

# Seeking Dividends from Asia's Growth



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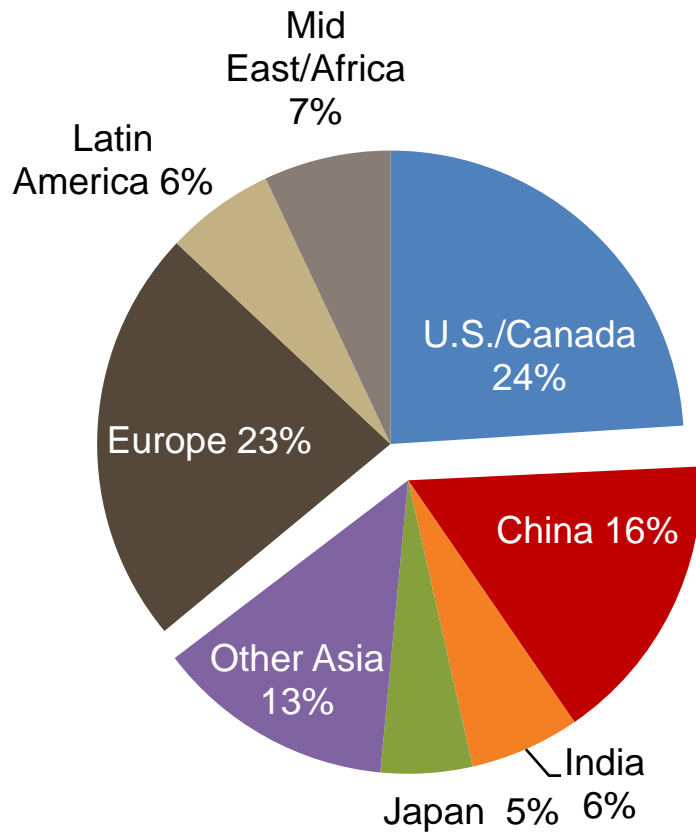
*Dividend yields quoted within this presentation are that of indexes and regions. This data does not imply or guarantee the Funds or its underlying securities will pay or continue to grow dividends.*

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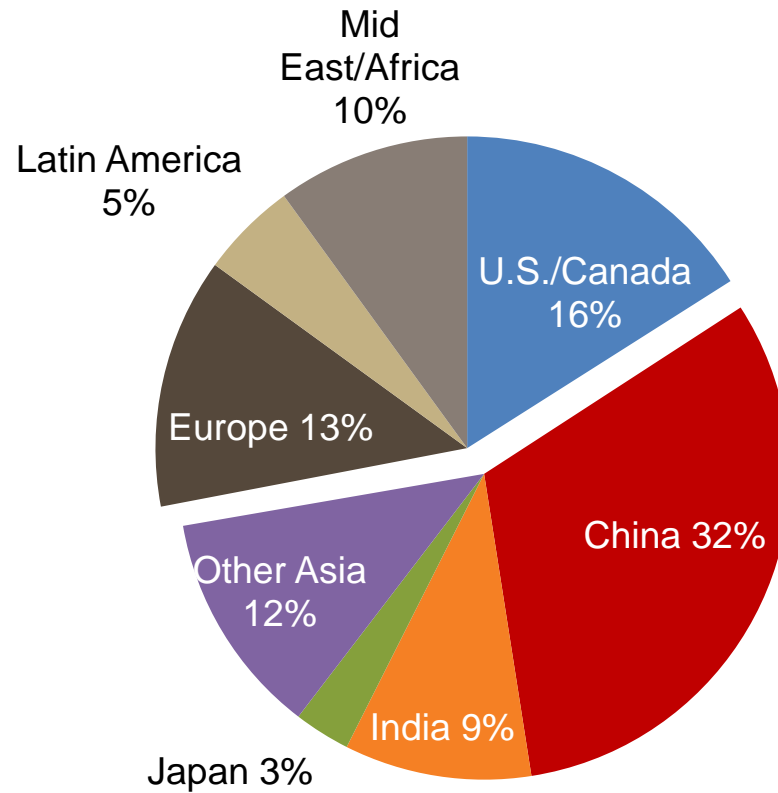


# Past and Future Growth (As Measured in Estimated GDP)

## COMPOSITION OF GROWTH 1998 – 2008



## EXPECTED COMPOSITION OF GROWTH 2009 – 2013

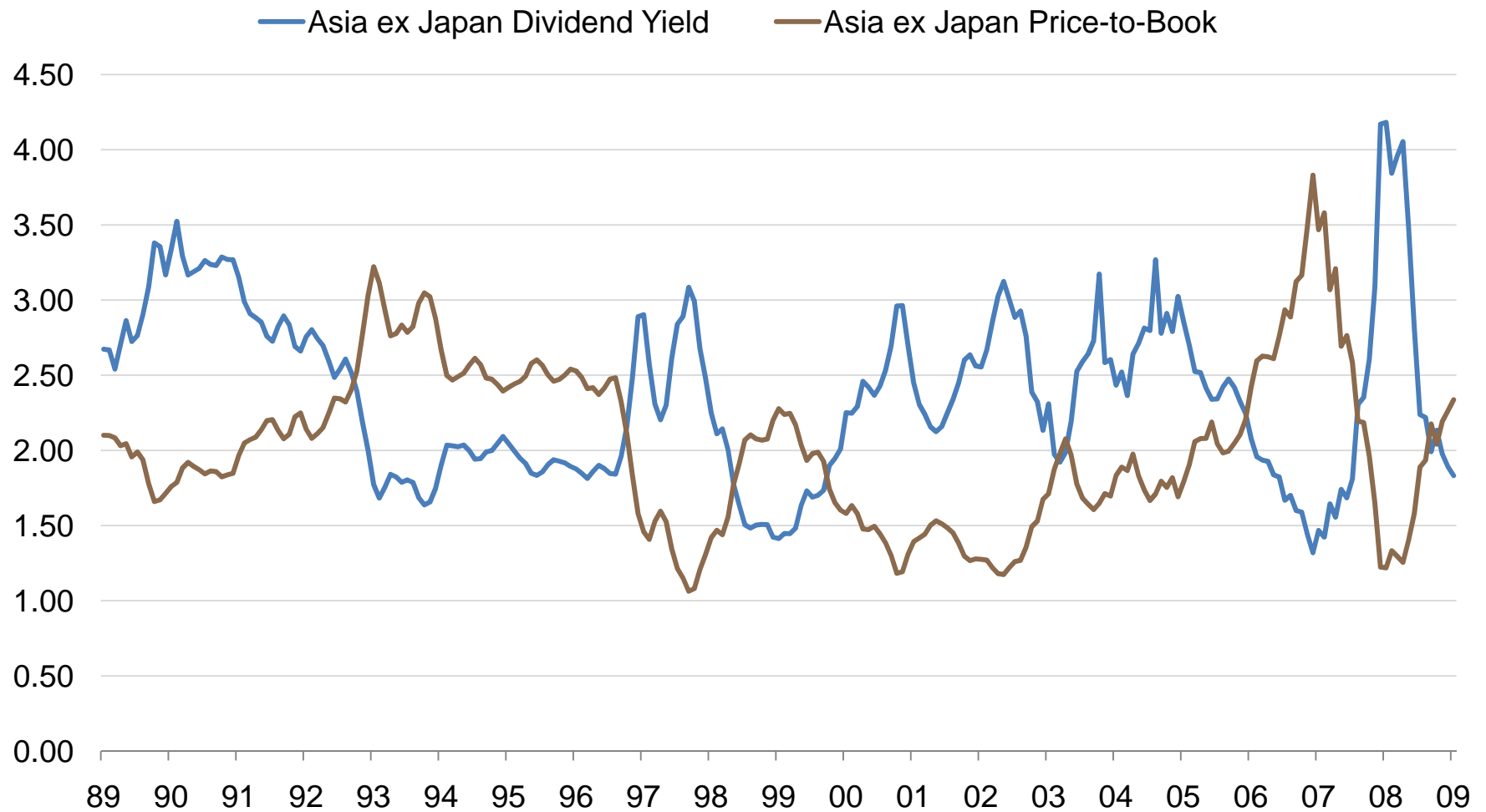


Source: International Monetary Fund



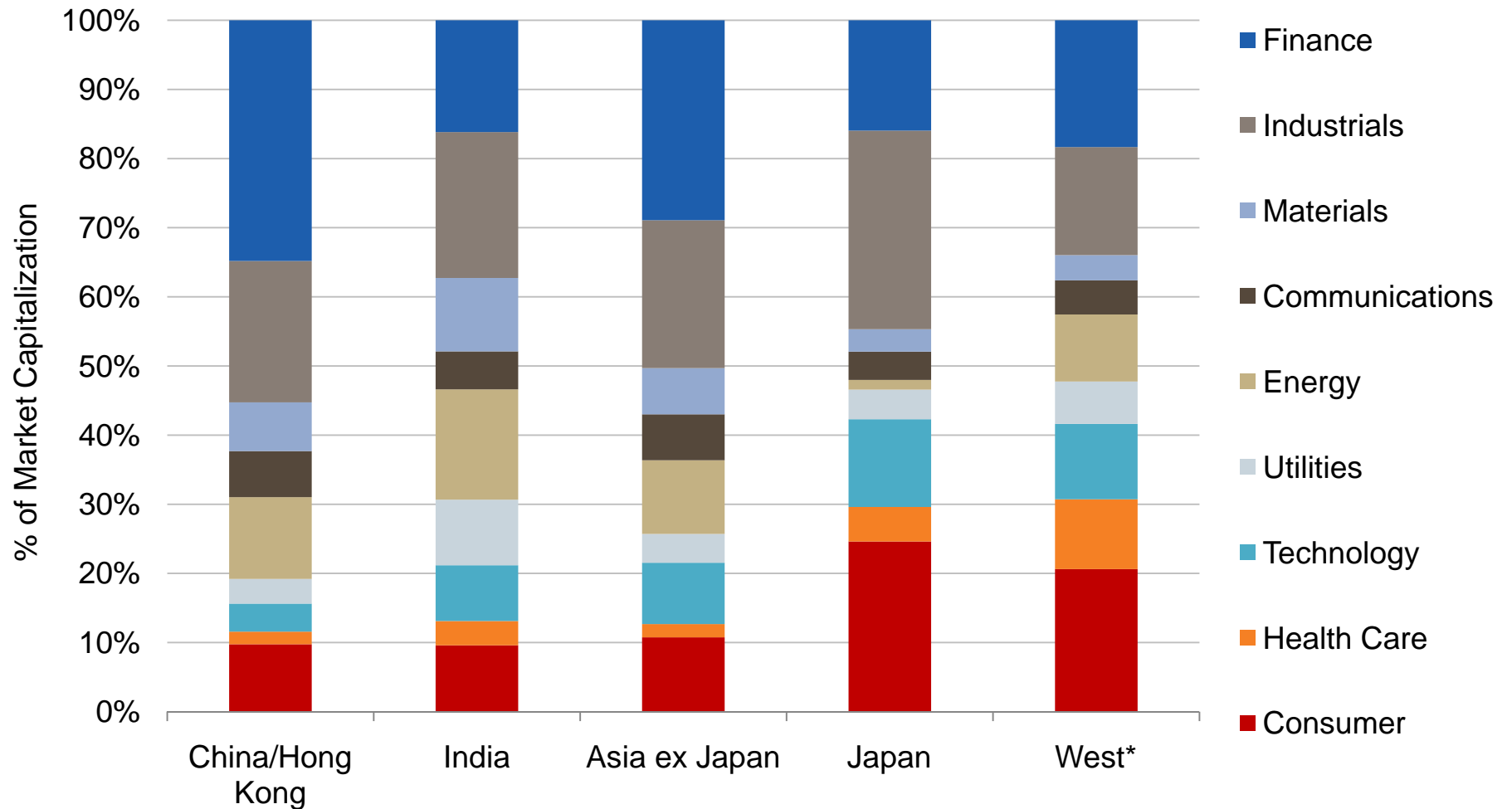
# Current Valuation Levels

*Asia ex Japan (November 1989 – November 2009)*



Source: FactSet

# Asia's Underlying Growth



Source: FactSet; Data as of 8/3/09

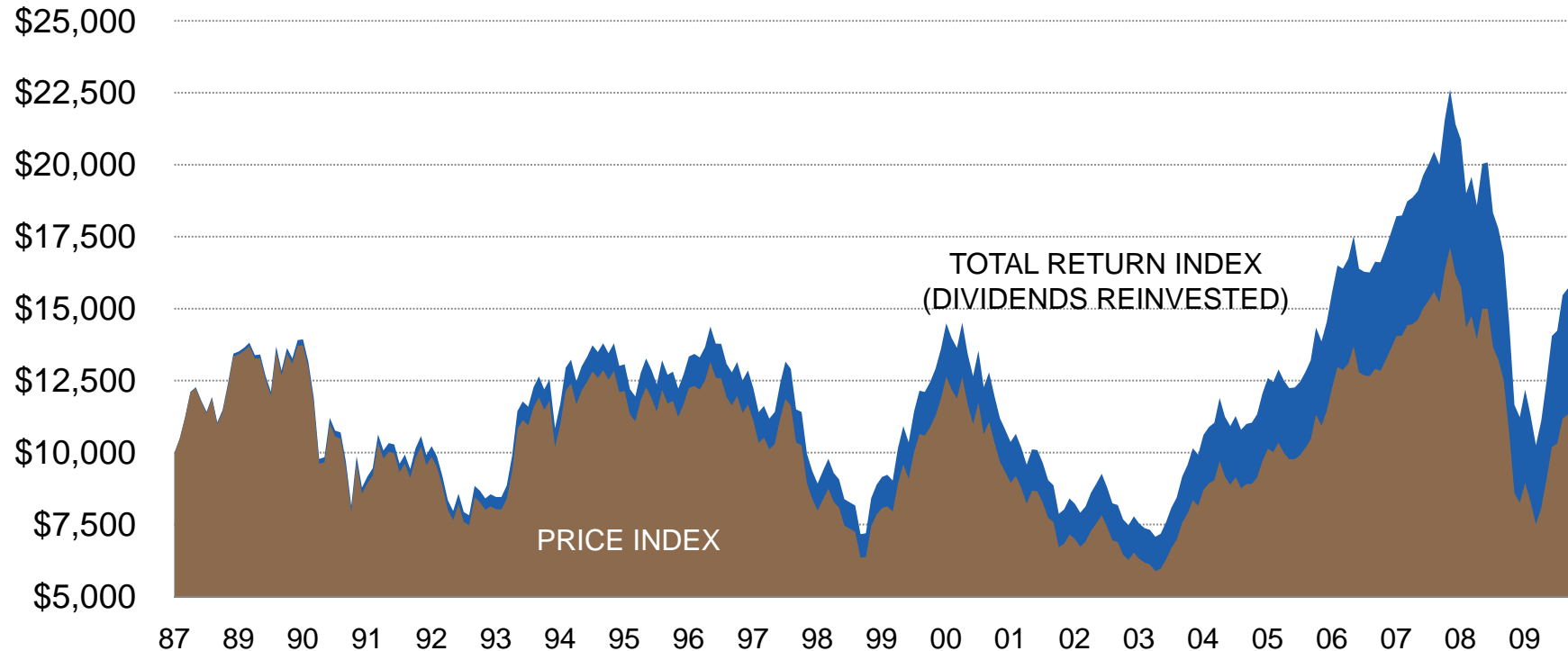
\*West is defined as North America and Western Europe



# Why Dividends Matter

## *The Impact of Dividends on Long-Term Returns*

GROWTH OF \$10,000 FOR THE MSCI ALL COUNTRY ASIA PACIFIC INDEX



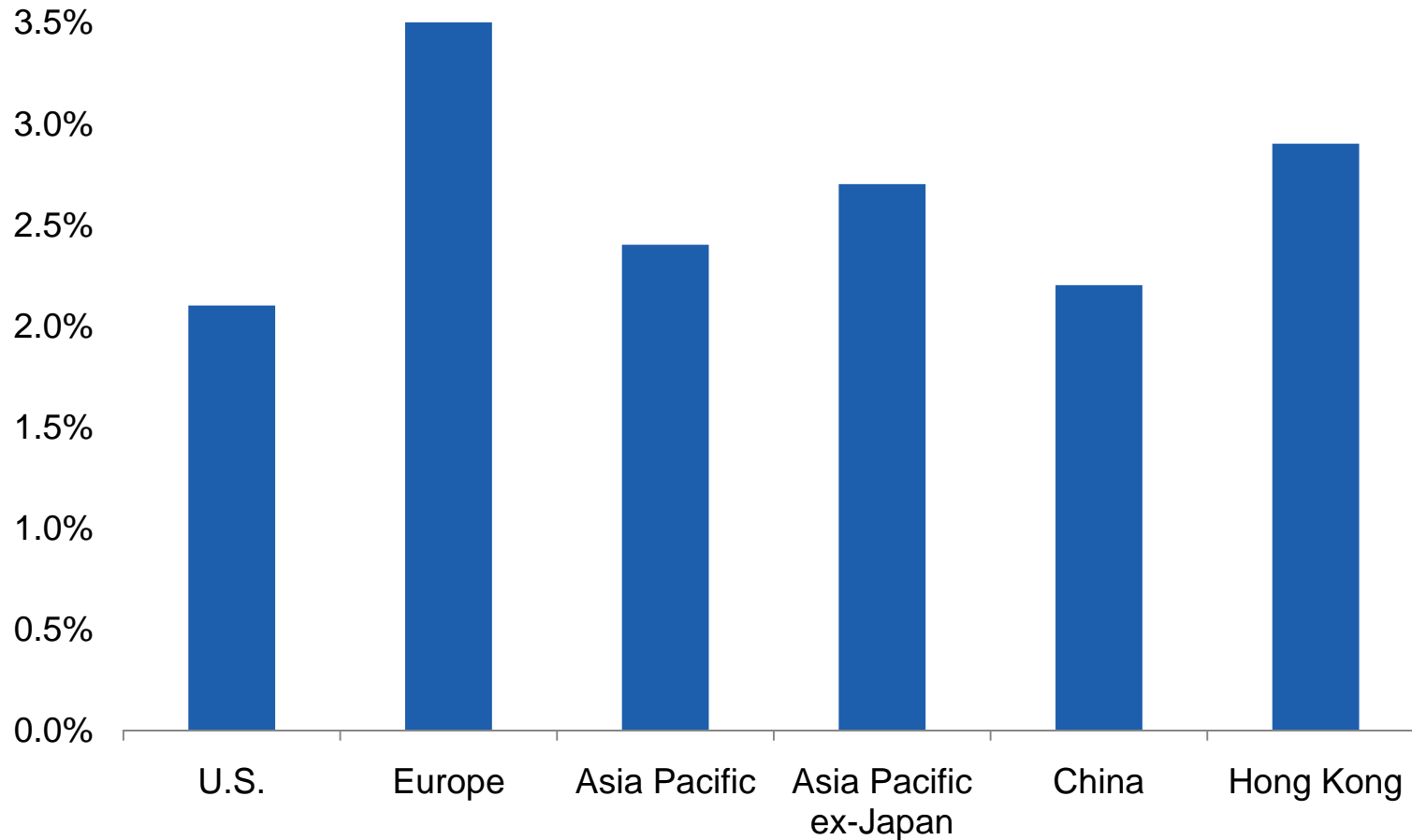
For periods 12/31/87–6/30/09. The MSCI All Country Asia Pacific Index is a free float-adjusted, market capitalization-weighted index of the stock markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand. It is not possible to invest directly in an index.

Sources: MICM, MSCI



# Asia Offers an Attractive Dividend Yield

*Estimated 2009 Dividend Yield Based on Respective MSCI Indices*



Source: JP Morgan



Matthews Asia™

## Growth of Asia's Universe of Dividend-Paying Companies

1998	US\$B	2005	US\$B	2008	US\$B
Japan	18.9	Japan	46.6	Japan	68.7
Australia	8.7	Australia	26.6	China	42.6
Hong Kong	7.4	Hong Kong	20.4	Australia	36.1
Taiwan	1.9	Taiwan	20.3	Hong Kong	28.8
Singapore	1.7	China	15.1	Taiwan	15.4
Other	5.3	Other	39.4	Other	45.9
Total	43.9	Total	168.5	Total	237.4

Note: Excluding A-share market

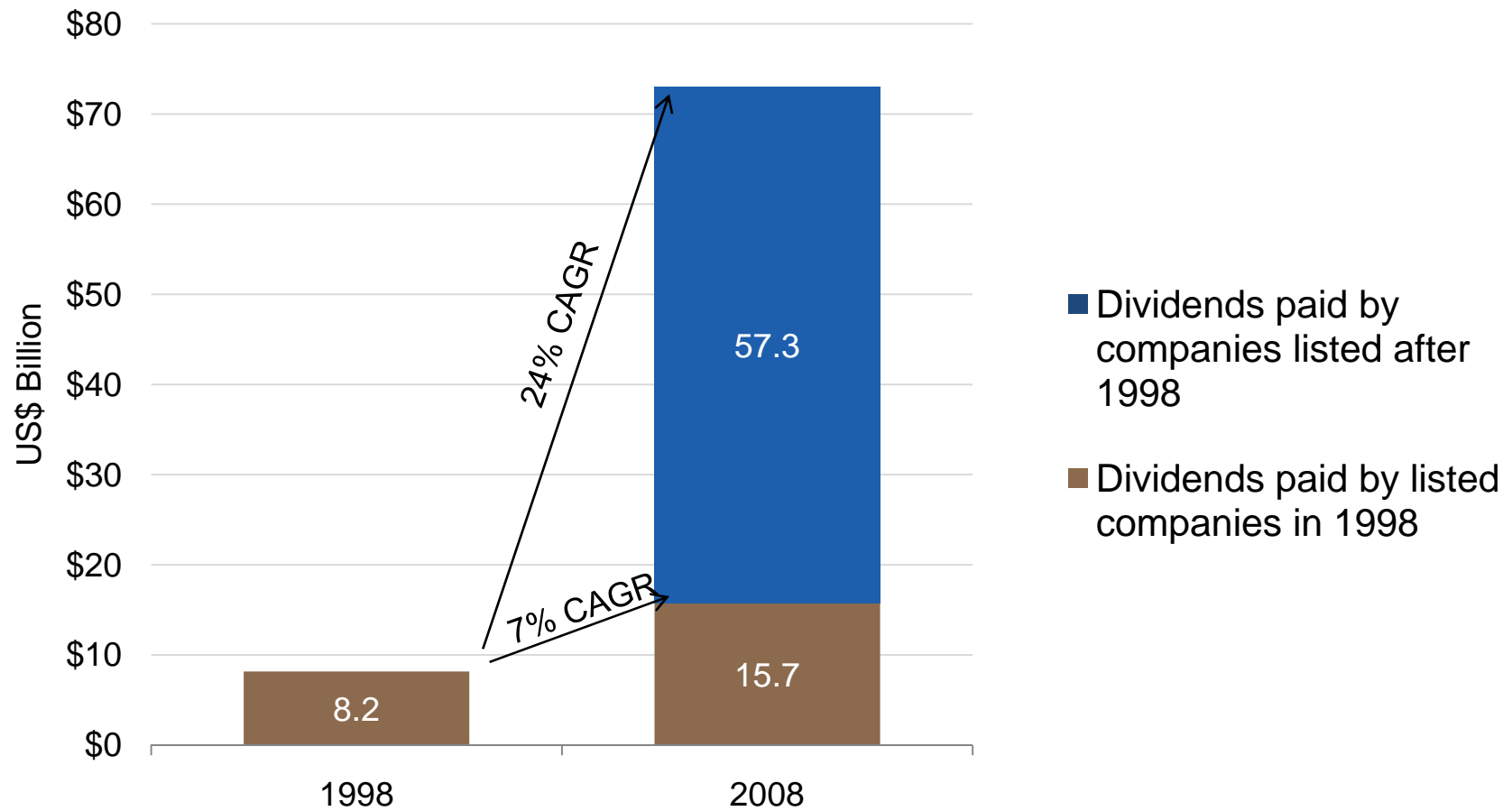
Data represents Asia Pacific dividend-paying stock universe with market cap over US\$100 million as of end of 1998, 2005 and 2008 respectively.

Sources: FactSet, MICM



# China's Dividend Growth

*Aggregate Dividend Payment of Chinese Companies\**



\*Excluding A-share market; CAGR= Compound Annual Growth Rate

Sources: FactSet, MICM



# China's Diverse Pool of Dividends

*Aggregate Dividend Payment of Chinese Companies\**

Sectors	Dividend Payments US\$B	
	1998	2008
Consumer Discretionary	0.7	4.1
Consumer Staples	0.2	1.2
Energy	0.0	13.7
Financials	3.8	32.9
Health Care	0.0	0.2
Industrials	1.9	6.2
Information Technology	0.1	1.4
Materials	0.1	1.5
Telecommunication Services	0.1	9.0
Utilities	1.4	2.6
Total	8.3	72.8

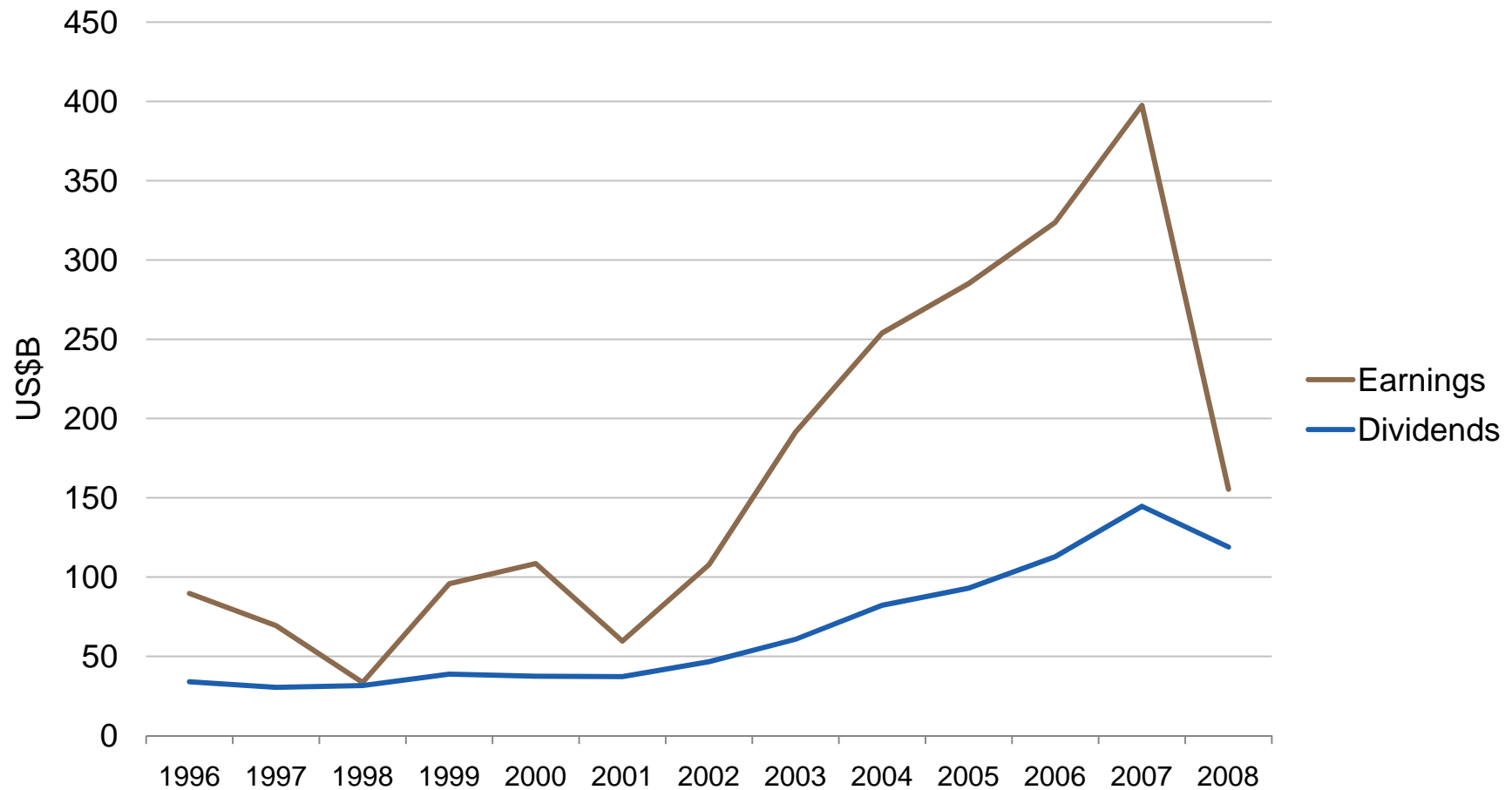
\*Excluding A-share market

Sources: FactSet, MICM



# Historical Stability of Dividends vs. Earnings

*Total Earnings vs. Total Dividends of MSCI AC Asia Pacific Constituents*

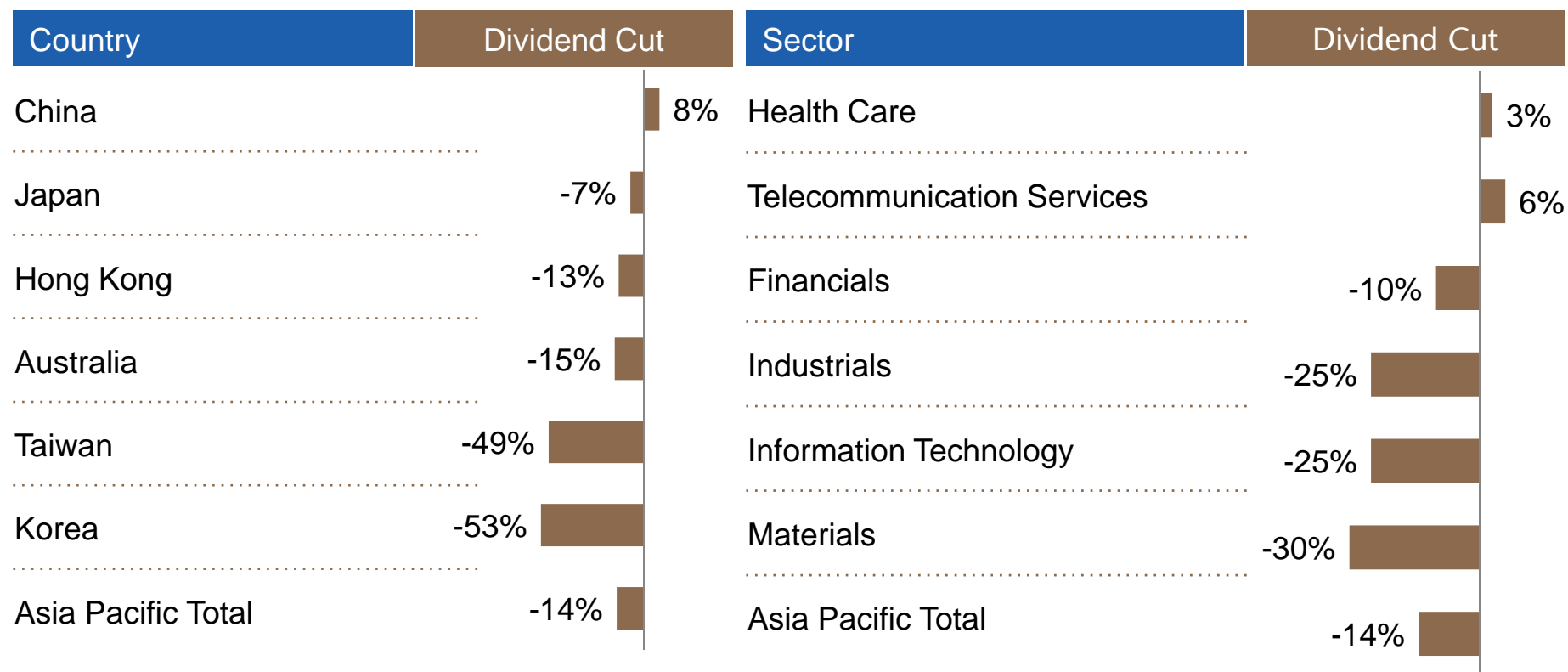


Note: MSCI AC Asia Pacific Index members as of 06/30/09 with financial data for 1996-2008.

Sources: FactSet, MSCI

# Dividend Cuts in Asia 2008 vs. 2007

*Trade Dependent Countries and Cyclical Sectors Hardest Hit by Dividend Cuts*



Note: MSCI AC Asia Pacific Index members as of 09/30/09

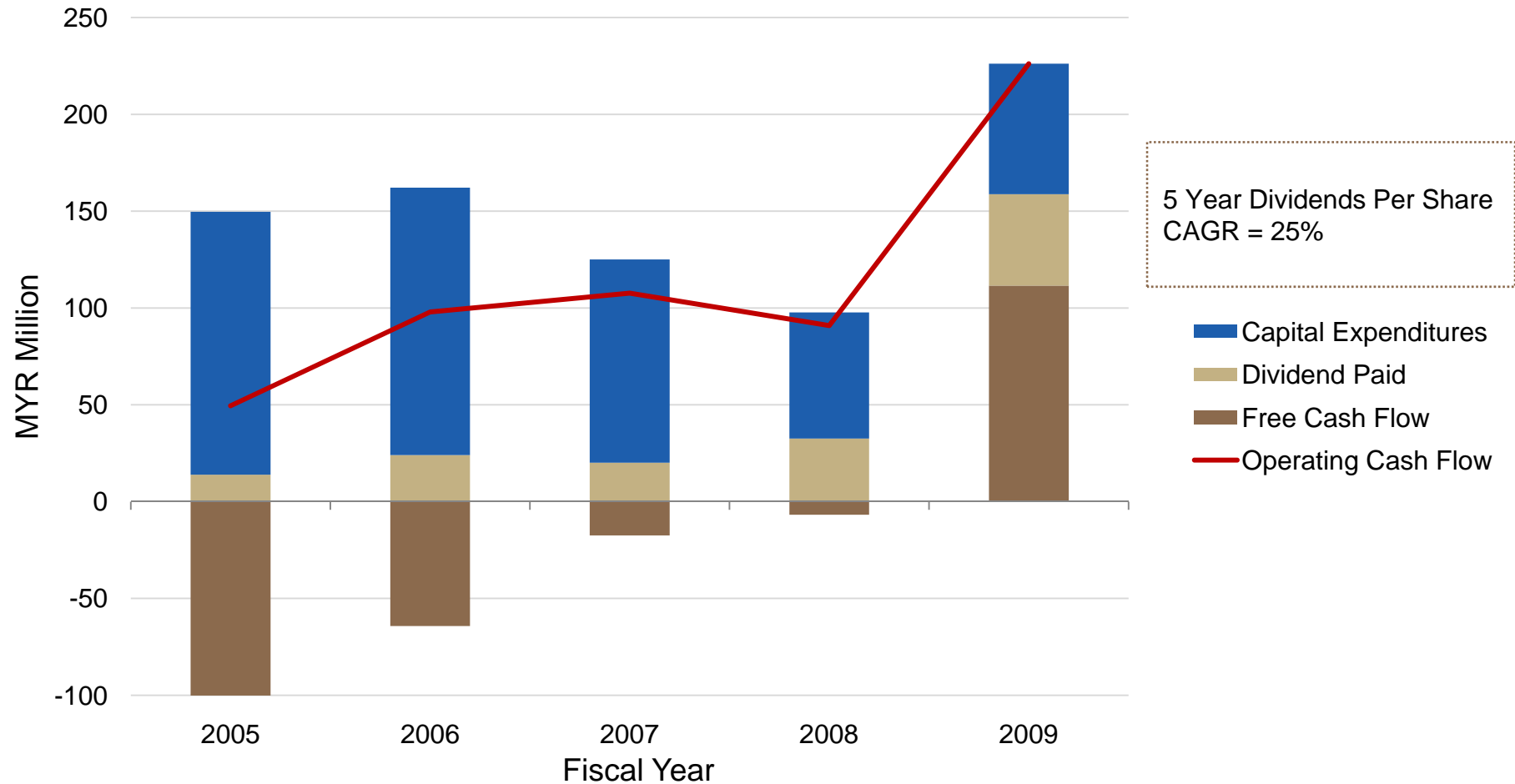
Sources: FactSet, MICM



# Example: A Malaysian Glove Manufacturer

*Company's Improving Ability to Pay Dividends*

## COMPANY CASH FLOW



Sources: FactSet and MICM; CAGR= Compound Annual Growth Rate



## Disclosure

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The MSCI China Index is a free float-adjusted market capitalization-weighted index of Chinese equities that includes China-affiliated corporations and H shares listed on the Hong Kong exchange, and B shares listed on the Shanghai and Shenzhen exchanges. It is not possible to invest directly in an index.

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, Philippines, Singapore, South Korea, Taiwan and Thailand. The Matthews Asia Dividend Fund invests in countries that are not included in the MSCI All-Country Asia Pacific Index. It is not possible to invest directly in an index.

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