolio managers. The Head Trader, the Risk and Compliance Department and other employees assist the TMOC, as necessary or appropriate. Pursuant to the Trading Policies, the TMOC supervises all aspects of our trading activities, including the following:

- Counterparty approval and selection
- Seeking best execution
- Soft dollars usage
- Trade aggregation and allocation
- Directed brokerage
- Trade error resolution
- Identification of and use of affiliates (if any) to effect client transactions
- Identification and management of conflicts of interest

In addition, under the supervision of the TMOC, the Risk and Compliance Department interprets and monitors the adherence to the Trading Policies. Aspects of our trading activities are discussed below.

*Counterparty Selection and Best Execution.* We recognize that brokerage commissions are client assets. We manage these assets consistent with applicable law and our duty to seek best execution, and we seek to maximize the value of these assets wherever possible.

Best execution involves both quantitative and qualitative aspects, and best execution does not always mean the lowest available commission rates for a transaction. From a quantitative perspective, best execution involves seeking the best available price and lowest transaction costs so that a client's total cost or proceeds are the most favorable under the circumstances. Cost includes transactions fees and expenses as well as other less quantifiable costs, such as market impact, opportunity cost and market effects. These other costs, although harder to quantify, can significantly impact the total cost of a transaction. From a qualitative perspective, best execution involves considering a number of factors, including some or all of the following (some of which apply only to equity or only to fixed income transactions):

- Our actual experience with the counterparty
- The reputation of the counterparty
- The counterparty's financial strength and stability (e.g., credit risk)
- Efficiency of execution
- Promptness of execution
- Ability and willingness to maintain confidentiality and anonymity
- Frequency and manner of error resolution
- Special execution capabilities
- Block trading and block positioning capabilities
- Capability of the counterparty to execute related or unrelated difficult transactions in the future
- The counterparty's coverage of one or more markets
- Expertise
- Applicable limitations (for example, market, sector, and capitalization range)
- Commission rates and dealer spreads

- Technological capabilities and infrastructure, including back-office processing capabilities
- Willingness of the counterparty to commit capital
- Clearance and settlement efficiency
- Ability and willingness to accommodate any special needs (for example, step-outs)
- Provision of lawful and appropriate research and brokerage services (Please also see “Soft Dollars and Other Client Commission Arrangements” below)

In selecting a counterparty for any transaction or series of transactions, we do not adhere to any rigid formula. Rather, we weigh a combination of factors, such as those listed above, that are relevant and appropriate to each transaction and the set of circumstances under which the transaction takes place. While we generally seek reasonably competitive commission rates, we do not necessarily pay the lowest commission available. In our experience, neither the lowest commission rate nor the most expeditious execution necessarily correlates to the best trade for a client. Similarly, while we seek the most competitive prices in fixed income and other over-the-counter markets, we do not believe that the narrowest spread necessarily correlates to the best trade for a client.

In foreign markets, including those where we regularly purchase and sell securities for clients, commissions and other transaction costs are often higher than those charged in the United States. In addition, we do not have the ability to negotiate commissions in some of these markets and services including custody and administration associated with investing in non-U.S. markets, are generally more expensive than in the United States.

We review and analyze trading costs internally using independent third parties that utilize accounts and market data. Many markets in Emerging Market countries and the Asia Pacific region are less transparent than U.S. markets and provide less trading data. Accordingly, our processes for both internal and third-party trade cost analyses currently provide less analytical capability compared to trading in the United States and other more developed markets.

As part of our efforts to seek best execution, we have established a list of approved counterparties for client transactions in equity and fixed income trading (the “Broker-Dealer List”). We review our Broker-Dealer List periodically and make modifications and amendments to the List from time to time. There is no requirement to utilize a counterparty solely due to the fact that it appears on our Broker-Dealer List. Except where the Broker-Dealer List contains a limitation, the Trading Department may use any counterparty on the Broker-Dealer List to effect any trade, so long as the Trading Department believes that the selected counterparty can achieve best execution in the context of a particular transaction.

In exceptional circumstances, subject to our duty to seek best execution and any other limitation requirements we deem reasonable, we may also use counterparties that are not on our Broker-Dealer List on a one-off basis (for example, where the syndicate manager for a public offering is not on our Broker-Dealer List at the time).

When selecting broker-dealers to execute client transactions, we do not consider whether the broker-dealer refers clients to us. We also do not pay for distribution of ETFs or mutual fund shares with brokerage commissions.

*Soft Dollars and Other Client Commission Arrangements.* When appropriate under our discretionary authority and consistent with our duty to seek best execution, we may select broker-dealers to execute client transactions that provide us with research and brokerage products and services. By doing so, we attempt to allocate transactions in a manner that we believe maximizes the overall value of brokerage as a client asset. The brokerage commissions used to acquire research or brokerage services in these arrangements are known as “soft dollars,” or “soft commissions.”

Broker-dealers typically provide a bundle of services that include both execution of transactions, and research and brokerage services. The services can be either proprietary



(meaning the broker-dealer creates and provides them to us) or third-party (meaning a third party creates and, a broker-dealer provides them to us). Proprietary services include tangible products as well as access to analysts and traders, as discussed below. Special execution services or proprietary services rarely have a fixed dollar value. Broker-dealers we select may receive commissions that are higher than the amount other broker-dealers would have charged for effecting similar transactions if we determine in good faith that the commission amount is reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers. We view this assessment either in terms of a particular transaction or our overall duty to our discretionary clients. We may use soft dollars to acquire both proprietary and third-party services.

Receiving research and brokerage services in exchange for soft dollars creates potential conflicts of interest for us, since we would otherwise have to produce the services or pay for them from our own resources, allowing us to potentially reduce our costs. We may have an incentive to direct client trades to broker-dealers who provide these services to us. In instances where a broker-dealer requires a specific level of client commissions to provide desired research or brokerage services, we may have an incentive to execute more trades through them, rather than through a different broker-dealer that does not provide the research or services but who would otherwise provide comparable execution for a given trade. The services benefit us by allowing, at no additional cost to us, to (1) supplement our own research, analyses and execution activities; (2) receive the views and information of individuals and research staffs of other securities firms; (3) gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors; and (4) gain access to order routing software, and software used in algorithmic trading strategies and in connection with direct market access systems. We describe below our policies concerning the use of soft dollars, the products, and services we receive from soft dollars, and the management of these conflicts.

Section 28 (e) under the Securities Exchange Act of 1934 ("Exchange Act") permits an investment adviser to cause clients to pay more than the lowest available commission rate in order to acquire certain research and brokerage services with the soft dollars generated by its client account transactions. This provision is commonly referred to as a "safe harbor." As a matter of policy, any product and service we receive with soft dollars must fall within the safe harbor and other applicable law. Senior management and the Risk and Compliance Department must approve all products and services acquired with soft dollars. The safe harbor encompasses both eligible "research" and eligible "brokerage." Eligible research services under the safe harbor include:

- Advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; and
- Analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts.

Besides meeting these criteria, we also evaluate whether a particular research product or service reflects substantive content, which we define as the expression of reasoning or knowledge. We do not acquire research products or services using soft dollars unless they reflect substantive content that relates to the subjects described above and provides lawful and appropriate assistance to us in our investment decision-making process.

Eligible brokerage services, under the safe harbor and our policies, include products and services that provide us with lawful and appropriate assistance to:

- Effect securities transactions (including order routing software, and software used in algorithmic trading strategies and in connection with direct market access systems).
- Perform functions incidental to the execution of transactions (such as clearance, settlement, and custody); and
- Perform functions required in connection with transactions by rules of the SEC or a self-regulatory organization.

Examples of eligible brokerage services include post-trade matching of trade information; other exchanges of information among broker-dealers, custodians and institutions related to a trade (including connectivity services such as dedicated lines and messaging services); electronic communication of allocation instructions between institutions and broker-dealers; and routing settlement instructions to custodian banks and clearing agents. Electronic confirmation and affirmation of institutional trades is required in connection with settlement processing and short-term custody related to effecting particular transactions in relation to clearance and settlement of the trade. To determine whether a service or product qualifies as eligible brokerage, we evaluate whether the service or product provides lawful and appropriate assistance to us in carrying out our investment decision-making responsibilities or trade execution.

In addition to evaluating the particular service or product acquired with soft dollars, we evaluate the reasonableness of the brokerage commissions paid by our clients that enable us to acquire the service or product. We base this evaluation primarily on the professional judgment of the individuals responsible for the placement and review of portfolio transactions (our traders), as well as those who use the relevant product or service (our investment team). We base our opinions on, among other things, the experience of these individuals in the securities industry and information generally available to them concerning the level of commissions paid by other investors of comparable size and type.

This evaluation, conducted at least annually, reviews the nature and quality of services available through brokerage relationships, as well as whether these services are and remain reasonable in relation to the value of the commissions used to acquire them, viewed in terms of either a particular transaction or our overall responsibilities to our discretionary clients. Among other matters, we consider the services we receive, including:

- A counterparty's ability to provide onsite access to issuers (overseas) and management
- A counterparty's ability to provide local access to issuer management (office visits/conference calls)
- Conferences and other educational events organized by a counterparty
- Written research reports
- Access to analysts (conference calls and onsite visits)
- Customized research services
- Access to IPOs or primary issuances of bonds
- Access to market information

Portfolio managers and other members of the investment team identify the capabilities of broker-dealers who provide proprietary research and propose a budget for their use. This budget indicates the anticipated use, if any, necessary to maximize the benefits received by our clients from each counterparty on the Broker-Dealer List. The TMOC reviews the proposed usage budget and makes any appropriate adjustments. Actual use of individual counterparties will differ from the budget and may be less than or more than anticipated depending on factors including market conditions, actual capability in particular transactions, portfolio turnover rates, and perceived effectiveness in providing bundled and other services. We periodically evaluate the use of these broker-dealers as research providers and may adjust the budget as appropriate.

Our records may designate products or services by category (for example, conferences and access to market information) or by their specific type (for example, customized research reports), as appropriate. Where we can reasonably estimate the cost of any specific product or service, we assess the reasonableness of the amount of commissions paid to the estimated value of the product or service in the manner used for any other product or service acquired with soft dollars. However, where we cannot establish or reasonably estimate the cost of a specific product or service, we assess the reasonableness of the aggregate amount of commissions paid to a broker-dealer in relation to the value of the product or service received from that broker-

dealer in the aggregate. As noted above, in developing our Broker-Dealer List, portfolio managers, research analysts and others with investment responsibilities for an account or a group of accounts identify the capabilities of broker-dealers and propose anticipated usage (if any) of each relevant broker-dealer on the Broker-Dealer List. As part of that effort, portfolio managers, research analysts and others with investment responsibilities for an account or a group of accounts consider the nature and quality of services available through relationships with broker-dealers, and whether these services are reasonable in relation to the value of the brokerage and research services provided by that broker-dealer. Senior management approves these valuations with oversight from the Risk and Compliance Department.

Generally, we use research and brokerage services to service all of our clients. However, we may not use each and every research or brokerage service for the benefit of each and every account, and there may not necessarily be a direct correlation between the amount of soft dollars generated by an account used to pay for the research or brokerage service and the benefits derived from that research or brokerage service for that account. We do not attempt to allocate the relative costs or benefits of research among client accounts because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to clients.

Our Trading Policies prevent us from obligating ourselves to make any payment in consideration of the receipt of any such product or service. However, broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent. These arrangements change over time but as noted above, may incentivize us to allocate brokerage to broker-dealers to meet these targets. Besides limiting what we acquire with soft dollars, we monitor our discretionary brokerage allocation for consistency with our Trading Policies, including best execution, trade allocation and receipt of quality research and investment information.

Ancillary benefits of brokerage include services provided to clients at the request of the client in exchange for an agreed-upon level of fees or volume of transactions which may or may not be within the safe harbor. For some clients, including the Matthews Asia Funds, the Matthews Private Funds and accounts subject to ERISA, we are not permitted to direct brokerage in exchange for products or services outside the safe harbor. For more on our directed brokerage policies, please also see "Directed Brokerage" below. We may on occasion receive eligible brokerage and/or research services that assist us in our investment decision-making responsibilities. In cases where we use a mixed-use product or service, we make a good faith determination of the portion of the product that qualifies as research or brokerage under the safe harbor and acquire only the eligible portion of the cost of the product or service with soft dollars. We acquire the remaining portion of the product or service with our own assets. We make a good faith effort to allocate these items reasonably, in light of the inherent imprecision in allocating between soft dollars and cash.

Generally, broker-dealers do not separately price the proprietary services they provide for soft dollars, and many cannot be unbundled, or it would be disadvantageous to the broker-dealer to do so. In addition, broker-dealers may only provide certain services in recognition of transactions actually executed with them on behalf of our clients (measured by volume, total value, or on another basis), while other broker-dealers may provide services regardless of whether we have executed any transactions with a particular broker-dealer. We believe that, to the extent that we have not caused any account to pay a broker-dealer a commission for effecting a securities transaction in excess of the amount of commission another broker-dealer would have charged for effecting that transaction, our receipt of services from that broker-dealer does not constitute a breach of fiduciary duty, does not require the safe harbor, and is consistent with our policies.

Nonetheless, due to the difficulties in determining whether the commission paid is greater than the amount another broker-dealer would have charged for effecting that same transaction, to the

extent possible we maintain records of proprietary services we receive as if they were subject to the procedural requirements of the safe harbor.

*Aggregating Transactions.* Matthews may aggregate trade orders for a client with similar orders of other clients, if:

- The orders are initiated contemporaneously;
- We otherwise deem it appropriate; and
- Aggregation is consistent both with our duty to seek best execution for our clients, with the terms of our client agreements, and any applicable legal standards.

Many of the markets in which we trade are closed during regular U.S. business hours. Therefore, we treat orders initiated throughout the U.S. business day, before a particular market opens in an Emerging Market or Asia Pacific country, as having been initiated contemporaneously. We will not receive additional compensation or other remuneration as a result of proposed or actual aggregation of orders, and we will not knowingly favor one client over another when considering whether to aggregate particular orders. We reserve the right not to aggregate orders if to do so:

- Would be unfair or inequitable in the circumstances;
- Is impractical;
- Would violate the laws, regulations, or market customs of the jurisdiction in which the transaction is placed;
- Would, in our judgment, minimize the market impact of a large trade; or
- Is otherwise inappropriate in the circumstances.

Seeking to place separate, non-simultaneous transactions in the same security for multiple clients may negatively affect market price, transaction commissions, and/or trade execution. In other words, clients may pay more or otherwise receive less favorable execution terms when we do not aggregate trades.

*Allocating Transactions and Opportunities.* Matthews will allocate aggregated trades (and trades in limited supply) using procedures that are designed to allocate trades fairly and to minimize the risk that any particular client would be inappropriately disadvantaged by the allocation and to promote fairness and equity among clients over time. Generally, we allocate aggregated trades *pro rata* based on each participating account's share of the aggregated transaction as indicated on the trade order. For this purpose, a *pro rata* allocation means, to the extent practicable and subject to rounding for odd-lot amounts, an allocation of the trade among applicable clients proportionate to the order size initiated by the portfolio manager on the trade order.

All accounts participating in the allocation of an aggregated order receive the same average price on the transaction. To the extent that an account participates in the allocation of an aggregated order, it will pay a *pro rata* share of any associated commission and transaction costs or fees.

For partial fills, where a *pro rata* allocation of shares is not practicable, we may make allocations to participating accounts on a random, rotational, or other basis (for example, smallest first or first-in-time) that in our judgment will produce an equitable result. Orders for certain small capitalization stocks and other limited availability securities sometimes result in partial fills. In these cases, *pro rata* allocation may result in an allocation that is less than appropriate. At the end of the quarter, we will review all accounts that participated or were left out of orders in these cases. Any account that we determine may not have received an appropriate allocation of securities overall during that quarter will have priority for allocations in the next quarter.

Special issues and conflicts arise in connection with the allocation of limited opportunities for our clients, including initial and secondary public offerings (collectively, an "IPO") and private

placements, and other limited opportunities. We may have an incentive to allocate IPOs and other limited opportunities to clients and accounts that pay us higher or greater fees. (As noted in Item 6, however, we do not charge performance-based fees to any account.) We monitor allocations of these opportunities, as discussed below, in an effort to provide an equitable allocation of opportunities for all clients over time. Some clients may receive priority for certain opportunities, as discussed below.

In selecting the accounts that will participate in an IPO or in a private placement of a security, special considerations apply to the selection of participating accounts and to the allocation of shares amongst the participating accounts since they are usually available in limited supply and in amounts too small to permit all interested accounts to participate. An investment in securities subject to an IPO also frequently entails greater risk than investments in more established publicly traded issuers. Please see the discussion of risks associated with IPOs in Item 8 above.

Laws or rules, including FINRA Rules 5130 and 5131, may prevent certain clients from participating in an IPO. Because of these and other factors, we determine which accounts will initiate an order to participate in an IPO based on any limitations imposed by the client, and on the appropriateness of the IPO to the client's investment objectives and strategies. Country- or sector-specific accounts may have a greater interest in participating in IPOs associated with that country or sector, and limited opportunity to participate in IPOs more generally. Thus, when determining the suitability of IPOs for particular accounts, we will give greater consideration to accounts whose investments are limited to an applicable region, country, sector, investment style or market capitalization, and will also consider, among other things, the following factors:

- Consistency of participation with the client portfolio's investment objective, policies and strategy;
- The appropriateness of the investment for each client portfolio's investment objectives, time horizon and risk management objectives; and
- Whether the client's liquidity position after the desired purchase will continue to maintain an adequate level.

We generally allocate shares received in an IPO on a *pro rata* basis among participating accounts. However, where we believe that a *pro rata* allocation of shares is not practicable, or would lead to an inequitable or unfair allocations, we may allocate the transaction on any basis that we believe is fair and equitable (including a rotational method) among participating accounts.

At the end of each quarter, we will review and calculate the participation in IPOs by each account able to participate in IPOs. Any account that we determine may not have received an appropriate allocation of IPO shares overall during that quarter will have priority for IPO allocations in subsequent quarters.

We may face conflicts of interest related to the sharing of research and investment ideas by research analysts and portfolio managers, and to allocating investment opportunities among clients who are eligible to acquire these securities. Because certain investment ideas may not be available over a reasonable period of time or in sufficient quantity, research analysts and portfolio managers have a conflict of interest in that they may have an incentive to treat the fund or account they manage preferentially as compared to other accounts we manage.

To manage these conflicts, our Trading Policies address the allocation of investment opportunities (for example, investment ideas). We make all research conducted by any member of our investment team generally available to every other member on an equitable basis.

However, our portfolio managers make decisions for their accounts individually, and may act (or not act) upon applicable research at any time. No account or investment mandate (*i.e.*, a group of accounts with similar investment objectives) has priority access to research. Nevertheless, we may establish priorities to an investment opportunity because of its limited availability, the difficulty of execution, or other factors. We may establish a priority for newly

established investment mandates, where appropriate. Currently, we may provide priority to opportunities for:

- Investments in securities of small companies to certain accounts, if no account we manage has previously invested in those securities; and
- Accounts that focus on a specific country or sector and intend to invest in IPOs bonds and private placements, which may be given priority in such opportunities to the extent they are associated with securities from a country or in a sector in which the account invests (For example, the Matthews China Fund may have priority for Chinese IPOs, or the Matthews China Fund and the Matthews Asia Innovators Fund may have shared priority for IPOs of Chinese technology companies).

*Directed Brokerage.* We do not engage in directed brokerage arrangements with third parties on behalf of clients. We do not pay for distribution of mutual fund shares with brokerage commissions. In addition, our client agreements do not generally provide clients the option to direct us to use a particular broker-dealer to effect their transactions. However, from time to time, and if the Chief Compliance Officer has approved the arrangement, a client may direct us to use a specific broker or dealer to execute transactions for its own account. In such cases, it may not be possible to obtain best price or best execution for the transaction due to constraints on aggregating trades to obtain volume discounts or reduce transaction costs and consequently, a directed brokerage arrangement may result in higher transaction costs, inferior quality of execution, and/or less favorable prices. In connection with creation and redemption orders for the ETFs that consist primarily or partially for cash, Matthews may contemporaneously select to transact with the creating or redeeming Authorized Participant in their capacity as broker dealers for the purchase or sale of securities due to their ability to manage such large block trades or for other reasons.

*Resolution of Trade Errors.* Errors can and occasionally do occur, and we have adopted procedures for error identification and correction. Our Trading Policies direct our employee to exercise care when acting on behalf of client accounts to minimize the impact of any errors that may occur. These procedures require the correction of trading errors as soon after discovery as reasonably practical, consistent with the orderly sale or purchase of the securities in question under prevailing market conditions. We may correct trading errors by canceling the trade prior to settlement, so long as the broker-dealer does not assume any client losses, or we reallocate the trade to one or more other accounts prior to the end of the trade date, so long as there is a legitimate investment decision for the other account(s) to buy or sell the security.

Matthews assesses trading errors on a case-by-case basis; however as a general matter, if an action or omission by us or a service provider violates an applicable standard of care and/or causes the trade error and results in a measurable loss to the account (i.e., a loss that is not *de minimis*), we will seek to have the account compensated either by Matthews, or service provider as we deem appropriate. However, we do not compensate for lost investment opportunities, opportunity costs, consequential or similar damages. We may net gains and losses related to trade errors within a single account if doing so is consistent with applicable law, and the gain or loss results from a single trading decision or represents a single and consistent application of a guideline or restriction. We will not net the gains and losses of separate clients and will not net the gains and losses of a single client that resulted from multiple errors (for example, trade errors resulting from more than one investment decision for the same client).

### **Item 13 - Review of Accounts**

The Chief Investment Officer, portfolio managers, research analysts and others with investment responsibilities for an account or a group of accounts meet and review each of their accounts on an on-going basis.

The investment team also convenes on a weekly basis to consider broader investment-related factors, including future prospects of issuers, valuations of holdings and potential

holdings, changes in industry, sector, national or regional outlook, and micro and macro-economic factors impacting investment decisions. These broader weekly discussions may not relate to specific client accounts. The Risk and Compliance Department provides information relating to compliance with investment guidelines concerning industry, country and security concentrations and similar matters.

Clients may receive the following written reports for their accounts from Matthews in addition to reports provided by the account's custodian, administrator, or other agents:

- Transaction Statements: On a monthly, quarterly, or other basis, clients may receive a report of purchases and sales of portfolio securities for their account.
- Appraisals: On a monthly or quarterly basis, clients may receive a report of portfolio holdings, including cost basis, and market values.
- Investment Reports: On a monthly or quarterly basis, clients may receive a report on market conditions affecting portfolio holdings.

#### **Item 14 - Client Referrals and Other Compensation**

Under certain circumstances, we may pay referral fees to third parties that solicit clients on our behalf or compensate certain agents who introduce their clients to us, only to the extent that such arrangements are in compliance with Rule 206(4)-1 under the Advisers Act. In addition, under other circumstances, we may pay referral fees to third parties that solicit investors into funds managed by Matthews. Except as described above and in connection with soft dollar arrangements, Matthews does not receive an economic benefit from anyone who is not a client for providing investment advice or advisory services to our clients (for example, we do not receive sales awards or other prizes). Conflicts of interest concerning, as well as our policies and procedures related to, soft dollar arrangements are described under Item 12 above.

#### **Item 15 – Custody**

Matthews may have custody of some clients' accounts because the client authorizes us to deduct our fees directly from its accounts otherwise held by a qualified custodian. We do not take physical possession of client funds or securities. Clients who request or permit the direct deduction of our fees from their accounts should receive statements, at least quarterly, directly from the broker-dealer, bank or other qualified custodian that holds or maintains the client's investment assets. In these cases, clients are urged to carefully review those statements, where applicable, and compare those official custodial records to the account statements we may send to clients. Our statements may vary from custodial statements based on reporting dates and differences in the timing and sources of valuation used by us and a client's custodian.

In addition, Matthews is deemed to have custody of any funds and securities of all Matthews Private Funds by virtue of acting as managing member to such funds. To the extent required under Rule 206(4)-2 of the Advisers Act and the SEC's related guidance, a Matthews Private Fund's funds and securities will be held by qualified custodians that are not affiliates of the Adviser. Matthews Private Fund investors receive audited annual financial statements. Matthews urges such Private Fund investors to carefully review such statements. Audits of these financial statements will be performed by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles. Investors who do not receive such financial statements in a timely manner (generally, within 120 days after the relevant Matthews Private Fund's fiscal year end), should promptly contact Matthews using the contact information provided on the cover of this brochure.

## **Item 16 - Investment Discretion**

Ordinarily, Matthews manages institutional client accounts on a fully discretionary basis in accordance with the guidelines set out in the client's Investment Management Agreement ("IMA"). However, clients may limit our discretion to invest in particular securities or establish other limitations on the types of investments we make (for example, some clients impose restrictions on the use of leverage). Any guidelines and restrictions applicable to our management of the account will be set forth in the IMA. Before we exercise discretionary authority or invest on behalf of our client's account, clients must agree to and enter into a written client agreement with us. Please also see Item 4 above. We also have full discretion to manage the Matthews Asia Funds, the Matthews Private Funds and the non-U.S. funds, and any limitations applicable to these pooled vehicles will be set forth in the fund's prospectus or other offering document.

## **Item 17 - Voting Client Securities**

It is the clients' decision whether to delegate authority to vote proxies for securities held in their account to Matthews. In instances where clients have not delegated authority to vote client proxies to Matthews, it is the client's responsibility to arrange for proxies to be voted. To date, all clients have given this authority to Matthews.

For clients who delegate authority to us to vote proxies on their behalf, we have written Proxy Voting Policies and Procedures ("Proxy Policies") to retain the proxy advisory services of an independent proxy consultant, Institutional Shareholder Services, a division of Deutsche Borse AG ("ISS"), and have adopted ISS Proxy Voting Guidelines (as applicable to the region of the company putting forth the particular proposal) to assist us in exercising shareholder voting rights and evaluating shareholder proposals in light of the best interests of our clients. We also retain the services of other independent proxy consultants, whose proxy voting guidelines and proxy advisory recommendations we consider to augment research in certain markets. We have also retained ISS as our proxy voting agent to effect proxy votes and maintain appropriate records. We may also receive research related to proxy voting from other services; however, clients may not direct us to use specific proxy voting services.

In addition to providing research and other proxy voting services, ISS, through its Corporate Services Division, offers products and services to issuers of proxy solicitations consisting of advisory and analytical services, self-assessment tools and publications. ISS has represented that employees of its Corporate Services Division are not involved in ISS' analysis of filed proxy proposals or preparation of vote recommendations. Nonetheless, ISS has adopted policies and procedures to guard against and to resolve any conflicts of interest that may arise in connection with its provision of research analyses, vote recommendations and voting services to us.

For significant corporate matters, such as establishing pension or profit-sharing plans, proposed mergers and acquisitions, and sales of assets, as well as sustainability- and ESG-related matters, ISS Proxy Voting Guidelines establish guidelines for evaluating the facts and circumstances of the particular proposal. In these circumstances, we evaluate the proposal in light of the best interests of our clients and vote accordingly.

For other, more routine matters, ISS Proxy Voting Guidelines may establish certain standards that, if satisfied, will result in a vote for or against a proposal. Routine matters include:

- Election of directors;
- Approval of auditors;
- Approval of dividends and distributions;
- Confidential voting; and
- Limitation on charitable contributions or fees paid to professional advisors.

Even in these circumstances, we reserve the right to evaluate each proposal in light of the



best interests of our clients (even if that vote is inconsistent with the ISS Proxy Voting Guidelines) (“Override”). For example, while we generally vote in favor of management’s nominees for a board of directors, we may vote against management nominees (individually or as a slate) if we believe that the board was entrenched or otherwise not acting in the best interests of shareholders. In evaluating proxy materials, we also take into account the objectives of individual clients. As a result, we may vote in favor of a proposal for certain clients, while at the same time voting against the same proposal for other clients (“Split Votes”). We also reserve the right to revise, alter or supplement our Proxy Policies from time to time, which may result in different votes on similar issues over time.

There may be circumstances in which Matthews believes that refraining from voting on a matter submitted to shareholders is in the best interests of our clients, such as when the cost of voting the proxy may exceed the expected benefit to the client. Similarly, voting on shareholder matters in foreign countries, particularly in Emerging Markets, may be subject to restrictions (including registration procedures that result in a holding becoming illiquid for a period of time) and limitations that impede or make impractical the exercise of shareholder rights. These limitations may include:

- Untimely or inadequate notice of shareholder meetings;
- Restrictions on the ability of holders outside the issuer’s jurisdiction of organization to exercise votes;
- In-person voting requirements;
- Restrictions on the sale of securities for periods surrounding the shareholder meeting (“share blocking”);
- The need to grant local agents powers of attorney to facilitate voting instructions;
- Proxy materials or ballots not being readily available; and
- Proxy materials or ballots not being available in English.

In certain foreign markets, there is a risk that the issuer rejects a vote submitted by the proxy voting agent for Matthews and does not provide a rationale for rejecting these votes. In these and similar circumstances, we may not, or may be unable to, act on specific proxy matters.

For separate account clients only, we will vote on proxy matters in accordance with a client’s specific instruction even if that vote would be inconsistent with our Proxy Policies and ISS Proxy Voting Guidelines or our vote for other clients. Such requests must be made in writing and submitted in a timely manner. For all proxy matters, please contact the Proxy Voting Group at the address listed below.

Our Proxy Policies attempt to manage conflicts of interest and potential conflicts of interest by using an independent proxy consultant to monitor and apply ISS Proxy Voting Guidelines. Also, we monitor for conflicts and potential conflicts of interest circumstances. When a material conflict of interest is identified, we will vote client securities in accordance with a pre-determined policy; vote based upon the recommendations of an independent third party; or advise affected clients of the circumstances and seek their direction, and vote accordingly; or take other action as may be appropriate in the particular circumstances.

The above is a summary of Matthews’ Proxy Policies. Questions concerning specific proxy matters or proxy voting processes may be submitted to our Proxy Voting Group at the address below. Matthews’ Proxy Policies, as well as information on how securities held in client accounts were voted, may be obtained by submitting a written request to:

Matthews International Capital Management, LLC  
Four Embarcadero Center, Suite 550  
San Francisco, CA 94111  
Attention: Proxy Voting Group

We will respond to a client's request in writing within 30 days.

Please note that participating in class action litigation, bankruptcy proceedings and other litigation relating to portfolio holdings involves the consideration of cost and other factors unique to individual accounts and unrelated to portfolio management. Accordingly, while we will attempt to assist clients who wish to participate in these matters, we do not prepare filings or otherwise act as a client's agent in connection with these matters. Clients interested in participating in these matters, should consult their own legal, accounting, and other relevant advisors.

#### **Item 18 - Financial Information**

We do not require or solicit prepayment of any fees in advance. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy petition in the past.

**Privacy**

Matthews is committed to protecting our clients' personal information. Matthews may collect nonpublic information about our clients, which may include, but is not limited to, information we receive from our clients on contracts and/or applications, such as name, address, social security number, assets, and income. Matthews does not disclose any nonpublic information about current or former clients to external parties, except as appropriate for processing or servicing their account or as required and permitted by law. Matthews shall maintain the strictest confidence regarding the affairs of our clients, except for disclosure that may be required by applicable law. Matthews maintains physical, electronic, and procedural safeguards to guard our clients' nonpublic information.