



Investments involve risk. The value of an investment in a fund can go down as well as up. As with any fund, possible loss of principal is a risk of investing. An investment in Matthews Asia Funds may be subject to risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Investments in international, emerging and frontier markets involve risks such as economic, social and political instability, market illiquidity, currency fluctuations, high levels of volatility, and limited regulation. Investing in Chinese securities involve risks. Heightened risks related to the regulatory environment and the potential actions by the Chinese government could negatively impact performance. Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. Investments in foreign currencies are exposed to the risk that the value of the foreign currency will increase or decrease. Investments in equity securities may result in increased volatility.

Fixed income funds may also invest in the following: derivatives which can be volatile and affect fund performance; high yield bonds (junk bonds) which can subject funds to substantial risk of loss; and structured investments which can change the risk or return, or replicate the risk or return of an underlying asset. There is no guarantee that any fund or the companies in its portfolio will pay or continue to pay dividends. Investments in a single-country fund may be subject to a higher degree of market risk than diversified funds because of concentration in a specific country. Investing in small- and mid-size companies is more risky than investing in large companies as they may be more volatile and less liquid than large companies. Please see the Prospectus/Offering Document for a Fund for additional information about the risks of investing in a Fund. This discussion of the risks associated with investing in Matthews Asia Funds is not exhaustive and prospective investors should consult a Fund's Prospectus/Offering Document before making an investment decision.



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# A Specialist Asset Management Firm

*Clients include global institutional investors, family offices, private bank professionals and high net-worth investors*

**150+**  
Employees

**30+**  
Years invested in  
Asia

**38**  
Investment  
professionals\*

**4**  
**Locations**  
San Francisco, London,  
Hong Kong, Shanghai

**US\$28.7 BN**  
Assets under  
management

\*As of October 15, 2021.

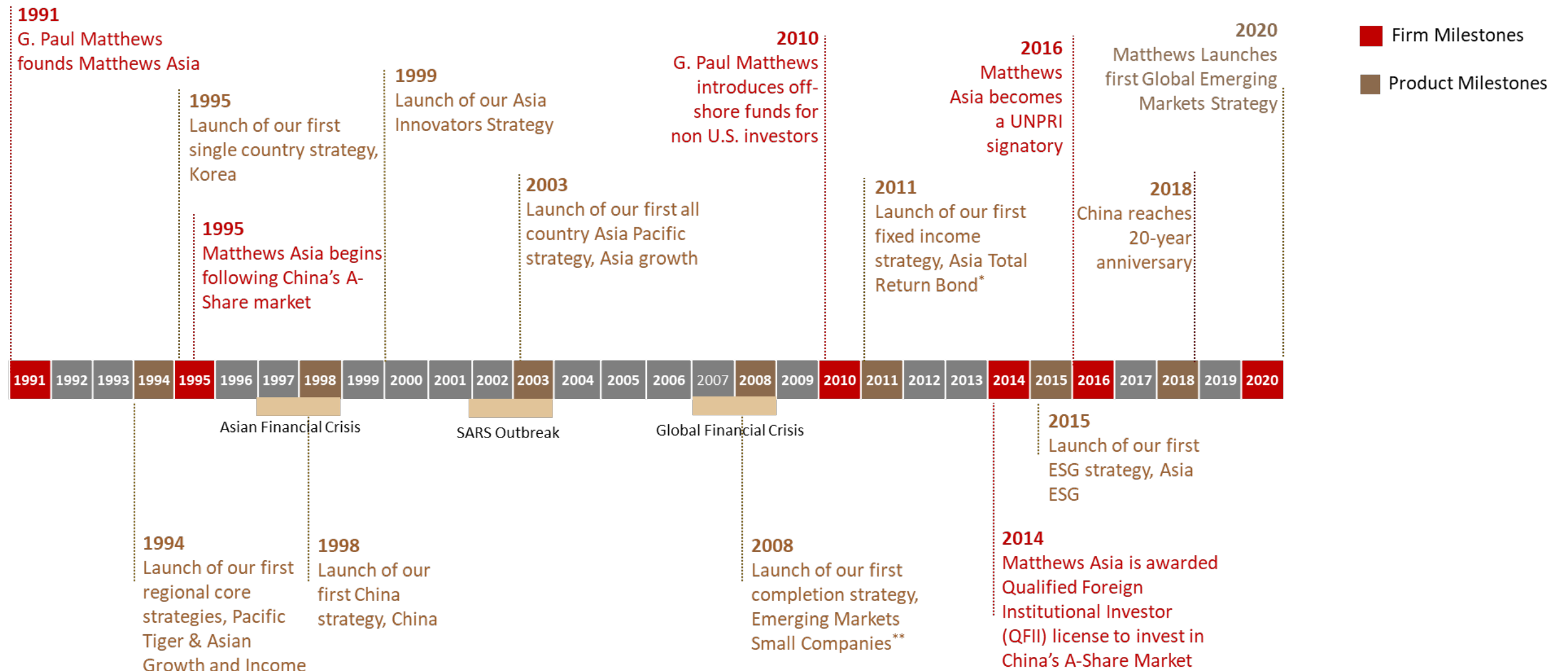
Note: Regional Strategy AUM \$22.2 BN, Single-country AUM \$6.5 BN, total firm China (including HK) exposure \$11.8 BN.

Assets under management may rise or fall due to market conditions and other factors.

Please visit [global.matthewsasias.com](http://global.matthewsasias.com) for current AUM.

Data as of September 30, 2021

# A History of Resilience and Innovation



\*Formerly known as Asia Strategic Income \*\*Formerly known as Asia Small Companies  
Matthews Asia

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# Our Investment Team—Truly Local Knowledge and Insights\*

Our team conducted over 3,600 due diligence meetings in 2020, including 3,400 virtual meetings

## LOCAL KNOWLEDGE AND EXPERIENCE

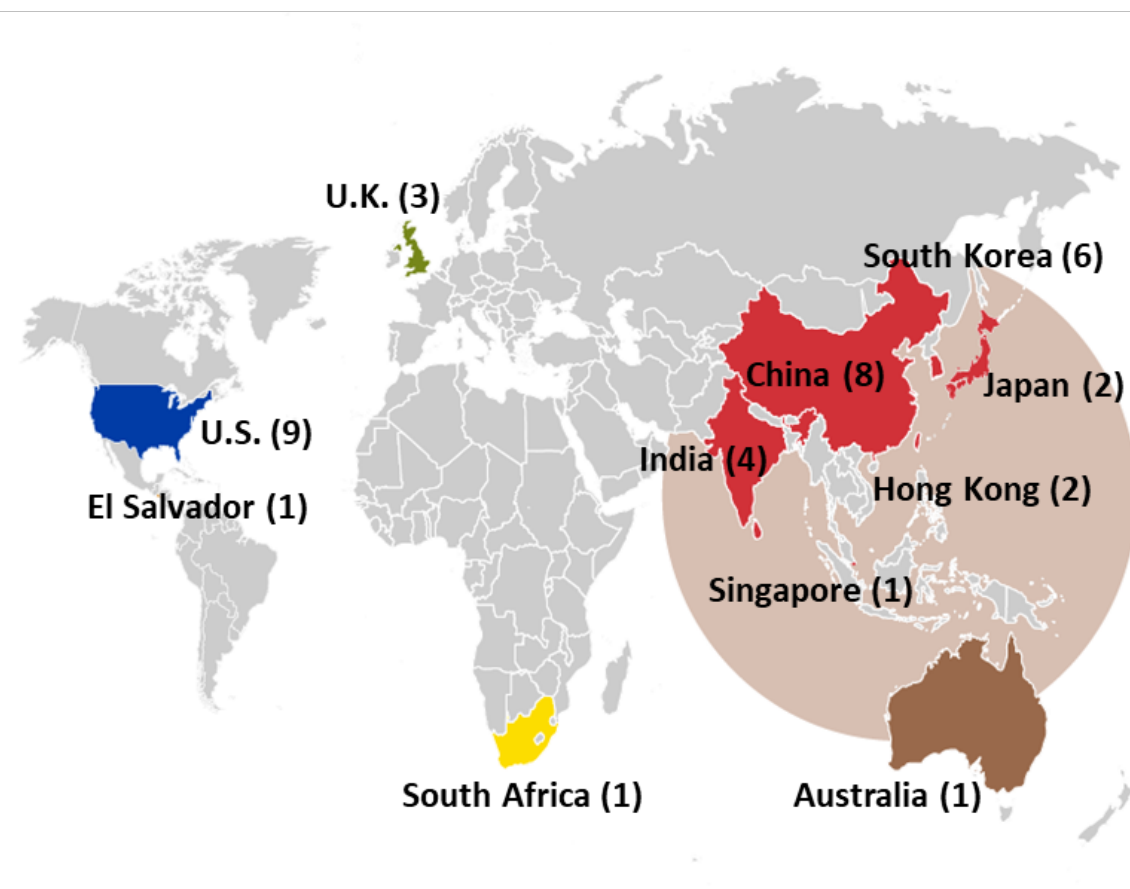


- \* **66%** born in Asia
- \* **74%** lived or worked in Asia
- \* **71%** Asian language speakers

## LANGUAGES AND DIALECTS SPOKEN

* Bengali	* Japanese	* Hindi
* Cantonese	* Mandarin	* Telugu
* Gujarati	* Shanghainese	* Korean

## DIVERSE BACKGROUNDS AND COUNTRIES



\*As of October 15, 2021.

Map does not represent relative size of country.

## Senior Investment Team Members—Redefining “Local”

Senior Investment Team Members		Years of Experience			Countries Lived In	Languages & Dialects Spoken
Name	Investment Focus	Asia	Industry	Firm		
Robert Horrocks, PhD	Asia Regional	27	27	14	China, Hong Kong, Taiwan, Korea	Mandarin
Siddharth Bhargava	Asia Regional	16	10	10	India	Hindi
Winnie Chwang	China Small Cap, China	17	17	17	Singapore	Mandarin, Cantonese
David Dali	Broad EM	24	32	6	N/A	N/A
Taizo Ishida	Japan, Asia Growth	31	37	15	Japan, Bangladesh	Japanese
Teresa Kong, CFA	Asia Debt	20	26	11	Hong Kong, China	Cantonese
John Paul Lech	Emerging Markets	13	16	3	N/A	Spanish, French, Portuguese
Kenneth Lowe, CFA	Asia Regional	15	15	11	N/A	N/A
Elli Lee	Korea, Asia Regional	18	18	5	South Korea, Hong Kong	Korean
S. Joyce Li, CFA	Asia Regional	15	15	5	China	Mandarin, Cantonese
Andrew Mattock, CFA	China, China Small Cap	22	26	6	Singapore	N/A
Peeyush Mittal, CFA	India	12	12	6	India	Hindi
Michael Oh, CFA	Korea, Asia Regional	21	21	21	South Korea	Korean
Satya Patel	Asia Debt, Asia Regional	10	14	10	N/A	Gujarati
Andy Rothman	China	37	37	7	China, Indonesia	Mandarin
Tiffany Shi, CFA	China, Asia Regional	11	11	6	Hong Kong, China, Taiwan, Singapore	Shanghainese, Cantonese, Mandarin
Sharat Shroff, CFA	Asia Regional, India	18	21	16	Hong Kong, India, Taiwan	Hindi, Bengali
Inbok Song	Asia Regional	16	16	10	Korea	Korean
Jeremy Sutch, CFA	Asia Regional, Asia Small Cap	26	26	6	China, Hong Kong	N/A
Shuntaro Takeuchi	Japan	16	20	5	Japan	Japanese
Vivek Tanneeru	Asia ESG, EM Small, Asia Regional	16	16	10	India	Telegu, Hindi
Alex Zarechnak	Emerging Markets	26	26	1	Russia	Russian
Sherwood Zhang, CFA	China, Asia Regional	13	18	10	China, Hong Kong	Mandarin, Cantonese
Yu Zhang, CFA	China, Asia Regional	16	16	14	China, Japan	Mandarin
Julia Zhu	China	20	20	3	China, Hong Kong	Mandarin

Years of experience as of January 2021

# Strategies for Investing in Asia

Matthews Asia offers a range of strategies across the risk-reward spectrum

STRATEGIES FOR INVESTING IN ASIA	
<p><b>ASIA FIXED INCOME</b></p> <ul style="list-style-type: none"> <li>* Asia Total Return Bond*</li> <li>* Asia Credit Opportunities</li> </ul>	<p><b>ASIAN GROWTH AND INCOME</b></p> <ul style="list-style-type: none"> <li>* Asia Dividend</li> <li>* Asia ex Japan Dividend</li> <li>* China Dividend</li> </ul>
<p><b>ASIA GROWTH</b></p> <ul style="list-style-type: none"> <li>* Pacific Tiger</li> <li>* Asia Innovative Growth</li> <li>* China</li> <li>* India</li> <li>* Japan</li> </ul>	<p><b>ASIA SMALL COMPANY</b></p> <ul style="list-style-type: none"> <li>* Asia Small Companies</li> <li>* China Small Companies</li> </ul>

\*Formerly known as Asia Strategic Income

The above Matthews Asia Funds are currently available as Luxembourg-domiciled SICAVs. An investment in Matthews Asia Funds may be subject to risks, such as social instability, market illiquidity, exchange rate fluctuations, a high level of volatility and limited regulation. Please see the Prospectus/Offering Document for the Funds for additional information about the risks of investing in a Fund.



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# Matthews Asia Funds | China Small Companies Fund Profile

## FUND FACTS

### Inception Date

Fund February 29, 2012  
Strategy May 31, 2011

### Number of Holdings

45 to 70

### Turnover Range

60% to 80%

### Benchmark

MSCI China Small Cap Index

### Assets (as of October 31, 2021)

Fund US\$670.1 million  
Strategy US\$1.1 billion

### Ratings



Overall Morningstar Rating™



## Investment Objective

Long-term capital appreciation

## Approach

Invest in small companies located in China that are capable of sustainable growth based on the fundamental characteristics of those companies. China includes its administrative and other districts, such as Hong Kong.

## Small Companies

Market capitalization no higher than the greater of US\$5 billion or the market capitalization of the largest company included in the Fund's benchmark.

### Lead Managers



**WINNIE CHWANG**



**ANDREW MATTOCK, CFA**

An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks.

Fund ratings represent an opinion only and are not a recommendation to buy or sell any fund. FE Crown Fund Rating as of January 2020; Morningstar Rating as of September 30, 2021. ©2021 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is provided for reference purposes only. Past performance is no guarantee of future results.

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# Seasoned Small Companies Team with a Long Term Track Record\*

Supported by Knowledge Platforms, Strategists, and On-the-Ground Resources

## CHINA SMALL COMPANIES TEAM

○ Located in Asia    ○ Knowledge Platform Lead

### Portfolio Managers



**Winnie Chwang**  
Lead Manager  
17 years of exp.



**Andrew Mattock, CFA**  
Lead Manager  
26 years of exp.

### China Knowledge platform



**Winnie Chwang**  
Portfolio Manager  
17 years of exp.



**Andrew Mattock, CFA**  
Portfolio Manager  
26 years of exp.



**Hardy Zhu**  
Senior Research Analyst  
14 years of exp.



**Yu Zhang, CFA**  
Portfolio Manager  
16 years of exp.



**Sherwood Zhang, CFA**  
Portfolio Manager  
20 years of exp.



**S. Joyce Li, CFA**  
Portfolio Manager  
15 years of exp.



**Tiffany Shi, CFA**  
Portfolio Strategist  
11 years of exp.



**Wei Zhang**  
Portfolio Manager  
15 years of exp.



**Bo Ning**  
Research Analyst  
6 years of exp.

### China Macro Strategists



**Andy Rothman**  
Investment Strategist, China  
37 years of exp.



**Julia Zhu**  
Senior Analyst, China Macro  
20 years of exp.

### Innovation Knowledge Platform



**InBok Song**  
Portfolio Manager  
16 years of exp.



**Elli Lee**  
Portfolio Manager  
18 years of exp.



**Sojung Park**  
Senior Research Analyst  
9 years of exp.



**Jason Ng**  
Research Analyst  
8 years of exp.



**Donghoon Han**  
Senior Research Analyst  
10 years of exp.



**Michael Oh, CFA**  
Portfolio Manager  
21 years of exp.



**Alex Zarechnak**  
Senior Research Analyst  
26 years of exp.

### Health Care Knowledge Platform



**Taizo Ishida**  
Portfolio Manager  
37 years of exp.



**Vivek Tanneeru**  
Portfolio Manager  
16 years of exp.



**Tiffany Shi, CFA**  
Portfolio Strategist  
11 years of exp.



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# Investment Opportunity in Chinese Small Caps

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The Chinese equity market has evolved and is deep and diverse

- \* Cyclical nature of China's earnings to be less with potentially higher returns and lower capital intensity
- \* Small businesses play an important role in this change and China's economy

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Exposure to the most innovatively growing parts of China

- \* Chinese small caps offer a large exposure to IT and Health Care sectors
- \* Highly driven by domestic demand and more insulated from trade/political matters

---

A unique exposure in an undiscovered market

- \* 80% of Chinese small caps are represented by the still inefficient A-share market
- \* Active managers are able to "uncover" opportunities to high-quality companies with good corporate governance at cheaper valuations

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Highly differentiated exposure as compared with global portfolios

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- \* High active share versus other China, Asian and EM benchmarks and portfolios

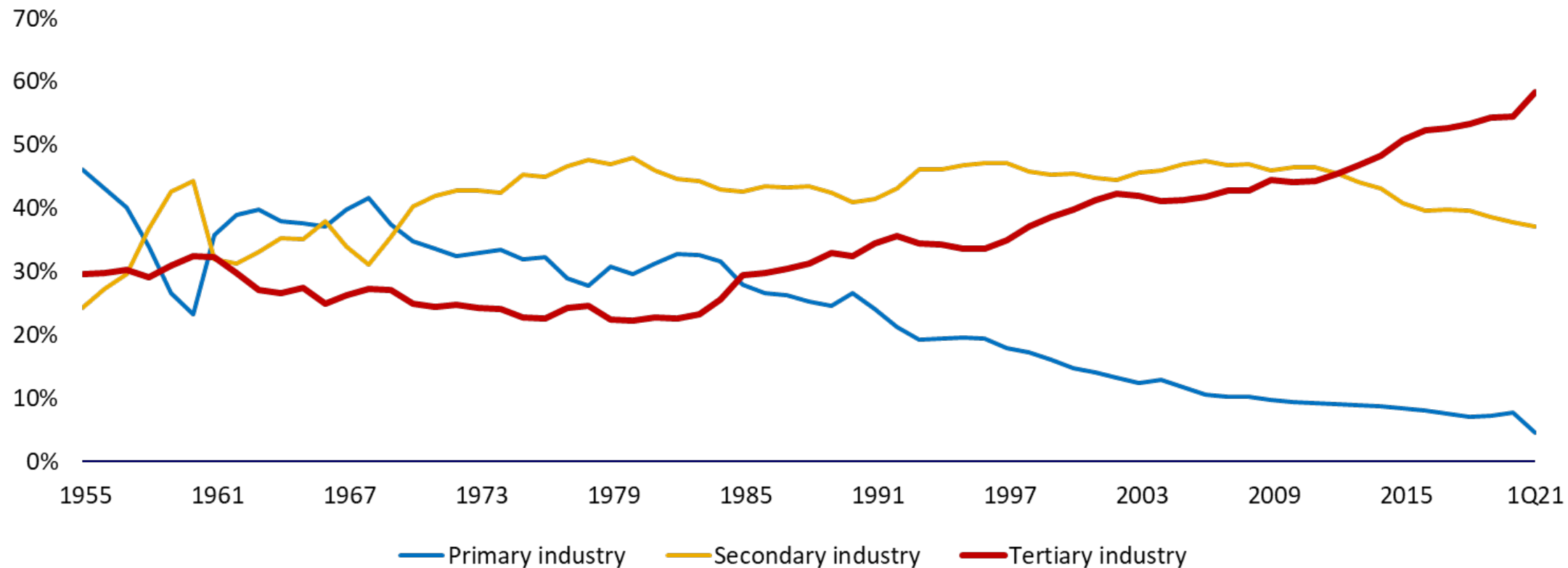
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# Despite COVID, China's Economic Rebalancing Continues

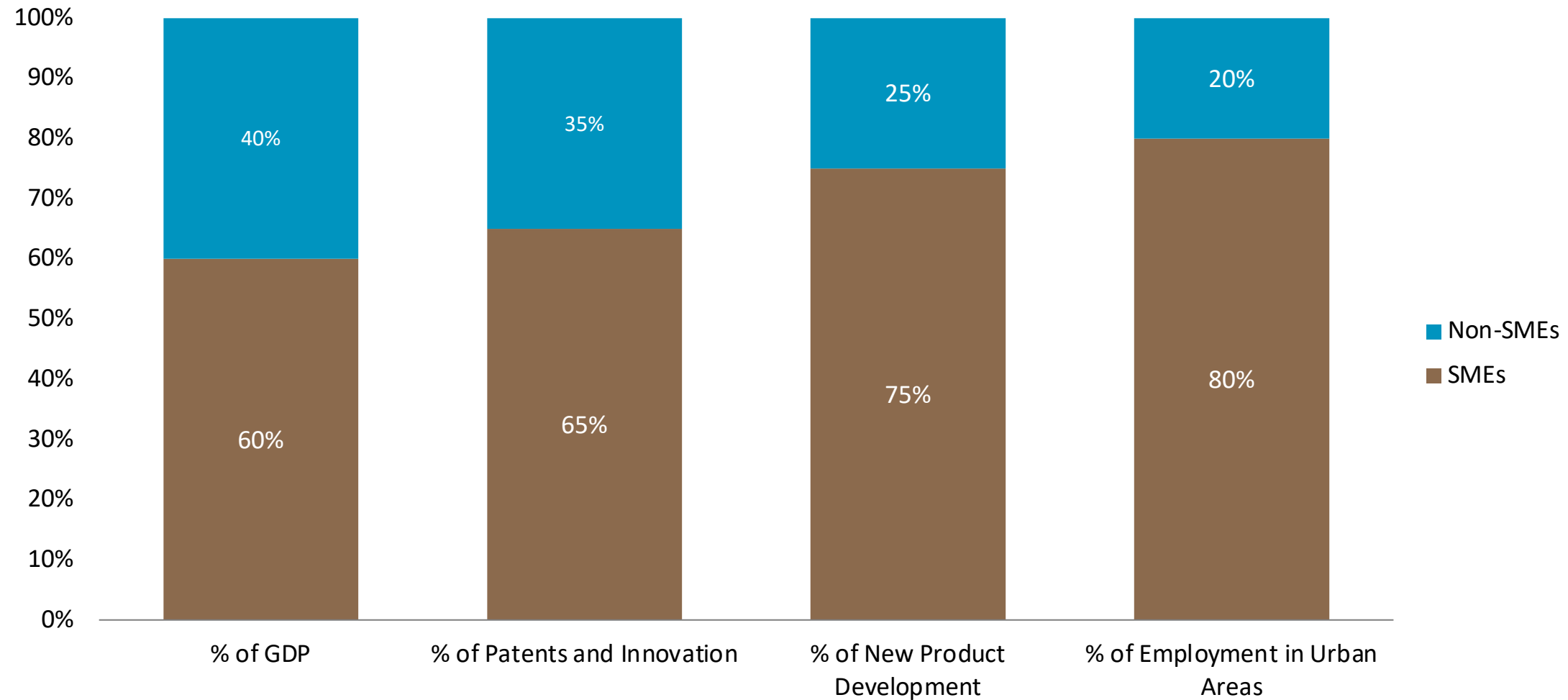
SHARE OF GDP BY PRODUCTION APPROACH



- **Primary industry** refers to agriculture, forestry, animal husbandry and fishery and services in support of these industries
- **Secondary industry** refers to mining and quarrying, manufacturing, production and supply of electricity, water and gas, and construction
- **Tertiary industry** refers to all other economic activities not included in the primary or secondary industries, including real estate, finance, wholesale and retail, transportation and other service industries

Source: CEIC, as of Apr 16, 2021

# Small Businesses Play an Important Role in China's Economy



An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks.

SME: Small and medium enterprise  
Source: Ambassador Cheng Jingye's Speech at China SME Global Development Forum, June 2012

# China Small Caps are Driven by Domestic Demand

Small businesses are an important economic driver for China catering to domestic demand

## TOP TEN SOURCES OF REVENUE BY GEOGRAPHY FOR CHINA SMALL COMPANIES PORTFOLIO

Revenue Source by Country	Percentage of Revenue for China's Small Companies
China	77.32%
United States	5.94%
Taiwan	2.92%
Japan	1.91%
Hong Kong	1.28%
South Korea	0.83%
India	0.71%
Germany	0.71%
Canada	0.64%
United Kingdom	0.43%

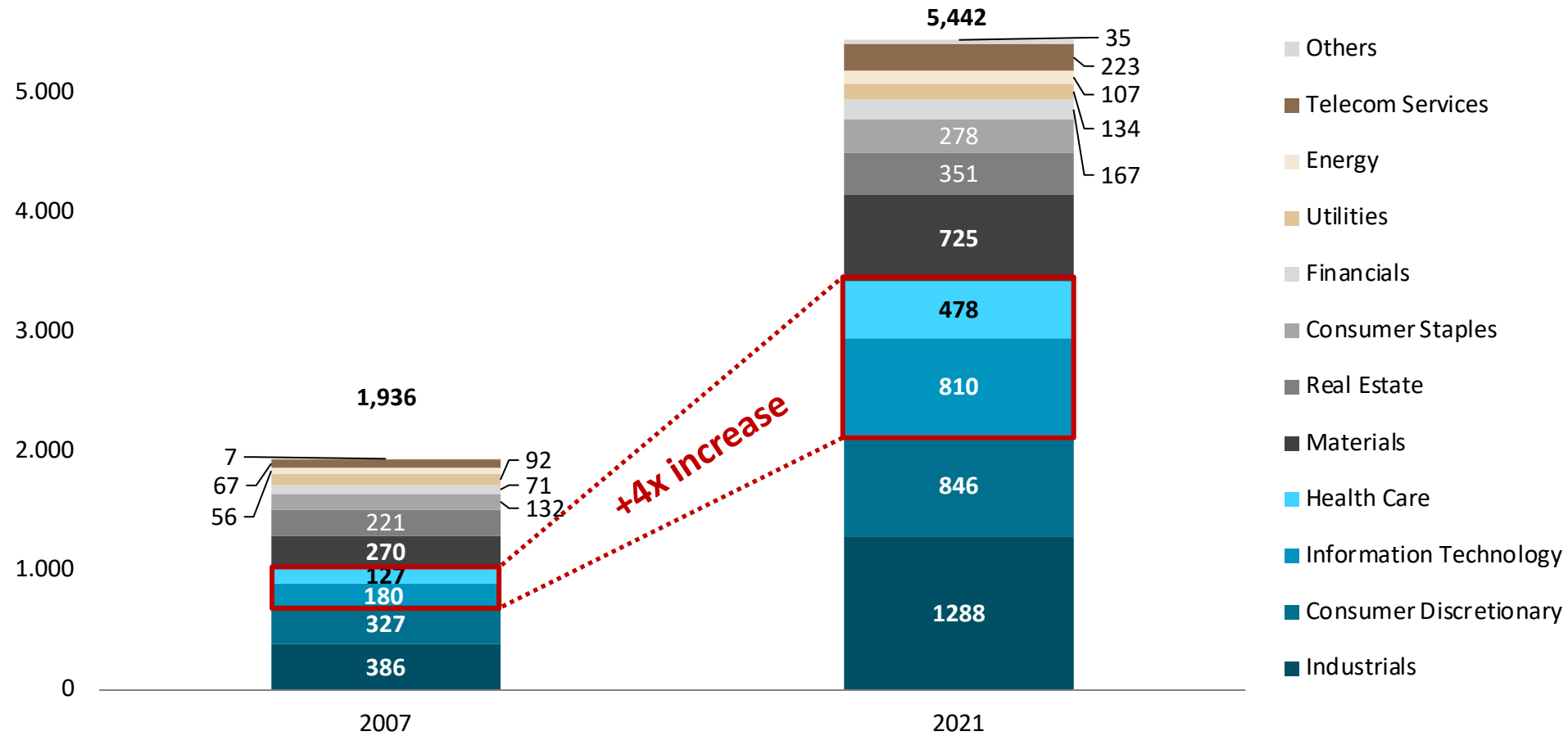
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Source: FactSet Research System; data as of September 30, 2021

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# China's Small Company Universe is Expanding for Foreign Investors

We seek to invest in the Top 1% of the Chinese Small Companies equity markets



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Includes all companies domiciled in Hong Kong, Macau and mainland China with market cap of US\$50MN to US\$5BN. 2007 figures do not include companies listed on the Shanghai or Shenzhen exchanges as they were not available to foreign investors at that time.

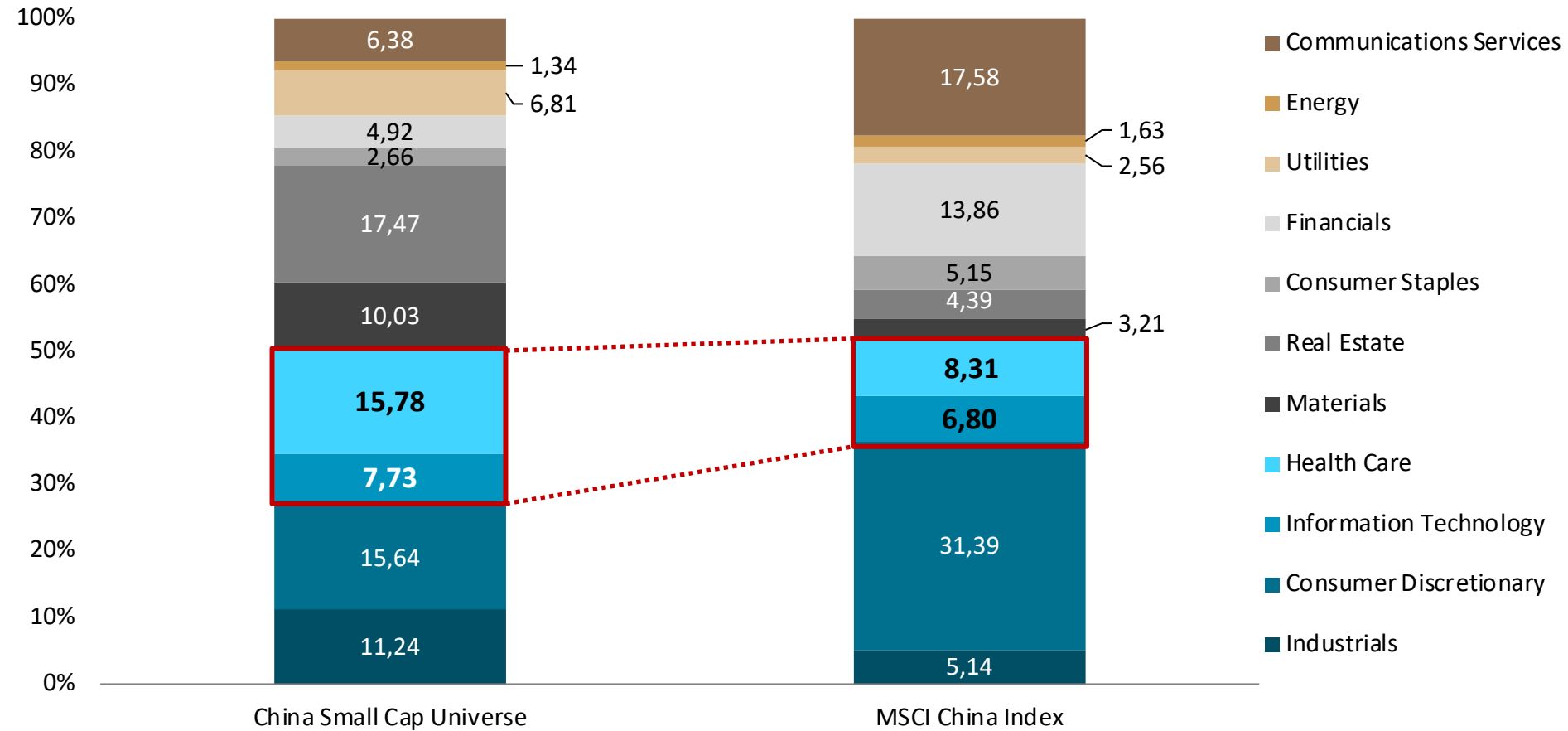
Source: Bloomberg; data as of September 30, 2021

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# China Small Caps Universe vs China All-Cap Index

China Small Caps are more prominent in IT and Health care

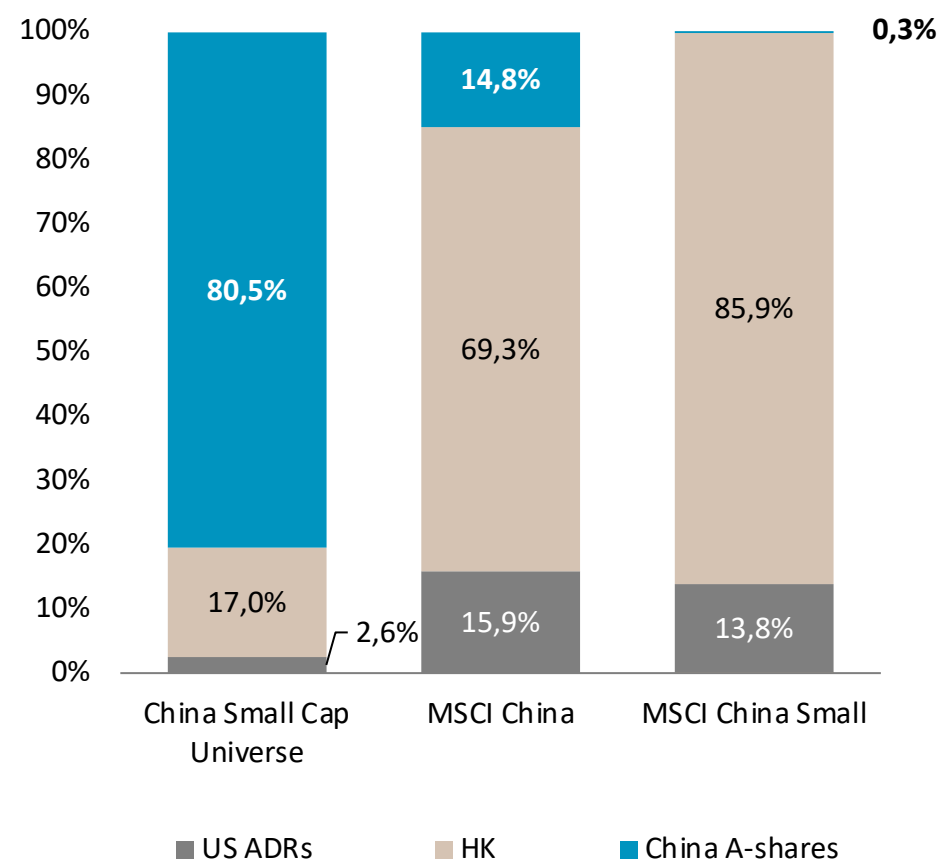


China Small Universe defined as companies within US\$1-\$5bn in market cap, totaling 1,700 companies  
 Source: Data from Bloomberg as of September 30, 2021

# We Believe the China Small Cap Universe is Inefficient and Undiscovered

A large percentage of the universe is comprised of A-share companies

**CHINA SMALL UNIVERSE**



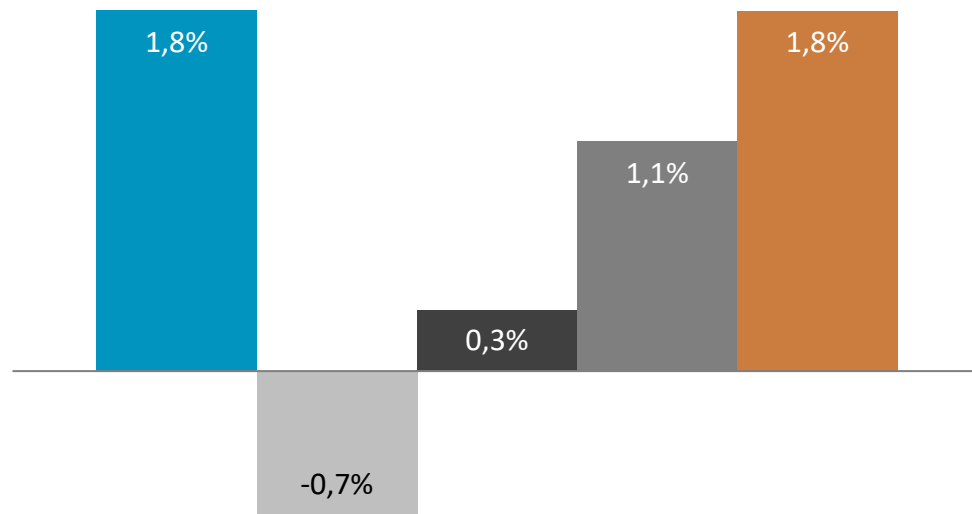
**THIRD-PARTY ANALYST COVERAGE OF CHINESE STOCKS**

Percent of companies covered by third-party analysts within China's broader stock universe	Number of third-party analysts providing coverage
15%	5+ analysts
79%	5 or fewer analysts
76%	4 or fewer analysts
72%	3 or fewer analysts
66%	2 or fewer analysts
59%	1 or zero analysts
46%	Zero analysts

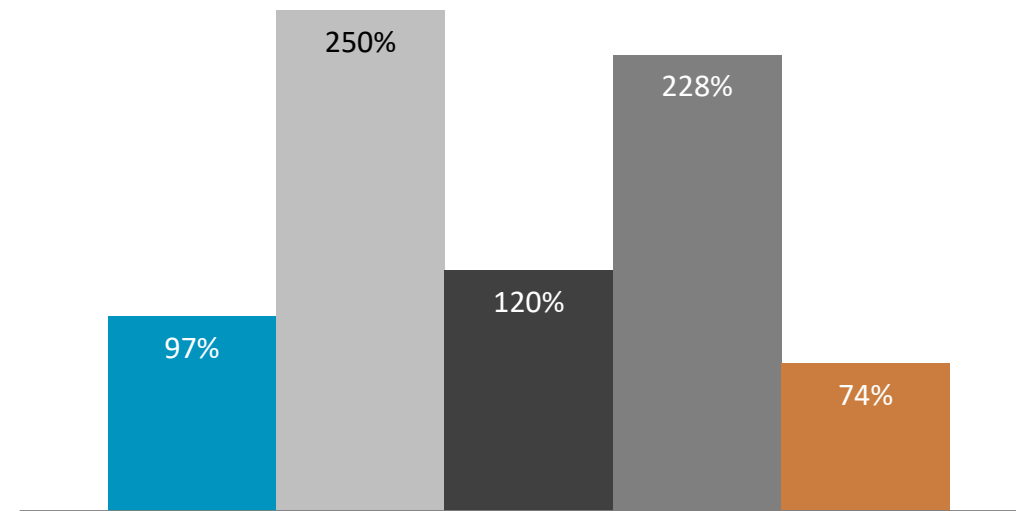
China Small Universe defined as companies within US\$1-\$5bn in market cap, totaling 1700 companies  
 Source: Data from Bloomberg as of September 30, 2021

# China Small Companies Do Not Depend on Leverage for Returns

RETURN ON ASSETS



TOTAL DEBT TO TOTAL EQUITY



■ MSCI China Small Cap   
 ■ MSCI USA Small Cap   
 ■ MSCI Europe Small Cap   
 ■ MSCI India Small Cap   
 ■ MSCI China

An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks.

Indexes are unmanaged and it is not possible to invest directly in an index.  
 Sources: Bloomberg; FactSet Research Systems; ROA data as of January 15, 2021; Debt/Equity data as of September 30, 2021



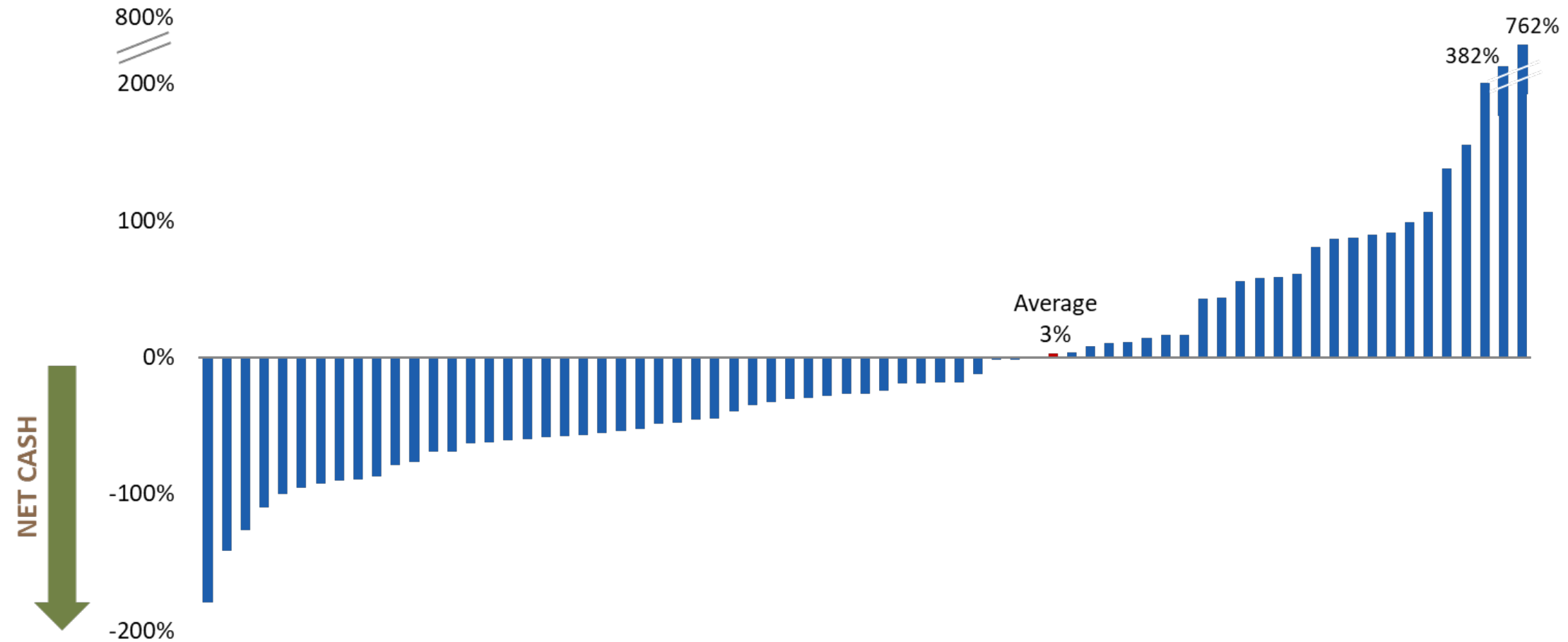
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# China Small Companies Fund Net Debt/Equity Profile

We prefer asset light businesses with low leverage—63% of the portfolio companies in net cash



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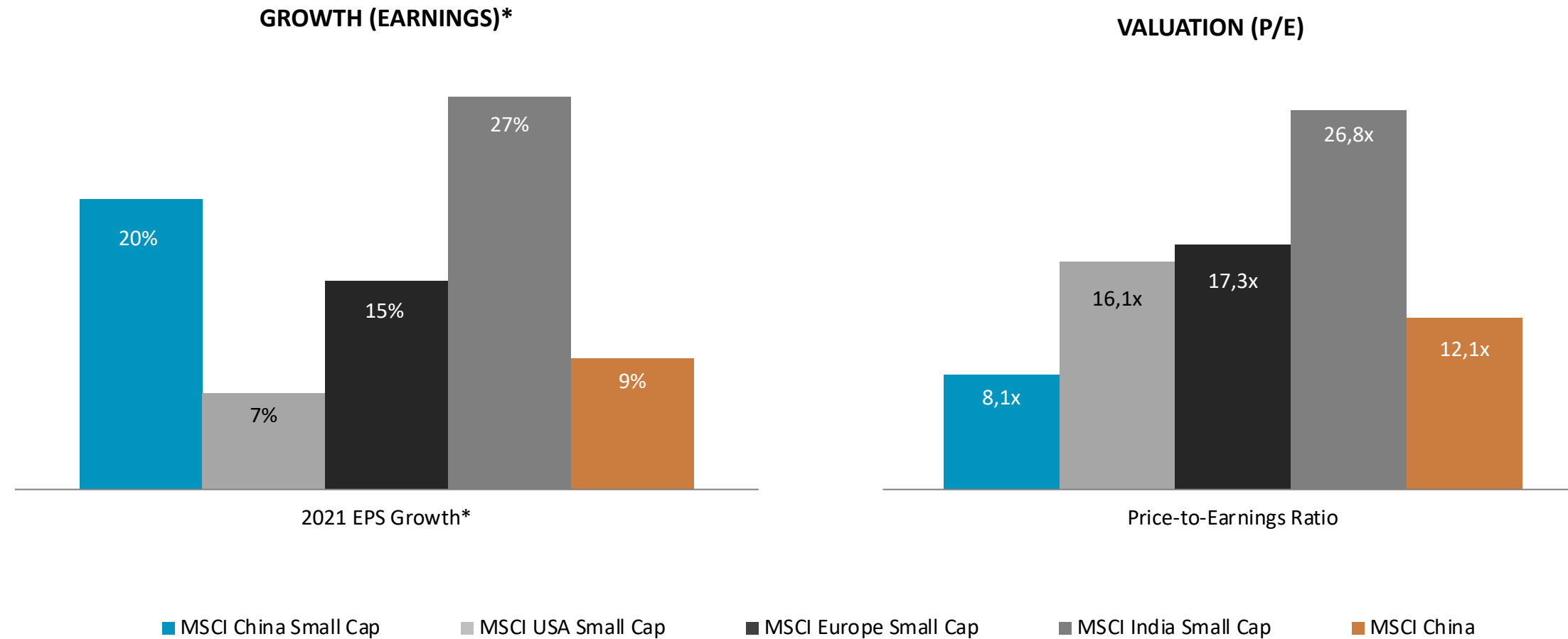
Note: Each bar represents a holding in the Matthews China Small Companies Fund portfolio as of September 30, 2021. This information is solely to illustrate Matthews Asia's investment process. This process is subject to change. It should not be considered a recommendation of any security listed, nor a representation as to whether a security is currently held by the Fund. Such information should not be relied upon as investment advice regarding a particular investment, sector, industry or markets in general. Such information does not constitute a recommendation to buy or sell specific securities or investment vehicles.

Source: FactSet Research Systems; data as of September 30, 2021

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# Chinese Small Caps Are Priced Attractively Against Global Small Caps



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\*Estimates as of October 11, 2021, for companies that provided forward looking EPS. There is no guarantee that estimated EPS growth will be achieved. Indexes are unmanaged and it is not possible to invest directly in an index.

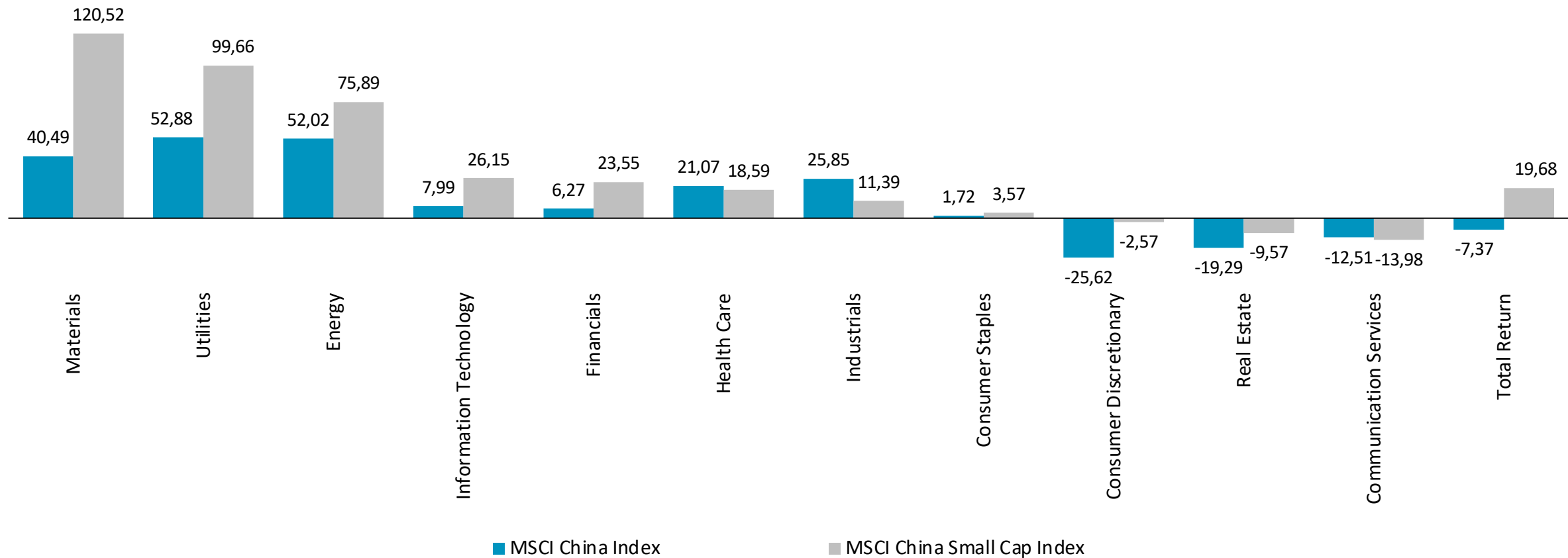
Sources: Bloomberg, FactSet Research Systems; Valuations data as of September 30, 2021

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# Where Are We Today? Performance by Sector

Select sectors driving returns in China

PERFORMANCE BY SECTOR, SEPTEMBER 30, 2020 TO SEPTEMBER 30, 2021, %



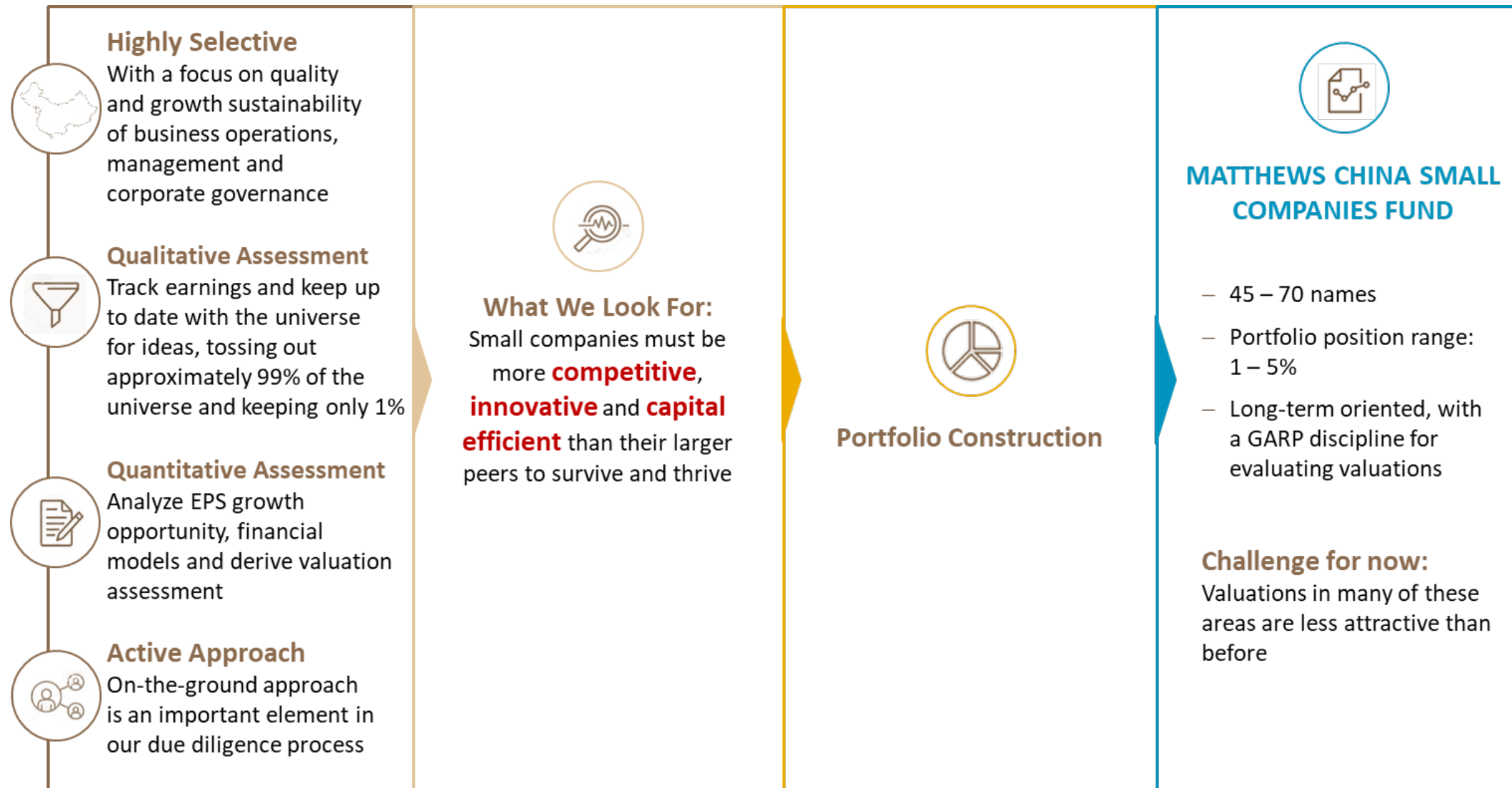
An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks. **Past performance is no guarantee of future results.**

Source: Bloomberg; data for time period June 30, 2020 through September 30, 2021

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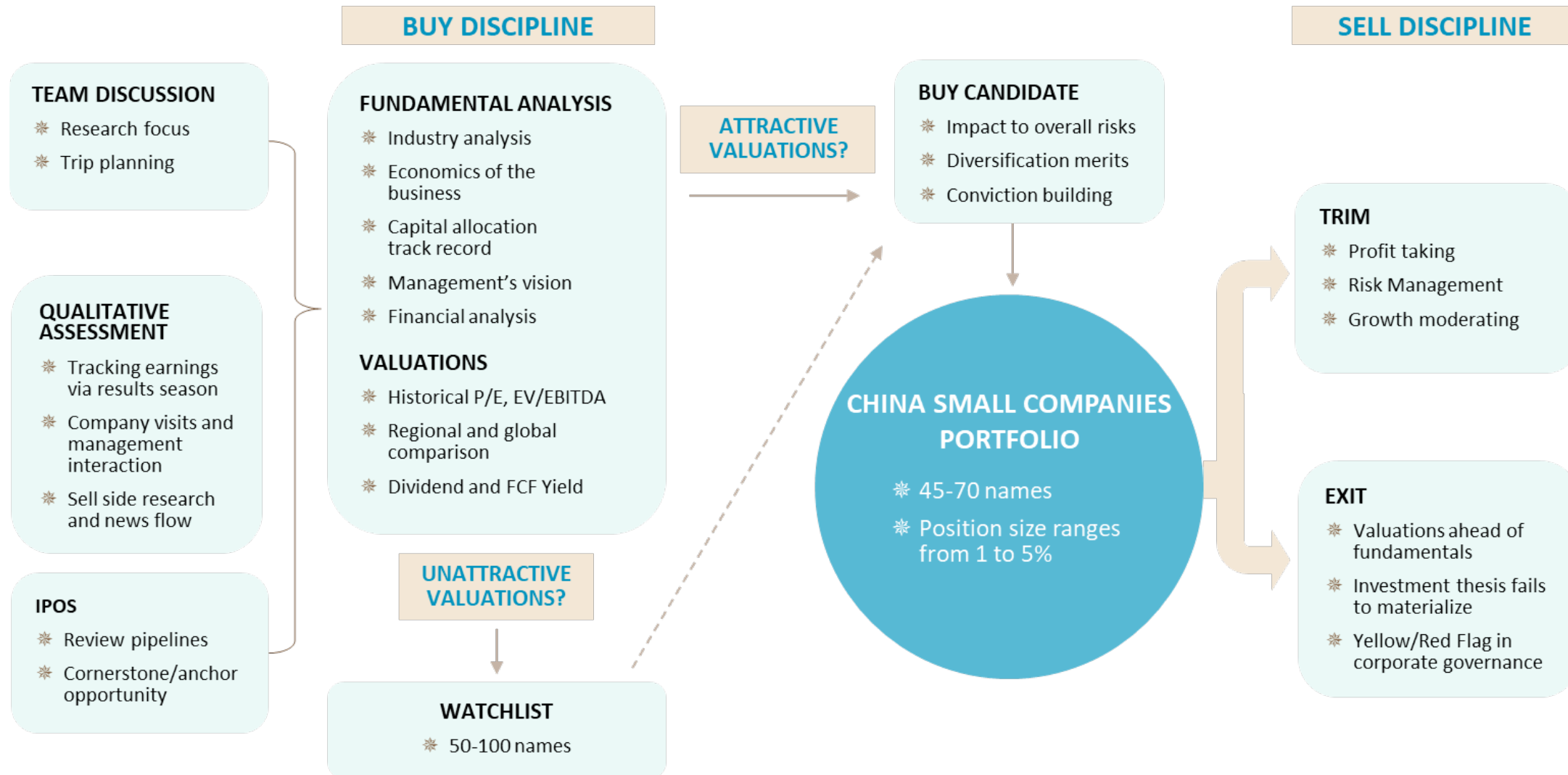


# China Small Companies Fund Investment Process



An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks. Parameters set by Matthews Asia are subject to change.

# How Do We Make Investment Decisions?



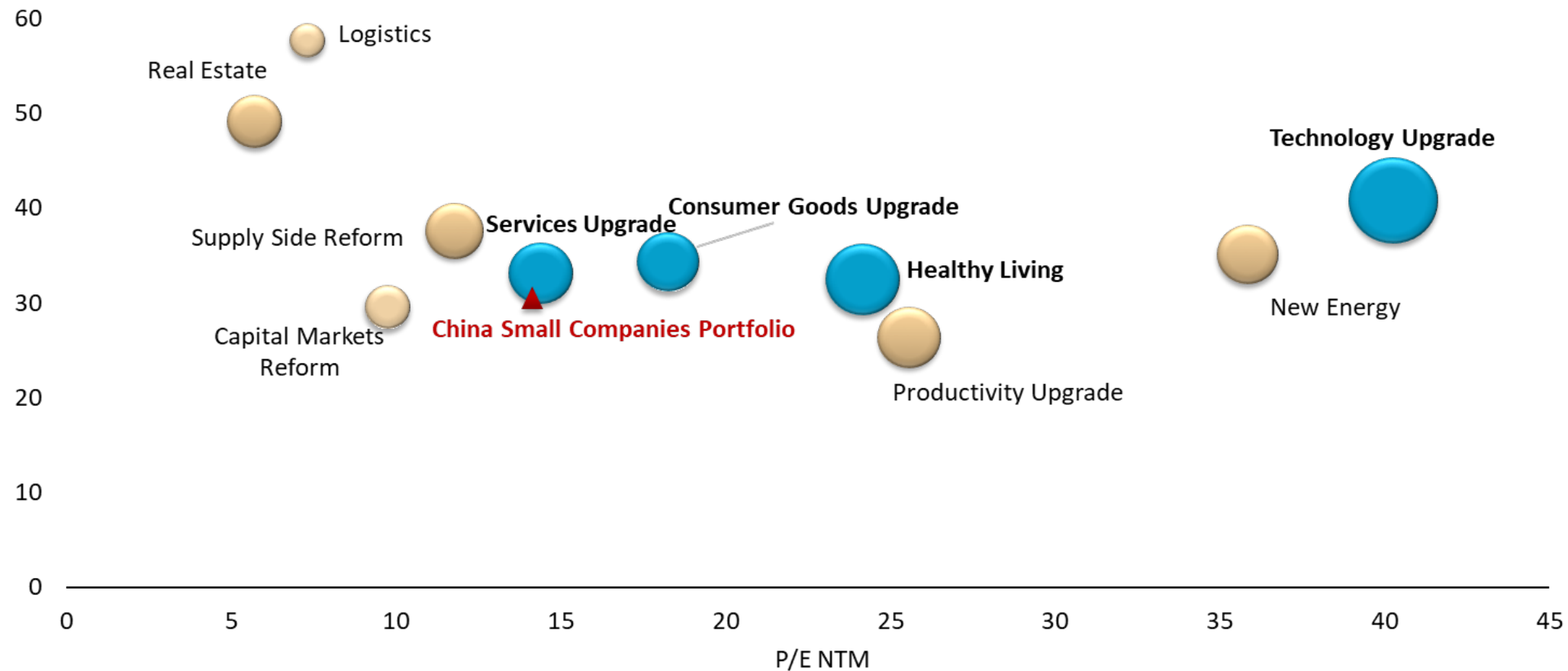
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# China Small Companies Invests in Structural Growth Sectors

Key themes: Technology upgrade, healthy living, services upgrade and consumer goods upgrade

## 3-YEAR EPS GROWTH



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Note: The portfolio has a 6.9% weighting in Cash as of September 30, 2021

Each bubble represents a portfolio theme as defined by Matthews Asia. Each bubble represents a plotting of the averages for the noted data for the portfolio companies as grouped by the noted theme. The 3-year EPS growth and forward P/E ratio data are for all securities held in the portfolio with available data. Bubble sizes are in proportion to the theme weight percentage. There is no guarantee that the composition of the portfolio will remain unchanged. The forward price per earnings ratio ("Forward P/E") is calculated by dividing the market price per share by the forecasted earnings per share for the next 12 months. There is no guarantee any estimates or projections will be realized.

Sources: FactSet Research Systems, Matthews Asia; Data as of September 30, 2021

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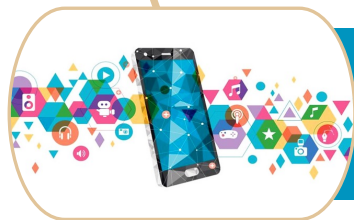
# Potentially Unstoppable Trends in China Today

Evolving trends give rise to innovation in small companies



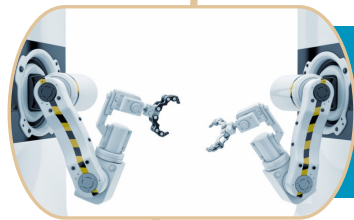
## Continued Consumer Upgrades

- Rising demand for quality products & services



## Hyper-Connectivity and Indigenous Tech Innovation

- Data and Semiconductors
- Productivity tools and Software



## Investing in Longevity

- Next generation drug manufacturing
- Robotics and automation



## A Greener China

- Carbon neutrality 2060
- Energy self-sufficiency plans

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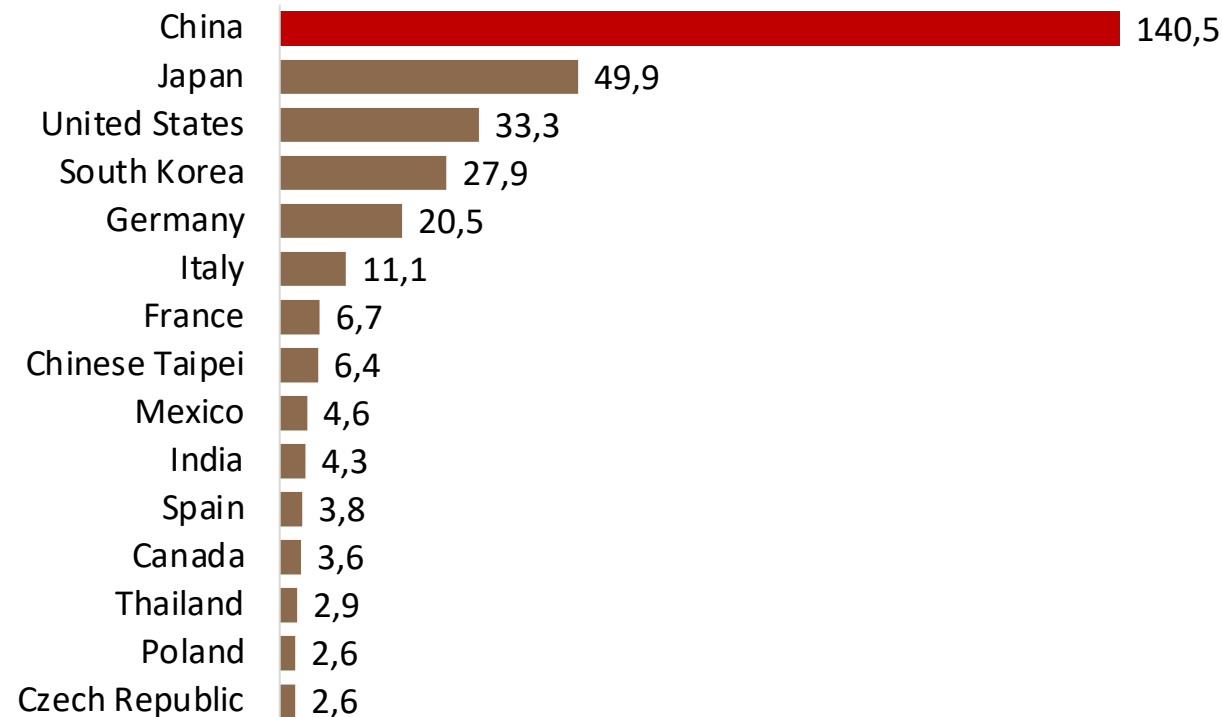
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# Case Study | Estun Automation

Leading domestic robot manufacturer in China

## ANNUAL INSTALLATIONS OF INDUSTRIAL ROBOTS; 15 LARGEST MARKETS 2019

'000 of units



## MACRO INVESTMENT THESIS

- China’s changing demographics point to a shrinking migrant worker population
- Continued wage inflation pressures

## BOTTOM UP ASSESSMENT

- Technology edge—very few suppliers of this component globally
- Local Chinese companies have improved the quality of their product meaningful and offer a competitive price enabling to gain market share
- Visible capacity growth to facilitate growth in revenues and profits

An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks.

The information in this case study is presented solely to illustrate Matthews Asia’s investment process. It should not be considered a recommendation of the security discussed (the “Security”), nor a representation as to whether the Security is currently held by the Fund. The results of any possible investment in the Security are not representative of the results of other investments by the Fund. Performance of the Fund and a list of current holdings as of a recent date are available at [hk.matthewsasiasia.com](http://hk.matthewsasiasia.com). **Past performance is no guarantee of future results.** The statements above are based on the beliefs and assumptions of our portfolio management team and on the information currently available to our team at the time of such statements. Although we believe that the expectations reflected in these statements are reasonable, we can give no assurance that these expectations will prove to be correct.

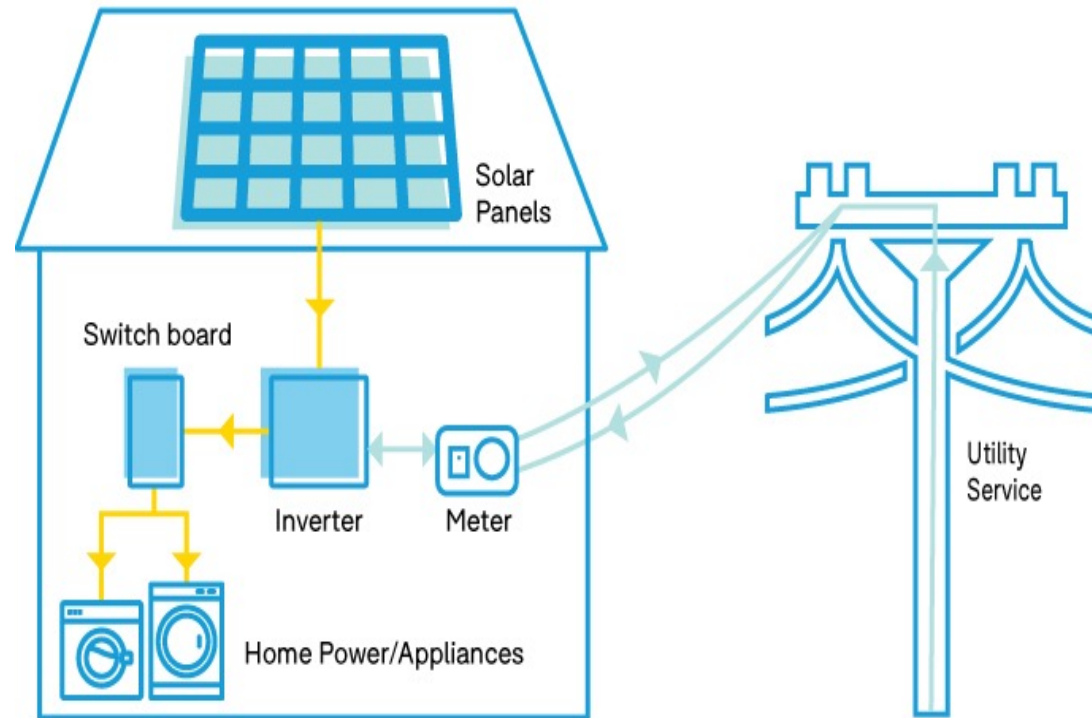
Source: Source: World Robotics Association 2020

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# Case Study | Ginlong

Solar component manufacturer benefiting from renewable energy growth



## MACRO INVESTMENT THESIS

- China’s carbon neutrality 2060 plans promotes significant volume expansion opportunities across the solar chain

## BOTTOM UP ASSESSMENT

- Strong execution by the company has meant that its global market share has grown considerably over the past decade
- Strong product offering in the high end inverter space
- Opportunity to expand total addressable market to further expand as the energy storage system market grows
- Strong financials with improving profitability and cash flow profiles

An investment in Matthews Asia Funds is subject to risks. Please refer to the cover slide for a more detailed outline of the associated risks.

The information in this case study is presented solely to illustrate Matthews Asia’s investment process. It should not be considered a recommendation of the security discussed (the “Security”), nor a representation as to whether the Security is currently held by the Fund. The results of any possible investment in the Security are not representative of the results of other investments by the Fund. Performance of the Fund and a list of current holdings as of a recent date are available at [global.matthewsasiasia.com](http://global.matthewsasiasia.com). **Past performance is no guarantee of future results.** The statements above are based on the beliefs and assumptions of our portfolio management team and on the information currently available to our team at the time of such statements. Although we believe that the expectations reflected in these statements are reasonable, we can give no assurance that these expectations will prove to be correct.

Source: Company report

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## Resulting Portfolio has Favorable Characteristics

As of September 30, 2021	Sharpe Ratio (1-Year)	Sharpe Ratio (5-Year)	Correlation (5-Year)
China Small Companies Fund (I Acc, USD)	0.91	1.11	1.00
MSCI China Small Cap Index	0.84	0.25	0.72
MSCI Asia ex Japan Index	0.97	0.57	0.71
MSCI Emerging Markets Index	1.23	0.51	0.63
MSCI European Small Cap Index	1.62	0.55	0.43
MSCI U.S. Small Cap Index	2.72	0.66	0.45

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Correlations and Sharpe Ratio based on monthly returns. Past performance is no guarantee of future results. Indexes are unmanaged and it is not possible to invest directly in an index. Returns are in USD.

Note: MSCI Asia ex Japan represented by iShares MSCI All Country Asia ex Japan ETF (AAXJ). MSCI Emerging Markets represented by iShares MSCI Emerging Markets ETF (EEM), European Small Cap represented by iShares MSCI Europe Small Cap ETF (IEUS). U.S. Small Cap represented by Russell 2000 Index (RTY). Data as of September 30, 2021

Source: Factset Research Systems



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# Progress in China's Corporate Governance Standards

A story of evolution

- ✦ Government-led reforms have helped to promote better governance
- ✦ Better alignment of interests
- ✦ Veracity of financials more convincing today given a deeper universe

## COMPARISON OF A-SHARES VS. HONG KONG COUNTERPARTS

	A-Shares	Hong Kong-Listed Shares	U.S.-Listed (NYSE)
<b>Reporting Period</b>	Required Quarterly	Required Semiannually	Required Quarterly
<b>Financial Statements</b>	Consolidated and parent-company level statements required	Only consolidated statements required	Consolidated statements required (except for guarantors)
<b>Cash Flow Statements</b>	Quarterly reporting required	Available once per year in annual reports	Quarterly reporting (except for ADRs, which are annually)
<b>Dual-Class Shares</b>	Not allowed	Allowed	Allowed
<b>Pledge Share Disclosure Threshold</b>	Anyone owning more than 5%	Controlling shareholders (i.e. 30%+)	Required for directors and management
<b>ESG Disclosure</b>	Mandatory from 2020	Comply or explain	No

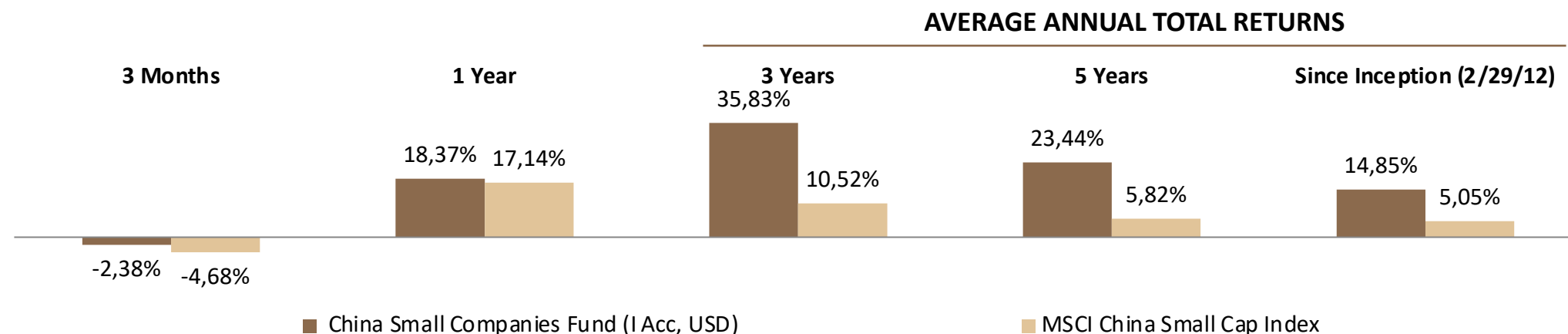
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Source: Matthews Asia analysis as of 2019. Includes references to Hong Kong Institute of Chartered Secretaries, "A Comparative Study of Continuing Disclosure in Hong Kong and the PRC," September 2008, where regulations referenced remain in place in 2019.

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# Investment Returns | China Small Companies Fund

As of October 31, 2021



## Calendar Year Returns (for the year ended December 31)

	2020	2019	2018	2017	2016
China Small Companies Fund ( I Acc, USD )	77.70%	31.36%	-18.79%	56.47%	-1.96%
MSCI China Small Cap Index (USD)	27.21%	6.63%	-19.53%	24.62%	-5.95%

## Annualized 12-Month Returns (for the period ended September 30)

	2021	2020	2019	2018	2017
China Small Companies Fund ( I Acc, USD )	16.28%	69.95%	6.04%	0.73%	30.59%
MSCI China Small Cap Index (USD)	19.68%	16.67%	-11.71%	-8.05%	17.14%

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Source: Brown Brothers Harriman (Luxembourg) S.C.A.

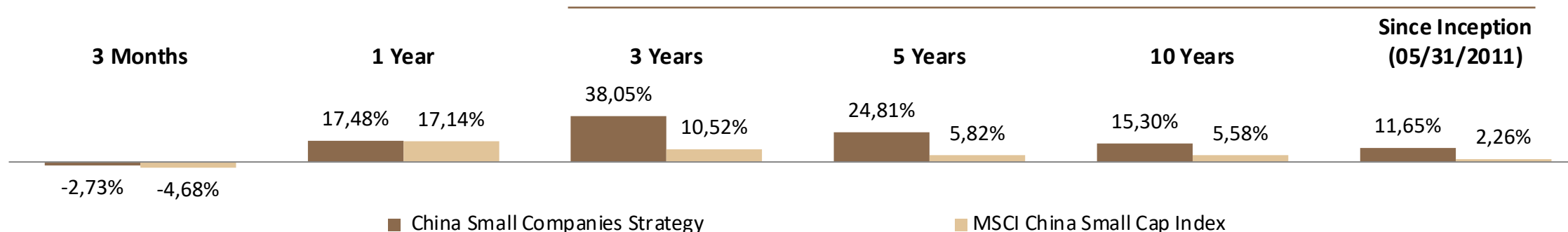
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# Investment Returns | China Small Companies Strategy

As of October 31, 2021

## AVERAGE ANNUAL TOTAL RETURNS



### Calendar Year Returns (for the year ended December 31)

	2020	2019	2018	2017	2016
China Small Companies Strategy	82.52%	35.41%	-17.68%	53.88%	-2.35%
MSCI China Small Cap Index (USD)	27.21%	6.63%	-19.53%	24.62%	-5.95%

### Annualized 12-Month Returns (for the period ended September 30)

	2021	2020	2019	2018	2017
China Small Companies Strategy	13.94%	78.52%	7.62%	1.49%	29.44%
MSCI China Small Cap Index (USD)	19.68%	16.67%	-11.71%	-8.05%	17.14%

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The performance information above is for a representative portfolio in the noted strategy based on AUM managed by Matthews International Capital Management, LLC. The performance information of the representative portfolio is shown for the purpose of indicating a longer past track record and for reference only. Advisory fees may vary depending on the size and nature of the assets and account. All performance is in US\$ and includes all dividends and interest accrued income, realized and unrealized gains or losses, accrued expenses, and are net of all brokerage commissions and execution costs and advisory and other fees. Individual account performance will vary. **Performance quoted represents past performance and is no guarantee of future results.** This performance information does not, and it is not intended to, represent performance of the Matthews China Small Companies Fund, which commenced operations on 2/29/12. For performance information for the Matthews China Small Companies Fund, please see the previous slide or visit [global.matthewsasias.com](http://global.matthewsasias.com). Performance results, portfolio characteristics, and holdings information for the Matthews China Small Companies Fund may vary from the representative account for the strategy. Indexes are for comparative purposes only and it is not possible to invest directly in an index. Please refer to disclosures for index definition.

Sources: BNY Mellon Investment Servicing, Bloomberg



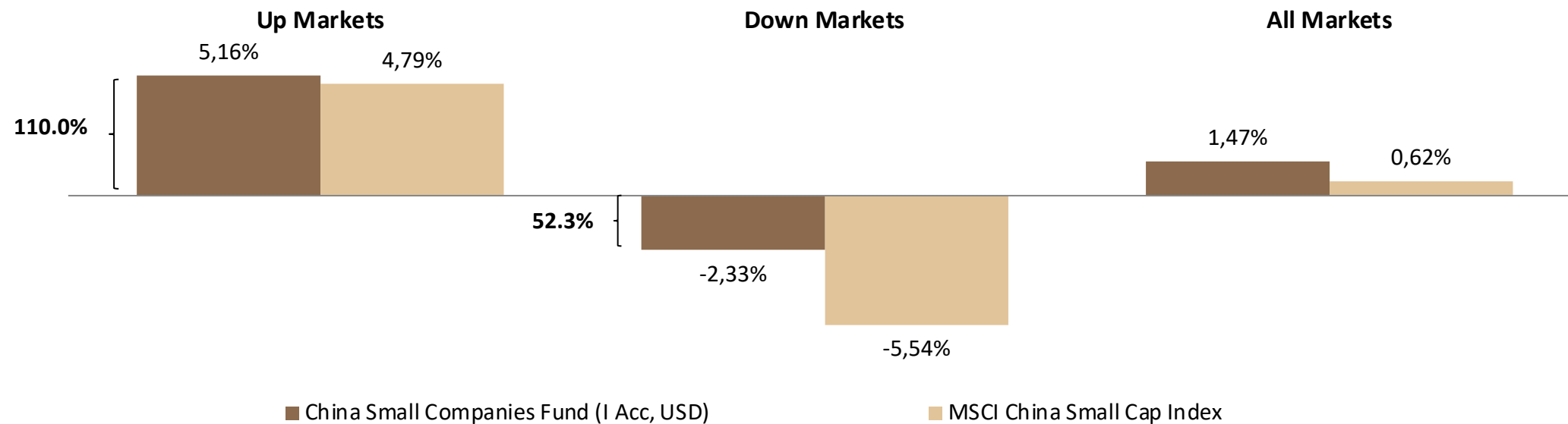
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# Historical Results | China Small Companies Fund

Attempts to offer more stable means to Asia's growth while providing some downside protection

## UPSIDE/DOWNSIDE CAPTURE SEPTEMBER 30, 2018 TO SEPTEMBER 30, 2021



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The up and down capture is a measure of how well a manager was able to replicate or improve on phases of positive average monthly benchmark returns, and how adversely the manager was affected by phases of negative average monthly benchmark returns. Inception to date, the Fund had a 110.0% upside capture and a 52.3% downside capture.

**All performance quoted represents past performance and is no guarantee of future results.** Investment return and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than the original cost. Current performance may be lower or higher than performance shown. Investors investing in funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. Performance details provided are based on a NAV to NAV basis, and are net of management fees and other expenses. Indexes are unmanaged and it is not possible to invest directly in an index. Please refer to the disclosure for index definition. Volatility is the standard deviation of returns.

Sources: Morningstar, Zephyr StyleADVISOR

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# Portfolio Characteristics | China Small Companies Fund

As of October 31, 2021

## SECTOR BREAKDOWN (%)

	Fund	Benchmark	Difference
Information Technology	26.9	8.8	18.1
Industrials	18.9	11.7	7.2
Consumer Discretionary	10.7	16.5	-5.8
Health Care	9.8	14.8	-5.0
Materials	8.0	9.6	-1.6
Financials	7.6	5.1	2.5
Real Estate	6.0	16.2	-10.2
Consumer Staples	2.7	2.8	-0.1
Communication Services	2.0	6.7	-4.7
Utilities	1.9	6.6	-4.7
Energy	0.0	1.4	-1.4
Cash and Other Assets, Less Liabilities	5.6	0.0	5.6

## CHINA EXPOSURE (%)

	Fund
SAR (Hong Kong)	33.5
A Shares	22.6
H Shares	7.8
Overseas Listed Companies (OL)	6.1
China-affiliated corporations (CAC)	4.5
Unassigned	19.9
Cash and Other Assets, Less Liabilities	5.6

**SAR** (Hong Kong) companies are companies that conduct business in Hong Kong and/or mainland China. **China-affiliated Corporations (CAC)**, also known as “Red Chips,” are mainland China companies with partial state ownership listed in Hong Kong, and incorporated in Hong Kong. **H Shares** are mainland China companies listed on the Hong Kong exchange but incorporated in mainland China. **B Shares** are mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors. **Overseas Listed (OL)** companies are companies that conduct business in mainland China but are listed in overseas markets such as Japan, Singapore, Taiwan and the United States.

**Benchmark: MSCI China Small Cap Index**

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The information contained in this presentation does not, in any way, constitute investment advice. Portfolio characteristics for the Fund may vary from time to time from what is shown. Sector data based on MSCI’s revised Global Industry Classification Standards. For more details, visit [www.msci.com](http://www.msci.com). Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding.

Source: FactSet Research Systems



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# Portfolio Characteristics | China Small Companies Fund

As of October 31, 2021

## MARKET CAP EXPOSURE (%)

	Fund	Benchmark	Difference
Mega Cap (over \$25B)	0.0	0.0	0.0
Large Cap (\$10B-\$25B)	12.9	0.0	12.9
Mid Cap (\$3B-\$10B)	41.4	9.3	32.1
Small Cap (under \$3B)	40.1	90.7	-50.6
Cash and Other Assets, Less Liabilities	5.6	0.0	5.6

Market cap exposure: equity market cap of issuer

## PORTFOLIO CHARACTERISTICS

	Fund
Weighted Average Market Cap	\$5.2 billion
P/E using FY1 Estimates*	11.5x
P/E using FY2 Estimates*	9.7x

Benchmark: MSCI China Small Cap Index

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The Fund defines Small Companies as companies with market capitalization no higher than the greater of US\$5 billion or the market capitalization of the largest company included in the Fund's primary benchmark, the MSCI China Small Cap Index.

\*The P/E Ratio is the share price of a stock as of the report date, divided by the forecasted earnings per share for a 12-month period (FY1) and 24 month period (FY2). For the Fund, this is the weighted harmonic average estimated P/E ratio of all the underlying stocks in the Fund, excluding negative earners. There is no guarantee that the composition of the Fund will remain unchanged, or that forecasted earnings of a stock will be realized. Information provided is for illustrative purposes only.

The information contained in this presentation does not, in any way, constitute investment advice. Portfolio characteristics for the Fund may vary from time to time from what is shown. Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding.

Sources: FactSet Research Systems, Bloomberg

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## Sector Allocation Changes 6/30/21 vs. 9/30/21

Sector	Portfolio Weight (%)		
	Jun-21	Sep-21	% Change
Communication Services	3.8	2.9	-0.9
Consumer Discretionary	14.3	11.2	-3.1
Consumer Staples	3.0	2.7	-0.3
Financials	9.2	7.4	-1.8
Health Care	12.5	11.9	-0.6
Industrials	15.8	15.7	-0.1
Information Technology	19.9	21.8	1.9
Materials	8.2	11.3	3.1
Real Estate	8.7	6.3	-2.4
Utilities	1.7	1.9	0.2

### Examples of New Positions

- \* Frontage Holdings Corp
- \* China Testing and Certification International Group
- \* China Risun Group
- \* Zhejiang Shuanghuan
- \* ACMR

### Examples of Exited Positions

- \* Daqo New Energy
- \* Bilbili Inc
- \* Asia Cement China Holdings
- \* Centre Testing International Group
- \* Iclick Interactive Asia

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Source: FactSet Research Systems

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# Top Ten Holdings | China Small Companies Fund

As of October 31, 2021

Company	Sector	%
Alchip Technologies, Ltd.	Information Technology	4.8
China Yongda Automobiles Services Holdings, Ltd.	Consumer Discretionary	3.2
Pan Jit International, Inc.	Information Technology	3.2
ACM Research, Inc.	Information Technology	2.9
Zhejiang HangKe Technology, Inc., Co.	Industrials	2.8
Chailease Holding Co., Ltd.	Financials	2.5
KWG Group Holdings, Ltd.	Real Estate	2.3
KWG Living Group Holdings, Ltd.	Real Estate	2.1
Silergy Corp.	Information Technology	2.1
Hainan Meilan International Airport Co., Ltd.	Industrials	2.1
<b>Total for Top 10</b>		<b>28.0%</b>

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Source: Brown Brothers Harriman (Luxembourg) S.C.A.

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# China Small Companies Fund Investment Team

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## **WINNIE CHWANG**

Winnie Chwang is a Portfolio Manager at Matthews Asia and manages the firm's China Small Strategy and co-manages the China and Pacific Tiger Strategies. She joined the firm in 2004 and has built her investment career at the firm. Winnie earned an MBA from the Haas School of Business and received her B.A. in Economics with a minor in Business Administration from the University of California, Berkeley. She is fluent in Mandarin and conversational in Cantonese.

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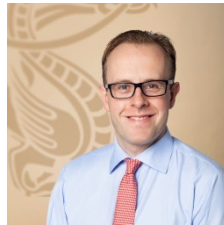
## **ANDREW MATTOCK**

Andrew Mattock is a Portfolio Manager at Matthews Asia and manages the firm's China and China Small Companies Strategies. Prior to joining the firm in 2015, he was a Fund Manager at Henderson Global Investors for 15 years, first in London and then in Singapore, managing Asia Pacific equities. Andrew holds a Bachelor of Business majoring in Accounting from ACU. He began his career at PricewaterhouseCoopers and qualified as a Chartered Accountant.

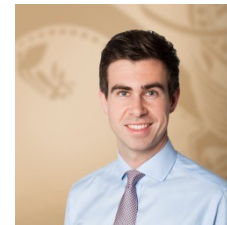
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# Contact Us

To learn more about Matthews Asia or how the Matthews Asia Funds can complement globally diversified portfolios, please visit [global.matthewsasiasia.com](https://global.matthewsasiasia.com) or contact us directly



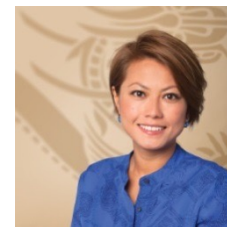
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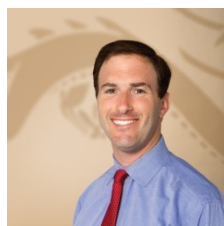
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Investors should ascertain from their professional advisers the consequences of investing with Matthews Asia under the relevant laws of the jurisdictions to which they are subject including the tax consequences and any exchange control requirement. Investors should carefully consider the investment objectives, risks, charges and expenses of any strategy before making an investment decision. The prospectus, Key Investor Information Document or other offering documents (“Offering Documents”) contain this and other information about the Fund. To obtain the Offering Documents, please contact Matthews Asia or visit [global.matthewsasia.com](http://global.matthewsasia.com).

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

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

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

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

The MSCI China Index is a free float-adjusted market capitalization-weighted index of Chinese equities that includes H shares listed on the Hong Kong exchange, B shares listed on the Shanghai and Shenzhen exchanges, Hong Kong-listed securities known as Red chips (issued by entities owned by national or local governments in China) and P Chips (issued by companies controlled by individuals in China and deriving substantial revenues in China), and foreign listings (e.g. ADRs).

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

The MSCI China Small Cap Index is a free float-adjusted market capitalization-weighted small cap index of the Chinese equity securities markets, including H shares listed on the Hong Kong exchange, B shares listed on the Shanghai and Shenzhen exchanges, Hong Kong-listed securities known as Red Chips (issued by entities owned by national or local governments in China) and P Chips (issued by companies controlled by individuals in China and deriving substantial revenues in China), and foreign listings (e.g., ADRs).

The JP Morgan Asia Credit Index (JACI) tracks the total return performance of the Asia fixed-rate dollar bond market. JACI is a market cap-weighted index comprising sovereign, quasi-sovereign and corporate bonds and is partitioned by country, sector and credit rating. JACI includes bonds from the following countries: China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Thailand and Singapore.

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

The MSCI Japan Value Index captures large and mid cap Japanese securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 173 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI Japan Index.

The Markit iBoxx Asian Local Bond Index tracks the total return performance of a bond portfolio consisting of local-currency denominated, high quality and liquid bonds in Asia ex-Japan. The Markit iBoxx Asian Local Bond Index includes bonds from the following countries: Korea, Hong Kong, India, Singapore, Taiwan, Malaysia, Thailand, Philippines, Indonesia and China.

The Barclays Capital U.S. Aggregate Bond Index is commonly used as a benchmark by both passive and active investors to measure portfolio performance relative to the U.S. dollar-denominated investment grade fixed-rate taxable bond market.

The Barclays Global Aggregate Index (GAI) provides a broad-based measure of the global investment grade fixed-rate debt markets. The GAI contains three major components: The U.S. Aggregate Index, the Pan-European Aggregate Index, and the Asian-Pacific Aggregate Index. In addition to securities from these three benchmarks (94% of the overall Global Aggregate market value as of December 31, 2010), the Global Aggregate Index includes Global Treasury, Eurodollar, Euro-Yen, Canadian and Investment Grade 144A index-eligible securities not already in the three regional aggregate indices.

The Barclays Municipal Bond Index is a market-value-weighted index for the long-term tax-exempt bond market. To be included in the index, bonds must have a minimum credit rating of Baa. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date.

## Disclosure *continued*...

The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. The U.S. Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt. The U.S. Aggregate Index was created in 1986, with index history backfilled to January 1, 1976.

The Barclays U.S. Treasury Index is an unmanaged index of prices of U.S. Treasury bonds with maturities of one to 30 years.

The Bank of America Merrill Lynch Corporate Master Index is an unmanaged index comprised of approximately 4,256 corporate debt obligations rated BBB or better. These quality parameters are based on composites of ratings assigned by Standard and Poor's Ratings Group and Moody's Investors Service, Inc. Only bonds with minimum maturity of one year are included.

The Bank of America Merrill Lynch Mortgage Master Index tracks the performance of U.S. dollar-denominated fixed rate and hybrid residential mortgage pass-through securities issued by U.S. agencies in the U.S. domestic market having at least \$5 billion per generic coupon and \$250 million outstanding generic production year.

The Bank of America Merrill Lynch U.S. High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The Bank of America Merrill Lynch 5-Year U.S. Treasury Bond Index tracks the total return of current coupon 5-year U.S. Treasury bond.

The Bloomberg European 500 Index is a free float capitalization-weighted index of the 500 most highly capitalized European companies.

The Commodity Index (DJ-UBSCI) is composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME). The DJ-UBSCI is calculated on an excess return basis.

The Global Aggregate Index (GAI) provides a broad-based measure of the global investment grade fixed-rate debt markets. The GAI contains three major components: The U.S. Aggregate Index, the Pan-European Aggregate Index, and the Asian-Pacific Aggregate Index. In addition to securities from these three benchmarks (94% of the overall Global Aggregate market value as of December 31, 2010), the Global Aggregate Index includes Global Treasury, Eurodollar, Euro-Yen, Canadian and Investment Grade 144A index-eligible securities not already in the three regional aggregate indices.

The J.P. Morgan Emerging Markets Bond Index Global ("EMBI Global") tracks total returns for traded external debt instruments in the emerging markets and includes US dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least \$500 million. The EMBI Global defines emerging markets countries with a combination of World Bank-defined per capita income brackets and each country's debt-restructuring history.

The MSCI Australia Index is a free float-adjusted, market capitalization-weighted index of equity market performance in Australia.

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization-weighted index of the stock markets of Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, South Korea, Taiwan, Thailand, Turkey and United Arab Emirates.

The MSCI Europe Small Cap Index captures small cap representation across the 15 Developed Markets (DM) countries in Europe. With 985 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in the European equity universe.

The MSCI India Small Cap Index is designed to measure the performance of the small cap segment of the Indian market. With 253 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the India equity universe.

The MSCI Japan Growth Index is a free-float weighted equity index.

The MSCI United Kingdom Index is a free float-adjusted market capitalization index designed to measure the performance of the large and mid-cap segments of the UK market.

The Russell 2000 index is an index measuring the performance approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. The weighted average market capitalization for companies in the Russell 2000 is about US\$1.3 billion and the index itself is frequently used as a benchmark for small-cap mutual funds.

The S&P 500 Index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities.

SPDR Gold Shares Trust is designed to track the price of gold bullion (net of Trust expenses).

The U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. The U.S. Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt. The U.S. Aggregate Index was created in 1986, with index history backfilled to January 1, 1976.

Indexes are unmanaged and it is not possible to invest directly in an index.

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# Glossary

CAGR (Compound Annual Growth Rate) is the year-over-year growth rate of an investment over a specified period of time.

DCF (Discounted Cash Flow) is a valuation method used to estimate the attractiveness of an investment opportunity. DCF analysis uses future free cash flow projections and discounts them to arrive at a present value estimate, which is used to evaluate the potential for investment.

EBIT Margin (Earnings Before Interest and Taxation Margin) is a profitability measure equal to EBIT divided by net revenue. This value is useful when comparing multiple companies, especially within a given industry, and also helps evaluate how a company has grown over time.

EBITDA (Earnings Before Interest and Taxation, Depreciation and Amortization) is a measure of a company's earnings before considering the financing of that company (the share of equity capital and debt employed), and disregarding potential depreciation and amortization policies, which can be very different. EBITDA allows like-for-like comparisons between different companies' performance.

EPS (Earnings per Share) is the amount of annual profit (after tax and all other expenses) attributable to each share in a company. EPS is calculated by dividing profit by the average number of shares on issue.

EVA (Economic Value Added) is a measure of a company's financial performance based on the residual wealth calculated by deducting cost of capital from its operating profit (adjusted for taxes on a cash basis).

EV/EBITDA (Enterprise Multiple) is a ratio used to determine the value of a company. The enterprise multiple looks at a firm as a potential acquirer would, because it takes debt into account - an item which other multiples like the P/E ratio do not include.

EV (Enterprise Value) is a measure of a company's value, often used as an alternative to straightforward market capitalization. Enterprise value is calculated as market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents.

FCF (Free Cash Flow) is a measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

Forward P/E (Forward Price to Earnings) is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. While the earnings used are just an estimate and are not as reliable as current earnings data, there still may be benefit in estimated P/E analysis. The forecasted earnings used in the formula can either be for the next 12 months or for the next full-year fiscal period.

Gross Margin is a company's total sales revenue minus its cost of goods sold, divided by the total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company.

Net Margin is the ratio of net profits to revenues for a company or business segment—typically expressed as a percentage—that shows how much of each dollar earned by the company is translated into profits. It is calculated by dividing net profit by revenue.

Operating Margin is a ratio used to measure a company's pricing strategy and operating efficiency. Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production.

P/E Ratio (Price-to-Earnings Ratio) is a valuation ratio of a company's current share price compared to its per-share earnings, calculated as marketing value per share divided by earnings per share (EPS).

P/B Ratio (Price-to-Book Ratio) is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. A lower P/B ratio could mean that the stock is undervalued.

PPP (Purchasing Power Parity) is an economic theory that estimates the amount of adjustment needed on the exchange rate between countries in order for the exchange to be equivalent to each currency's purchasing power.

ROE (Return on Equity) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested, and is calculated as net income divided by shareholder's equity.

ROIC (Return on Invested Capital) is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The return on invested capital measure gives a sense of how well a company is using its money to generate returns.