

MATTHEWS INTERNATIONAL FUNDS
Form 485APOS
July 18, 2003

As filed with the Securities and Exchange Commission on July 18, 2003

Securities Act of 1933 File No. 33-78960
Investment Company Act of 1940 File No. 811-8510

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 **Pre-Effective Amendment No. _____**
 Post-Effective Amendment No. 18

and

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 **Amendment No. 21**

(Check appropriate box or boxes)

Matthews International Funds

(Exact name of registrant as specified in charter)

456 Montgomery Street, Suite 1200 94104-1245 San Francisco, CA (Zip Code) (Address of Principal Executive Offices)

Registrant's Telephone Number, including Area Code: (415) 788-7553

G. Paul Matthews, President
456 Montgomery Street, Suite 1200
San Francisco, California 94104-1245
(Name and Address of Agent for Service) Copies To:
Thao H. Ngo, Esq.
Paul, Hastings, Janofsky & Walker LLP
345 California Street San Francisco, CA 94104-1245

Downey L. Hebble
Matthews International Capital Management, LLC
456 Montgomery Street, Suite 1200
San Francisco, CA 94104-2635

It is proposed that this filing will become effective

Edgar Filing: MATTHEWS INTERNATIONAL FUNDS - Form 485APOS

_____ immediately upon filing pursuant to paragraph (b) _____ on July 1, 2003 pursuant to paragraph (b) _____ 60 days after filing pursuant to paragraph (a)(1) _____ on _____ pursuant to paragraph (a)1 X 75 days after filing pursuant to paragraph (a)(2) _____ on _____ pursuant to paragraph (a)(2) of Rule 485.

If appropriate, check the following box:

_____ This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

Matthews Asian Funds

www.matthewsfunds.com

The U.S. Securities and Exchange Commission (the SEC) has not approved or disapproved of the Fund. Also, the SEC has not passed upon the adequacy or accuracy of this prospectus. Anyone who informs you otherwise is committing a crime.

www.matthewsfunds.com

Contents

- 2 Introduction
- 6 Matthews Asia-Pacific Fund
- 9 Management of the Fund
- 11 Shareholder Information
- 11 Pricing Shares

- 12 Purchasing Shares
 - 14 Selling Shares
 - 17 Distributions and Taxes
 - 18 General Information
-
-
-
-

Introduction

How to Use This Document This document is called a *prospectus*. It is intended to explain to you the information that you need to know so that you may make an informed decision as to whether an investment in the Matthews Asia-Pacific Fund is right for you.

This prospectus begins with some general information about Matthews Asian Funds which is then explained in greater detail further in the document. A second document, called the Statement of Additional Information, or SAI for short, provides expanded information and much greater detail than the prospectus.

The SAI is available to you free of charge. To receive an SAI, please call 800-789-2742, visit our Web site at www.matthewsfunds.com, or visit the SEC's Web site at www.sec.gov and go into the EDGAR database.

2 www.matthewsfunds.com **800-789-ASIA [2742]**

Definitions The following words have special meaning in this prospectus:

1. **FUND** means Matthews Asia-Pacific Fund, a separate series of shares of the Matthews Asian Funds.
 2. **ASIA-PACIFIC** refers to the following countries: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, South Korea, Taiwan, and Thailand.
 3. What is considered to be an **ASIA-PACIFIC COMPANY**? A company is considered to be Asia-Pacific or located in a particular country if:
 - (i) it is organized under the laws of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, South Korea, Taiwan, and Thailand; or
 - (ii) it derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed, or has at least 50% of its assets located within one of these countries; or
 - (iii) it has the primary trading markets for its securities in one of these countries; or
 - (iv) it is a governmental entity or an agency or instrumentality or a political subdivision of such country.
 4. **MATTHEWS** or **THE ADVISOR** means Matthews International Capital Management, LLC, the company which manages the money which you invest in the Fund.
-

Investment Goal of the Fund

The investment goal of the Fund is long-term capital appreciation.

Summary Information

Matthews Principal Investment Strategy Matthews seeks to achieve the investment goal of the Fund by investing in the equity securities of Asia-Pacific companies which, in its estimation, will increase in value over the long-term. How Matthews chooses investments for the Fund is known as an *investment strategy*. The strategy Matthews uses is called *growth at a reasonable price*. This means that the investment team studies the fundamental characteristics of companies appropriate for the Fund and from those fundamentals makes a judgment that certain companies are poised for growth and at the same time are available to the Fund at a reasonable price.

Fundamental characteristics of a company include the people who are running the company, the products it makes, the marketing strategy it is following, and its financial health.

The size of a company, which Matthews measures by its *market capitalization* (the number of shares outstanding times the market price per share), is not a primary consideration for Matthews when it decides whether to include that company's securities in the Fund.

If Matthews believes that market conditions are developing in a way that is not good for Fund shareholders, it may sell all of the Fund's securities and temporarily invest the Fund's money in U.S. government securities. If this were to occur, the investment goals of the Fund may not be achieved.

Principal Risks of Investing in the Fund The most important risk to understand is that there is no guarantee that your investment in the Fund will increase in value. The value of your investment in the Fund could go down, meaning you could lose money.

The Fund concentrates its investments in the Asia-Pacific region. The Asia-Pacific markets can be very volatile for many reasons, including the size of the local economies (as compared with the United States) and each country's unique political structure. This volatility can cause the price of the Fund's shares (the *net asset value*, or NAV) to go up or down dramatically. Because of this volatility, we recommend that you invest in the Fund as a long-term investment only, and only for a portion of your investment portfolio, not for all of it.

Further, when the Fund buys or sells stock on an Asia-Pacific stock market, the transaction is made in the local currency. The price at which the Fund must purchase or sell local currency will impact the value of your shares in the Fund. These and other risks are discussed more fully below and in the SAI.

4 www.matthewsfunds.com

800-789-ASIA [2742]

The principal investments of the Fund are common and preferred stocks. The major risk involved with the ownership of common and preferred stocks is that the Fund may lose money if the value of a stock goes down during the time that the Fund owns it.

RISKS ASSOCIATED WITH NON UNITED STATES COMPANIES Investments by the Fund in the securities of non-U.S. issuers involve investment risks different from those of U.S. issuers. These risks include:

- Possibility of political or economic instability of the country of issue
- Possibility of predicting international trade patterns incorrectly
- Possibility of currency exchange controls
- Imposition of foreign withholding taxes
- Seizure or nationalization of foreign deposits or assets
- Adoption of adverse foreign government trade restrictions

There may be less publicly available information about a non-U.S. company than about a U.S. company. Sometimes non-U.S. companies are subject to different accounting, auditing, and financial reporting standards, practices, and requirements than U.S. companies. There is generally less government regulation of stock exchanges, brokers, and listed companies abroad than in the United States, and the absence of negotiated brokerage commissions in certain countries may result in higher brokerage fees. With respect to certain non-U.S. countries, there is a possibility of expropriation, nationalization, confiscatory taxation, or diplomatic developments that could affect investments in those countries.

In addition, brokerage commissions, custodian services, withholding taxes, and other costs relating to investment in foreign markets generally are more expensive than in the United States.

RISKS ASSOCIATED WITH SMALLER COMPANIES (SO-CALLED SMALL-CAP COMPANIES) The Fund may invest in securities of issuers of various sizes, large or small. Smaller companies often have limited product lines, markets, or financial resources, and they may be dependent upon one or a few key people for management. The securities of such companies generally are subject to more-abrupt or erratic market movements and may be less liquid than securities of larger, more established companies or the market averages in general.

LONG-TERM INVESTING AND VOLATILITY Dramatic changes (volatility) in the price of an investment can be dangerous because you may have planned or may need to sell your investment just at a time when its value has decreased. We recommend an investment in the Fund only as a long-term investment (five years and longer) because you will be better able to plan to sell your shares at a time when this volatility will not be as great a factor in your decision process.

Summary Information 5

Matthews Asia-Pacific Fund

Objective Long-term capital appreciation.

Specific Strategy The Fund invests at least 80% of its assets in the common and preferred stocks of companies located in the Asia-Pacific region.

Unique Risks In addition to the Principal Risks noted on page 4 and since the Fund may invest in companies from many different countries, each country's size, level of economic development, and governmental stability will have an impact on the value of those companies. In general, the economies of these countries are smaller and less developed than in the United States. Their stock exchanges and brokerage industries do not have the level of governmental oversight as do those in the United States, and sometimes their governments are unstable. Each of these factors can cause these stock markets to be more volatile.

RISKS ASSOCIATED WITH THE ASIA-PACIFIC REGION Many economies within this region are considered emerging markets. Investing in emerging markets involves even greater risk than investing in more developed foreign markets because, among other things, emerging markets often have more political and economic instability. Please read the SAI for a more detailed presentation of these and other risk factors.

6 www.matthewsfunds.com

800-789-ASIA [2742]

Past Performance The Fund is new and does not have a full calendar year of performance. Once it has a full calendar year of performance, the total return will be presented.

Matthews Asia-Pacific Fund 7

< Matthews Asia-Pacific Fund

Fees and Expenses This table describes the fees and expenses that you may pay if you buy and hold shares of this Fund.

SHAREHOLDER FEES (FEES PAID DIRECTLY FROM YOUR INVESTMENT) Maximum sales load imposed on purchases as a percentage of offering price none Maximum sales load imposed on reinvested dividends as a percentage of offering price none Contingent deferred sales charge as a percentage of original purchase price none Redemption fee as a percentage of amount redeemed within 90 days of purchase 2.00%

OPERATING EXPENSES (EXPENSES THAT ARE DEDUCTED FROM FUND ASSETS) Management fee 1.00% Shareholder service fees 0.15% Other expenses __%

Total Annual Operating Expenses __%

EXAMPLE OF FUND EXPENSES

Based on the level of expenses listed above, the total expenses relating to an investment of \$10,000 would be as follows, assuming a 5% annual return, reinvestment of all dividends and distributions, and redemption at the end of each time period.

| 1 YEAR | 3 YEARS |
|---------|---------|
| \$ ____ | \$ ____ |

The purpose of this table is to assist the investor in understanding the various costs and expenses that a shareholder will bear directly or indirectly. While the example assumes a 5% annual return, the Fund's actual performance will vary and may result in actual returns greater or less than 5%. The above example should not be considered a representation of past or future expenses or performance. Actual expenses of the Fund will most likely be different than those shown.

8 www.matthewsfunds.com

800-789-ASIA [2742]

The Investment Process

The investment objective of the Fund is fundamental. This means that it cannot be changed without a vote of a majority of the voting securities of the Fund.

The way Matthews attempts to achieve the Fund's investment objective is not fundamental and may change without shareholder approval. While an investment policy or restriction may be changed by the Board of Trustees (which oversees the management of the Fund) without shareholder approval, you will be notified before we make any material change.

Management of the Fund

Matthews International Capital Management, LLC is the investment advisor to the Fund. Matthews' address is 456 Montgomery Street, Suite 1200, San Francisco, California 94104-1245 and can be reached by telephone toll-free at 800-789-2742. The Advisor was founded in 1991 by G. Paul Matthews, who serves as chief investment officer. The firm has specialized in managing portfolios of Asian securities since its inception. The Fund pays an annual fee of 1% of its total assets to Matthews for the services it provides to the Fund.

Under a written agreement between the Fund and the Advisor, the Advisor agrees to reimburse money to the Fund if its expense ratio exceeds ____%. In turn, if the Fund's expenses fall below the level noted above within three years after the Advisor has made such a reimbursement, the Fund may reimburse the Advisor up to an amount not to exceed its expense limitation. This agreement will continue through at least August 31, 2003 and may be extended for an additional year thereafter.

Matthews invests the Fund's assets, manages the Fund's business affairs, and supervises its overall day-to-day operations. Matthews also furnishes the Fund with office space and certain administrative and clerical services and provides the personnel needed by the Fund with respect to the Advisor's responsibilities under an investment advisory agreement.

Management of the Fund 9

Portfolio Managers: Team Managed

The Fund's investments are managed by the Advisor's investment team. The members of the investment team travel extensively to Asia to conduct research relating to those markets.

10 www.matthewsfunds.com 800-789-ASIA [2742]

Shareholder Information

Pricing of Fund Shares The price at which the Fund's shares are bought or sold is called the *net asset value* per share, or NAV. The NAV is computed once daily as of the close of regular trading on the New York Stock Exchange (NYSE), generally 4:00 p.m. eastern time. In addition to Saturday and Sunday, the NYSE is closed on the days that the following holidays are observed: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas Day.

The NAV is computed by adding the value of all securities and other assets of the Fund, deducting any liabilities, and dividing by the total number of outstanding shares. The Fund's expenses are accounted for by estimating the total expenses for the year and applying each day's estimated amount when the NAV calculation is made.

The Fund's equity securities are valued based on market quotations or, when no market quotations are available, at fair value as determined in good faith by or under the direction of the Board of Trustees. Foreign securities are valued as of the close of trading on the primary exchange on which they trade. The value is then converted to U.S. dollars using current exchange rates.

Foreign currency exchange rates are generally determined prior to the close of trading on the NYSE. Occasionally, events affecting the value of foreign investments and such exchange rates occur between the time at which they are determined and the close of trading on the

NYSE. Such events would not normally be reflected in a calculation of the Fund's net asset value on that day. If events that materially affect the value of the Fund's foreign investments or the foreign currency exchange rates occur during such period, the investments will be valued at their fair value as determined in good faith by or under the direction of the Board of Trustees. Foreign securities held by the Fund may be traded on days and at times when the NYSE is closed. Accordingly, the net asset value of the Fund may be significantly affected on days when shareholders have no access to the Fund. For valuation purposes, quotations of foreign portfolio securities, other assets and liabilities, and forward contracts stated in foreign currency are translated into U.S.-dollar equivalents at the prevailing market rates.

Shareholder Information 11

Purchase of Shares You may purchase Fund shares directly from the Fund by mail or by wire without paying any sales charge. The price for each share you buy will be the NAV calculated after your order is received by the Fund. *Received* means that payment for your purchase and all the information needed to complete your order must be received by the Fund before your order is processed. If your order is received before 4:00 p.m. eastern time on a day the Fund's NAV is calculated, the price you pay will be that day's NAV. If your order is received after 4:00 p.m. eastern time, the price you pay will be the next NAV calculated.

Generally, you may purchase shares of the Fund through the Fund's underwriter, a registered broker-dealer, by calling 800-892-0382. Shares of the Fund may also be purchased through various brokers who have arrangements with the Fund. These brokers may charge you a fee for their services.

You may purchase and sell shares through securities brokers and benefit plan administrators or their subagents. You should contact them directly for information regarding how to invest or redeem through them. They may also charge you service or transaction fees. If you purchase or redeem shares through them, you will receive the NAV calculated after receipt of the order by them (generally, 4:00 p.m. eastern time) on any day the NYSE is open. If your order is received by them after that time, it will be purchased or redeemed at the next-calculated NAV. Brokers and benefit plan administrators who perform shareholder servicing for the Fund may receive fees from the Fund or Matthews for providing these services. These brokers may charge you a fee for their services.

| | |
|---|----------|
| Minimum initial investment (non-retirement plan account): | \$ 2,500 |
| Subsequent investments: | \$ 250 |
| ----- | |
| Minimum initial investment (retirement plan account*): | \$ 500 |
| Subsequent investments: | \$ 50 |

* Retirement plan accounts include IRAs and 401(k) plans. Speak with the Fund's agents for the many retirement plans available.

The Fund may reject any purchase order or stop selling shares of the Fund at any time. Also, the Fund may vary or waive the initial investment minimum and minimums for additional investments.

12 www.matthewsfunds.com **800-789-ASIA [2742]**

| | Opening an account | Adding to an account |
|----------------|--|---|
| BY MAIL | <ul style="list-style-type: none"> o Complete and sign application o Make check payable to: Matthews Asia-Pacific Fund o Mail application and check to: | <ul style="list-style-type: none"> o Make check payable to: Matthews Asia-Pacific Fund o Mail check with a statement stub to: |
| Regular Mail | Matthews Asian Funds P.O. Box 9791 Providence, RI 02940 | Matthews Asian Funds P.O. Box 9791 Providence, RI 02940 |
| Overnight Mail | Matthews Asian Funds | Matthews Asian Funds |

Edgar Filing: MATTHEWS INTERNATIONAL FUNDS - Form 485APOS

| | | |
|-------------------------------|---|---|
| | 760 Moore Road King of Prussia, PA 19406 | 760 Moore Road King of Prussia, PA 19406 |
| BY PHONE | You cannot open an account over the telephone. | When you open your account you must check the box "Telephone Options". You may exchange only shares of the Matthews Fund to another Matthews Fund. |
| BY WIRE* | <ul style="list-style-type: none"> o Complete and sign application o Overnight application to: Matthews Asian Funds 760 Moore Road King of Prussia, PA 19406 o Wire funds using instructions at right. | <ul style="list-style-type: none"> o Notify Fund's agent by 800-892-0382 o Then wire funds to: Boston Safe Deposit & Trust Company ABA # 011001234 Credit: <i>Matthews Asia-Pacific Funds</i> Account # 000221 FBO: [your name and account number] |
| VIA INTERNET | You cannot currently open an account over the Internet. | <ul style="list-style-type: none"> o When you open your account, complete the Online Account Access section and attach a voided check. o After you have received your shares of your purchase, call 800-892-0382 and request a personal identification number (PIN). o Go to www.matthewsfunds.com and click on Account Access. |
| VIA AUTOMATIC INVESTMENT PLAN | N/A | Complete the Automatic Investment Plan section of the application and attach a voided check. |

*Note that wire fees are

Shareholder Information 13

Internet Purchases Shareholders with existing accounts may purchase additional shares directly through the Fund's website at www.matthewsfunds.com. To choose this option, complete the Online Account Access section of the New Account Application or make subsequent arrangements in writing. Only bank accounts held at domestic institutions that are Automated Clearing House (ACH) members may be used for Internet transactions.

You may not use Internet transactions for your initial purchase of Fund shares. Internet purchases will be effective at the closing price per share on the business day after the order is placed. The Fund may alter, modify or terminate the Internet purchase option at any time.

Exchange of Shares You may exchange your shares of the Fund for shares of another Matthews mutual fund. Note that minimum investment requirements and redemption fees apply. Any request must be received by the Fund's agent by 4:00 p.m. eastern time on any day the New York Stock Exchange is open, to receive that day's NAV. Such exchanges may be made by telephone or the Internet if you have so authorized on your application. Call 800-892-0382 for full details. Because excessive exchanges can harm a Fund's performance, no more than four exchanges out of any one Fund are allowed during a 12-month period. The exchange privilege may also be terminated if the management of the Fund believes it is in the best interest of all shareholders to do so.

Selling (Redeeming) Shares You may redeem shares on any day the Fund is open for business. To receive a specific day's NAV, your request must be received by the Fund before 4:00 p.m. eastern time of that day. If it is received after 4:00 p.m. eastern time, you will receive the next NAV calculated.

If you are redeeming shares recently purchased by check, we may delay sending your redemption proceeds until your check has cleared. This may take up to 15 calendar days or more after we receive your check.

You may redeem shares by telephone or Internet, however, you may have difficulty getting through to the Fund in times of drastic market conditions. If the Fund believes that it is in the best interest of all shareholders, it may modify or discontinue telephone and/or Internet

Shareholder Services Agreement The Fund, pursuant to a shareholder services agreement with the Advisor, will pay the Advisor a shareholder service fee at an annual rate of up to 0.25% of the Fund's average daily net assets. Currently, it is expected that the Fund will impose an annual shareholder service fee of 0.15% of the Fund's average daily net assets. The fee is intended to reimburse the Advisor for providing or arranging for services to shareholders of the Fund.

Individual Retirement Accounts The Fund offers Individual Retirement Accounts (IRAs), applications for which may be obtained by calling 800-892-0382. The IRA custodian, PFPC Trust Company, currently charges an annual maintenance fee of \$12 per account. Note that if you own shares in other Matthews mutual funds, you will be charged \$12 for each fund you hold in an IRA. The maintenance fee covers the costs of the special tax reporting requirements and additional shareholder mailings that are necessary for retirement accounts.

Telephone and Internet Security The convenience of using telephone and/or Internet transactions may result in decreased security. The Fund employs certain security measures as it processes these transactions. If such security procedures are used, the Fund or its agents will not be responsible for any losses that you incur because of a fraudulent telephone or Internet transaction. If the security measures are not followed and you incur a loss because of a fraudulent telephone or Internet transaction, the Fund or its agents will be responsible for that loss.

Redemption Fee Please remember that if you sell your shares within 90 days of the day you bought them, the money you receive will be 2% less than the total amount redeemed. This 2% fee is retained by the Fund to compensate the Fund for the extra expense it incurs because of short-term trading. In addition, the Fund hopes that the fee will discourage short-term trading of its shares.

Redemption in Kind Under certain circumstances, you could receive your redemption proceeds as a combination of cash and securities. Receiving securities instead of cash is called redemption in kind. Even though the Fund is permitted to do this, the first \$250,000 of any redemption must be paid to you in cash. Note that if you receive securities as well, you will incur transaction charges if you sell them.

Minimum Size of an Account The Fund reserves the right to redeem small accounts (excluding IRAs) that fall below \$2,500 due to redemption activity. If this happens to your account, you may receive a letter from the Fund, giving you the option of investing more money into your account or closing it. Accounts that fall below \$2,500 due to market volatility will not be affected.

16 www.matthewsfunds.com **800-789-ASIA [2742]**

Distributions The Fund will distribute net investment income annually in December. Any net realized gain from the sale of portfolio securities and net realized gains from foreign currency transactions are distributed at least once each year. All such distributions are reinvested automatically in additional shares at net asset value, unless you elect to receive them in cash. The way you receive distributions may be changed at any time by writing the Fund.

Any check in payment of dividends or other distributions that cannot be delivered by the post office or which remains uncashed for a period of more than one year will be reinvested in your account.

Distributions are treated the same for tax purposes whether received in cash or reinvested. Please note that shares purchased shortly before the record date for a dividend or a distribution may have the effect of returning capital although such dividends and distributions are subject to taxes. This is called buying a dividend.

Taxes This section only summarizes some federal income tax considerations that may affect your investment in the Fund. You are urged to consult your tax advisor regarding the effects of an investment on your tax situation. An investment in the Fund has certain tax consequences, depending on the type of account that you have. Distributions are subject to federal income tax and may also be subject to state and local income taxes. Distributions are generally taxable when they are paid, whether in cash or by reinvestment. Distributions declared in October, November, or December and paid in the following January are taxable as if they were paid on December 31.

The exchange of the Fund for another Matthews mutual fund is a taxable event which means that if you have a gain, you may be obligated to pay tax on it.

If you have a qualified retirement account, taxes are generally deferred until distributions are made from the retirement account.

Part of a distribution may include realized capital gains, which may be taxed at different rates depending on how long the Fund has held specific securities.

Make sure you have a Social Security number or taxpayer I.D. number on file with the Fund. If you do not, you may be subject to backup withholding on your distributions.

Speak with your tax advisor concerning state and local tax laws, which may produce different consequences from those under federal income tax laws.

General Information

Identity Verification Procedures Notice The USA PATRIOT Act requires financial institutions, including mutual funds, to adopt certain policies and programs to prevent money laundering activities, including procedures to verify the identity of customers opening new accounts. When completing the New Account Application, you will be required to supply the Fund with information, such as your taxpayer identification number, that will assist the Fund in verifying your identity. Until such verification is made, the Fund may temporarily limit additional share purchases. In addition, the Fund may limit additional share purchases or close an account if it is unable to verify a customer's identity. As required by law, the Fund may employ various procedures, such as comparing the information to fraud databases or requesting additional information or documentation from you, to ensure that the information supplied by you is correct. Your information will be handled by us as discussed in our privacy policy below.

If you wish to know more about the Fund or Matthews Asian Funds, you will find additional information in the following documents.

Shareholder Reports You will receive a semiannual report and an annual report, audited by independent accountants. These reports contain a discussion of the market conditions and investment strategies that significantly affected the Fund's performance. To save costs, if you have two or more accounts with the same registration, only one of each report will be sent to you.

Statement of Additional Information (SAI) The SAI, which is incorporated into this prospectus by reference and dated September __, 2003, is available to you without charge. It contains more detailed information about the Fund.

How to Obtain Reports

CONTACTING MATTHEWS ASIAN FUNDS You can obtain free copies of the above reports and the SAI by visiting our Web site at www.matthewsfunds.com. To request additional information or to speak to a representative of the Fund, contact us at:

Matthews Asian Funds
P.O. Box 9791
Providence, RI 02940
800-789-ASIA [2742]

OBTAINING INFORMATION FROM THE SEC: You can visit the SEC's Web site at www.sec.gov to view the SAI and other information. You can also view and copy information about the Fund at the SEC's Public Reference Room in Washington, D.C. Also, you can obtain copies of this information by sending your request and duplication fee to: SEC Public Reference Room, Washington, D.C. 20549-0102. To find out more about the Public Reference Room, call the SEC at 202-942-8090. You may also e-mail the SEC at publicinfo@sec.gov to obtain additional information about the Fund.

Privacy Policy

Matthews Asian Funds will never sell or share your personal information with other companies. While it is necessary for us to collect certain non public personal information about you when you open an account (such as your address and Social Security number), we protect this information and use it only for communication purposes or to assist us in providing the information and services necessary to address your financial needs. We respect your privacy and are committed to ensuring that it is maintained.

As permitted by law, it is sometimes necessary for us to share your information with companies that perform administrative or marketing services on our behalf, such as transfer agents and/or mail facilities that assist us in shareholder servicing or distribution of investor materials. These companies will use this information only for the services for which we hired them and are not permitted to use or share this information for any other purpose.

We restrict access to non public personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your personal information.

As you may know, cookies are small files a Web site can use to recognize repeat users. We do not use cookies to access any personal information about you from your computer.

When using Matthews Asian Funds Online Account Access, you will be required to provide personal information to gain access to your account. For your protection the login screen resides on a secure server.

18 Not Part of The Prospectus

800-789-ASIA [2742]

BOARD OF TRUSTEES

OFFICERS

INVESTMENT ADVISOR

UNDERWRITER

SHAREHOLDER SERVICES

CUSTODIAN

LEGAL COUNSEL

www.matthewsfunds.com

