

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange Weighted Index declined 2.68% in April 2023, in US dollar terms. The top three outperforming industry groups were Utilities, Pharmaceuticals, Biotechnology & Life Sciences and Telecommunication Services. The top three underperforming industry groups were Semiconductors & Semiconductor Equipment, Transportation and Technology Hardware & Equipment. The Taiwan TPEX Exchange Index, ("TWOTCI", the over-the-counter index) declined 2.41% in April 2023, in US dollar terms.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") underperformed the Taiwan TAIEX Total Return Index (the "Benchmark") in April, 2023, as it was weighed down by the underperformance of the Semiconductors & Semiconductor Equipment industry group. On an industry group level, the overweight positions in the Semiconductor & Semiconductor Equipment and Consumer Durables & Apparel industry groups detracted from performance. Additionally, the Fund's performance was impaired by negative stock selection effects in the Capital Goods industry group. At the stock selection level, the largest contributors were Asia Vital Components Co., Ltd., Chunghwa Telecom Co., Ltd. and Gold Circuit Electronics Ltd., while the largest relative detractors were Taiwan Semiconductor Manufacturing Co. Ltd., Nuvoton Technology Corp. and Global Unichip Corp.

Key Transactions

The total securities holding of the Fund was at 90.74% at April month-end. This represented a slight decrease from 91.34% at March month-end. Of the Fund's securities holdings, 79.9% were in TWSE traded securities and 10.8% in OTC traded securities. The major changes in the portfolio were the additions to the Technology Hardware & Equipment industry group, in consideration of the stronger demand for product upgrades, as well as an increase to the Fund's position in Consumer Services in view of recovering demand after the COVID-19 pandemic. The Fund has also increased its position in the Materials industry group in anticipation of long-term growth from green energy demand. The Fund also realized profits by reducing positions in Semiconductor & Semiconductor Equipment in consideration of the ongoing inventory adjustments.

We continued to take on exposure to the Consumer Services industry group through purchases of Gourmet Master Co., Ltd. and Bafang Yunji International Co., Ltd. based on demand recovery after the COVID-19 pandemic and store expansion plans. Conversely, we have reduced exposure in the Semiconductor & Semiconductor Equipment industry group through sales in Taiwan Semiconductor Manufacturing Co. Ltd. based on their higher inventory levels, Realtek Semiconductor Corp. on their weak demand outlook and Alchip Technologies Ltd. on their rich valuations. In the Technology Hardware & Equipment industry group,

Fund Data

Description	Seeks long-term capital appreciation primarily through investments in equity securities listed in Taiwan.
Inception Date	December 23, 1986
Total Fund Assets (millions)	\$239.8
Median Market Cap (in billions)	\$3.20
Distribution Frequency	Annual
Management Firm	Nomura Asset Management U.S.A. Inc.

Fund Manager



Sky Chen
Lead Portfolio Manager

Performance

(US\$ Returns as of 4/30/2023)

	Fund	Benchmark ¹
One Month	-3.63%	-2.68%
Three Month	3.58%	-0.01%
One Year	-3.40%	-5.60%
Three Year (Annualized)	19.39%	15.20%

Net Asset Value/Market Price (as of 4/30/2023)

NAV/Market Price	\$32.10 / \$25.68
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High/Low Ranges (52-Week)

High/Low NAV	\$35.18 / \$23.07
High/Low Market Price	\$28.56 / \$18.70
Premium/Discount to NAV (as of 4/30/2023)	-20.00%

Fund Data (Common Shares)

Shares Outstanding	7,470,494
Average Daily Volume	20,395
Expense Ratio ²	1.62%

¹Taiwan TAIEX Total Return Index.

²Six months ended February 28, 2023, annualized, unaudited, before fee waiver. The unaudited expense ratio after the fee waiver is 1.45%.

NOMURA

NOMURA ASSET MANAGEMENT
Nomura Asset Management U.S.A. Inc.

Manager's Commentary (continued)

we disposed of the Fund's holdings in Hon Hai Precision Industry Co, Compeq Manufacturing Co., Ltd., and Genius Electronic Optical Co. Ltd. due to the slowing demand for Apple products. The Fund has taken on positions in Wistron Corp. and Quanta Computer Inc. based on their improved product mix and lower inventory levels. A position was also initiated in Unimicron Technology Corp. as Ajinomoto Build-Up Film® (ABF) demand is expected to have bottomed out.

Outlook and Strategy

As expected, the US Federal Reserve (the "Fed") delivered a 25 basis point rate increase on May 3, 2023, setting the target range of the Federal Funds rate at 5.00% to 5.25%. We believe that the Fed has reached its terminal rate in this tightening cycle, though the start of the rate cutting cycle has yet to come in sight. Taiwan's real GDP dropped 3.02% year on year in April and -1.6% quarter on quarter in 2023, with the contraction accelerating from -0.4% from the previous quarter. The lower than expected GDP was largely attributed to the contraction in exports and weak domestic investment. Additionally, exports fell 13.3% year on year in April, though better than expected. The smaller decline (as compared to 19.1% in March), was helped by an increase in tech exports, particularly with information & communication products and electronic parts. However, new export orders in Taiwan's Manufacturing PMI tumbled again in April (44.4 vs. 48.3 in March), suggesting a still fragile external demand.

The ongoing first quarter 2023 result reporting has continued to be mixed. Taiwan Semiconductor Manufacturing Co. Ltd. revised down their full-year guidance and reported that the inventory adjustment would last into the third quarter of 2023, longer than expected. We believe that this implies that demand recovery will be softer than forecast in the third quarter of 2023. We have therefore adjusted our strategy by reducing holdings in the Semiconductors & Semiconductor Equipment industry group while increasing holdings in Technology Hardware & Equipment, as downstream companies have generally lowered inventories and continue to have reasonable valuations. Over the long term, we continue to expect a divergence in demand towards artificial intelligence (AI), high performance computing (HPC), electrical vehicles and green energy, with all to remain bullish. Additionally, we also prefer companies which have benefitted from the new server platform launches, which will stimulate demand for relevant components in the second half of 2023.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	-3.63	3.58	15.05	-3.40	19.39	15.01	11.68	9.52
Market Price	-4.75	-1.08	11.22	-7.06	18.68	13.48	10.27	7.85
Taiwan TAIEX Total Return Index	-2.68	-0.01	10.53	-5.60	15.20	11.36	10.38	—
Taiwan TAIEX Price Index	-2.76	-0.32	10.17	-9.97	11.09	7.06	6.33	—
MSCI Taiwan Index (net)	-4.25	-2.48	9.88	-8.40	14.12	11.17	10.14	—

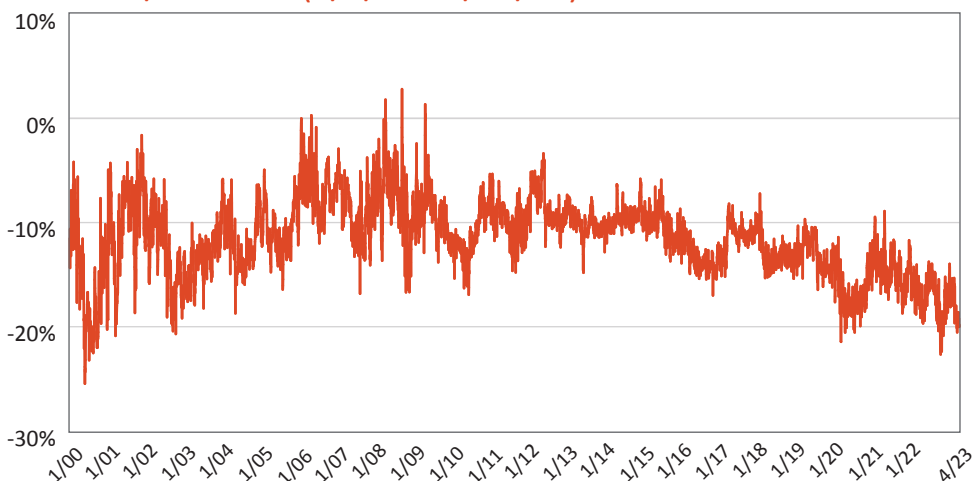
Calendar Year Returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022
NAV	-6.43	11.17	28.44	-14.96	47.11	41.97	55.09	-36.27
Market Price	-10.52	10.05	33.61	-19.11	46.75	39.81	58.26	-38.54
Taiwan TAIEX Total Return Index	-10.40	17.81	29.45	-7.86	32.19	35.62	29.04	-26.80
Taiwan TAIEX Price Index	-13.81	13.11	24.56	-11.51	26.46	31.01	25.59	-30.15
MSCI Taiwan Index (net)	-11.72	18.54	27.53	-8.93	36.37	40.99	26.13	-29.76

Past performance is not indicative of future results.

Returns are expressed in US dollars and are annualized except for periods of less than one year. Source: Nomura Asset Management U.S.A. Inc., utilizing data from State Street Bank & Trust company. Returns for the Fund are historical returns that reflect changes in net asset value and market price per share during each period and assume that dividends and capital gains, if any, were reinvested. Net asset value is total assets less total liabilities divided by the number of shares outstanding. NAV performance includes the deduction of management fees and other expenses. NAV and market price returns do not reflect broker sales charges or commissions, which would reduce returns. Expense Ratio: 1.62% for the six months ended February 28, 2023, annualized, unaudited, before fee waiver. The unaudited expense ratio after the fee waiver is 1.45%.

Premium/Discount (1/3/00 - 4/30/23)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	70.00	55.34
Consumer Discretionary	6.49	5.93
Communication Services	3.97	3.41
Industrials	3.43	7.73
Consumer Staples	3.09	2.42
Materials	2.33	8.27
Financials	1.42	12.88
Energy	0.00	1.71
Real Estate	0.00	1.34
Health Care	0.00	0.70
Utilities	0.00	0.25
N/A	0.00	0.02

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co. Ltd.	22.17
Asia Vital Components Co. Ltd.	4.24
eMemory Technology, Inc.	4.18
Delta Electronics, Inc.	4.08
Global Unichip Corp.	3.82
Nuvoton Technology Corp.	3.52
ASPEED Technology, Inc.	3.37
Advanced Energy Solution Holding Co. Ltd.	3.16
Alchip Technologies Ltd.	2.83
Lotes Co. Ltd.	2.81

Holdings and sector weightings are subject to change. Source: State Street Bank & Trust Company, Bloomberg L.P. as of 4/30/2023.

Portfolio Characteristics

	Fund
Number of Issues	44
Foreign Holdings (%)	90.74
Cash and Other Assets less Liabilities (%)	9.26
Dividend Yield (%)	N.A.

As of 4/30/2023.

Distribution History (10 Year)

Ex-dividend Date	Record Date	Payable Date	Distribution/Share	Income	Long-term Capital Gain	Short-term Capital Gain
12/26/14	12/30/14	1/9/15	2.633200	0.000000	2.633200	0.000000
12/28/17	12/29/17	1/9/18	0.660000	0.660000	0.000000	0.000000
12/20/18	12/21/18	1/4/19	1.707800	0.000000	1.707800	0.000000
12/27/19	12/30/19	1/10/20	1.699100	1.469500	0.164500	0.065100
12/28/20	12/29/20	1/8/21	3.312200	0.375900	0.615600	2.320700
12/27/21	12/28/21	1/10/22	2.922700	0.478000	2.444700	0.000000

Distribution/Share includes income, long-term capital gains, and short-term capital gains.

All Portfolio Holdings

As of April 30, 2023

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	of Fund	
INFORMATION TECHNOLOGY					70.00	
	Taiwan Semiconductor Manufacturing Co. Ltd.	2330-TW	502.00	3,255,000	53,151,500	22.17
	Asia Vital Components Co. Ltd.	3017-TW	157.50	1,982,705	10,157,796	4.24
	eMemory Technology, Inc.	3529-TW	1825.00	169,000	10,032,528	4.18
	Delta Electronics, Inc.	2308-TW	300.00	1,002,000	9,777,995	4.08
	Global Unichip Corp.	3443 TW	996.00	283,000	9,168,675	3.82
	Nuvoton Technology Corp.	4919-TW	133.00	1,950,000	8,436,204	3.52
	ASPEED Technology, Inc.	5274-TW	2615.00	95,000	8,080,833	3.37
	Alchip Technologies Ltd.	3661-TW	1185.00	176,000	6,784,094	2.83
	Lotes Co. Ltd.	3533-TW	878.00	235,972	6,739,316	2.81
	Gold Circuit Electronics Ltd.	2368-TW	98.60	1,772,100	5,683,632	2.37
	Gigabyte Technology Co. Ltd.	2376-TW	131.00	1,152,000	4,908,905	2.05
	MediaTek, Inc.	2454-TW	665.00	202,000	4,369,521	1.82
	E Ink Holdings, Inc.	8069-TW	190.50	673,000	4,170,334	1.74
	Wistron Corp.	3231-TW	46.50	2,658,000	4,020,395	1.68
	Accton Technology Corp.	2345-TW	299.00	407,000	3,958,461	1.65
	SDI Corp.	2351-TW	120.50	955,000	3,743,271	1.56
	Jentech Precision Industrial Co. Ltd.	3653-TW	455.00	240,000	3,552,086	1.48
	Tong Hsing Electronic Industries Ltd.	6271-TW	169.50	385,100	2,123,264	0.89
	Parade Technologies Ltd.	4966-TW	938.00	66,000	2,013,760	0.84
	Quanta Computer, Inc.	2382-TW	85.90	719,000	2,009,013	0.84
	Wiwynn Corp.	6669-TW	1165.00	38,000	1,440,026	0.60
	Unimicron Technology Corp.	3037-TW	145.00	271,000	1,278,198	0.53
	Globalwafers Co. Ltd.	6488-TW	481.00	78,000	1,220,395	0.51
	Largan Precision Co Ltd	3008-TW	2010.00	14,000	915,345	0.38
	Grand Process Technology Corp.	3131-TW	334.00	9,000	97,780	0.04
CONSUMER DISCRETIONARY					6.49	
	Eclat Textile Co. Ltd.	1476-TW	487.50	287,000	4,551,110	1.90
	Fulgent Sun International Holding Co. Ltd.	9802-TW	123.00	505,000	2,020,493	0.84
	Gourmet Master Co. Ltd.	2723-TW	155.50	391,000	1,977,734	0.82
	Feng TAY Enterprise Co. Ltd.	9910-TW	190.50	290,000	1,797,023	0.75
	Nien Made Enterprise Co. Ltd.	8464-TW	337.50	160,000	1,756,526	0.73
	Makalot Industrial Co. Ltd.	1477-TW	222.50	196,000	1,418,557	0.59
	Merida Industry Co. Ltd.	9914-TW	171.50	198,000	1,104,562	0.46
	Bafang Yunji International Co. Ltd.	2753-TW	180.00	110,000	644,060	0.27
	Taiwan Paiho Ltd.	9938-TW	55.80	100,000	181,508	0.08
	Giant Manufacturing Co. Ltd.	9921-TW	183.50	20,000	119,379	0.05
COMMUNICATION SERVICES					3.97	
	Chunghwa Telecom Co. Ltd.	2412-TW	127.00	1,285,000	5,308,449	2.21
	Far EasTone Telecommunications Co. Ltd.	4904-TW	78.90	1,639,000	4,206,460	1.75
INDUSTRIALS					3.43	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	685.00	340,000	7,575,832	3.16
	Nak Sealing Technologies Corp	9942-TW	139.50	143,000	648,890	0.27
CONSUMER STAPLES					3.09	
	President Chain Store Corp.	2912-TW	270.50	549,000	4,830,593	2.01
	Uni-President Enterprises Corp.	1216-TW	73.60	1,080,000	2,585,606	1.08
MATERIALS					2.33	
	Century Iron & Steel Industrial Co. Ltd.	9958-TW	110.50	964,000	3,464,975	1.45
	Swancor Holding Co. Ltd.	3708-TW	101.00	645,000	2,119,054	0.88
FINANCIALS					1.42	
	Chailease Holding Co. Ltd.	5871-TW	223.00	470,000	3,409,287	1.42

Source: State Street Bank and Trust Company, Nomura Asset Management U.S.A. Inc..
Note: Cash (including for these purposes cash equivalents) is not included.

THE TAIWAN FUND, INC.

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Index Descriptions

The Taiwan TAIEX Total Return Index is a stock market index for companies traded on the Taiwan Stock Exchange (TWSE). The index is calculated on a total return basis with net dividends reinvested. The MSCI Taiwan Index (net) is a free float-adjusted market capitalization-weighted index that measures the performance of the large and mid-cap segments of the Taiwan market. The index is calculated on a total return basis with net dividends reinvested. The Taiwan TAIEX Price Index is a stock market index for companies traded on the Taiwan Stock Exchange (TWSE). The index is calculated on a price return basis. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

Important Information:

- Nomura Asset Management U.S.A. Inc. (NAM-USA) became the Investment Manager of the Fund on September 17, 2022. Portfolio holdings are subject to change daily. It should not be assumed that any of the securities transactions or holdings discussed here were or will prove to be profitable, or that the investment recommendations or decisions NAM-USA makes in the future will be profitable or will equal the investment performance of the securities discussed herein. Investing in the Fund involves certain considerations in addition to the risks normally associated with making investments in securities. The value of the shares issued by the Fund, and the income from them, may go down as well as up and there can be no assurance that upon sale, or otherwise, investors will receive back the amount originally invested. There can be no assurance that you will receive comparable performance returns. Movements in foreign exchange rates may have a separate effect, unfavorable as well as favorable, on the gain or loss otherwise experienced on an investment. Past performance is not a guide to future returns. Accordingly, the Fund is only suitable for investment by investors who are able and willing to withstand the total loss of their investment. In particular, prospective investors should consider the following risks:
- Discretionary investment is not risk free. The past operating performance does not guarantee a minimum return for the discretionary investment fund. Apart from exercising the duty of care of a prudent adviser, NAM-USA will not be responsible for the profit or loss of the Fund, nor guarantee a minimum return.
- It should be noted that investment in the Fund is only suitable for sophisticated investors who are aware of the risk of investing in Taiwan and should be regarded as long term. Funds that invest in one country carry a higher degree of risk than those with portfolios diversified across a number of markets.
- Investment in the securities of smaller and unquoted companies can involve greater risk than is customarily associated with investment in larger, more established, companies. In particular, smaller companies often have limited product lines, markets, or financial resources and their management may be dependent on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing, and disposing of such stock. Proper information for determining their value, or the risks to which they are exposed, may not be available.
- Investments within emerging markets, such as Taiwan, can be of higher risk. Many emerging markets, and the companies quoted on their stock exchanges, are exposed to the risks of political, social, and religious instability, expropriation of assets or nationalization, rapid rates of inflation, high interest rates, currency depreciation, and fluctuations and changes in taxation which may affect the Fund's income and the value of its investments.
- The marketability of quoted shares may be limited due to foreign investment restrictions, wide dealing spreads, exchange controls, foreign ownership restrictions, the restricted opening of stock exchanges, and a narrow range of investors. Trading volume may be lower than on more developed stock markets, and equities are less liquid. Volatility of prices can also be greater than in more developed stock markets. The infrastructure for clearing, settlement, and registration on the primary and secondary markets may be undeveloped. Under certain circumstances, there may be delays in settling transactions in some of the markets.

Forward P/E Ratio: Per share stock price divided by projected future 12-months earnings per share. **P/B Ratio:** A ratio used to compare a stock's market value to its book value. **Dividend Yield:** Market cap weighted indicated annual yield on portfolio holdings based on the most recent announced distribution or dividend. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **R-Squared:** A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. **Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED