

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange Weighted Index ("TWSE") rose 2.09% in June 2023, in US dollar terms, with electronics again leading the rise. The top three outperforming industry groups were Media & Entertainment, Technology Hardware & Equipment and Transportation. The top three underperforming industry groups were Telecommunication Services, Energy and Pharmaceuticals, Biotechnology & Life Sciences. The Taiwan TPEX Exchange Index, ("TWOTCI", the over-the-counter index) declined 2.46% in June in US dollar terms.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") outperformed the Taiwan TAIEX Total Return Index (the "Benchmark") in June 2023, as it benefited from the outperformance of electronics holdings. On an industry group level, the overweight position in Semiconductor & Semiconductor Equipment, Technology Hardware & Equipment and Consumer Durables & Apparel contributed positively to performance. Conversely, the Fund's performance was negatively impacted by the slight overweight position in Telecommunication Services. At the stock selection level, the largest contributors were Asia Vital Components Co. Ltd. Quanta Computer Inc. and Gigabyte Technology Co. Ltd., while the largest relative detractors were Chunghwa Telecom Co., Lotes Co. Ltd. and Globalwafers Co. Ltd.

Key Transactions

The total securities holdings of the Fund stood at 88.62% at June month-end. This represented a slight decrease from 91.89% at May month-end. Of the Fund's securities holdings, over 88% were held in TWSE traded stocks and over 11% in OTC ("over-the-counter") securities. The major changes in the portfolio were the reductions to the Semiconductor & Semiconductor Equipment industry group given the weaker than expected smartphone demand and to realize gains on IP ("Internet Protocol") services after the recent share price rally. Within the Technology Hardware & Equipment industry group, the Fund has increased its positions in downstream ODM ("original design manufacturer"), due to strong demand for AI ("Artificial Intelligence") servers. However, on the other hand, the Fund decreased its positions in PCB ("Printed Circuit Board") makers, as Intel Corporation and Advanced Micro Devices, Inc. are likely to further delay the launch of their new server platforms.

The Fund added exposure in the Technology Hardware & Equipment industry group by increasing its position in Quanta Computer Inc. as it benefitted from the LT (Intel Trusted Execution Technology, formerly known as LaGrande Technology) trend in automotive and AI server demand growth. The Fund reduced its exposure in Gold Circuit Electronics Ltd. due to the delay in new server platform launches and high valuations and sold off its position in Unimicron Technology Corp. on

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)	\$287.6
Median Market Cap (in billions)	\$3.28
Distribution Frequency	Annual
Management Firm	Nomura Asset Management U.S.A. Inc.

Fund Manager



Sky Chen
Lead Portfolio Manager

Performance

(US\$ Returns as of 6/30/2023)

	Fund	Benchmark ¹
One Month	7.86%	2.09%
Three Month	15.73%	5.80%
One Year	28.93%	14.05%
Three Year (Annualized)	21.84%	15.76%

Net Asset Value/Market Price

(as of 6/30/2023)

NAV/Market Price	\$38.55 / \$31.34
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High/Low Ranges (52-Week)

High/Low NAV	\$39.09 / \$23.07
High/Low Market Price	\$31.81 / \$18.70
Premium/Discount to NAV (as of 6/30/2023)	-18.72%

Fund Data (Common Shares)

Shares Outstanding	7,460,281
Average Daily Volume	15,579
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%.

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Nomura Asset Management U.S.A. Inc.

THE TAIWAN FUND, INC.

Manager's Commentary (Key Transactions continued)

lower than expected utilization for substrate products. The Fund also reduced its exposure in the Semiconductor & Semiconductor Equipment group by eliminating its position in MediaTek, Inc. on weak smartphone demand, and reduced its position in Global Unichip Corp. on rich valuations. However, on the other hand, the Fund increased its position in Globalwafers Co. Ltd. anticipating increasing demand from EV (“electronic vehicle”) and HPC (“high performance computing”) over the long term.

Outlook and Strategy

As we expected, the US Federal Reserve Board has paused the rate hike at the June FOMC (“Federal Open Market Committee”) meeting. FOMC chairman Powell emphasized the need to see more data, (generally inflation and unemployment), in order to gauge the appropriate policy path going forward. We believe that the inflation will come off gradually given the higher base in the second half of 2022. Together with the strong job market, it is possible to see another rate hike in July. On the other hand, Taiwan’s industrial production rebounded to 3.0% MoM SA (seasonally adjusted), ending a 6-month streak of declines. Production of electronic components rebounded to 6.5% MoM SA, accounting for most of the gain. However, leading indicators for IP were mixed. The manufacturing PMI (“purchase managers index”) dropped for the third consecutive month, while export orders in US dollar terms rebounded.

In June, the technology based industry groups have continued to outperform, with a specific focus on AI servers. AI server demand has emerged rapidly recently, with no inventory burden while supplies been constrained by a shortage of capacity in chips and advanced packaging, etc. As a result, liquidity has flowed into the market segment with a fear-of-missing-out sentiment. Flows and expectations stimulated share price performance for stocks, especially in the AI camps. We believe that the long-term trend has been firm but the investment capped by enterprises’ CapEx (“capital expenditure”) budget and shortages in semiconductor capacity in 2023. According to our channel reviews, the demand from major CSP (“configuration service provider”) players are expected to be solid and capital expenditure will take off in 2024. Therefore, we foresee a better 2024, due to a low base in 2023 and the back-to-normal inventory levels. Our strategy is to hold onto the positions in top tier companies in the semiconductor, HPC, AI and green energy categories. Additionally, we have carefully watched the inventory digestion and demand recovery in consumer staples and discretionary industries, which have been near the bottom, in our view, and await a better entry point.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	7.86	15.73	38.17	28.93	21.84	19.32	13.93	10.02
Market Price	9.31	16.25	35.73	24.76	21.44	17.83	12.96	8.40
Taiwan TAIEX Total Return Index	2.09	5.80	20.16	14.05	15.76	13.32	11.51	—
Taiwan TAIEX Price Index	0.66	4.22	18.08	8.93	11.30	8.85	7.28	—
MSCI Taiwan Index (net)	1.69	4.52	19.94	12.45	15.10	13.45	11.32	—

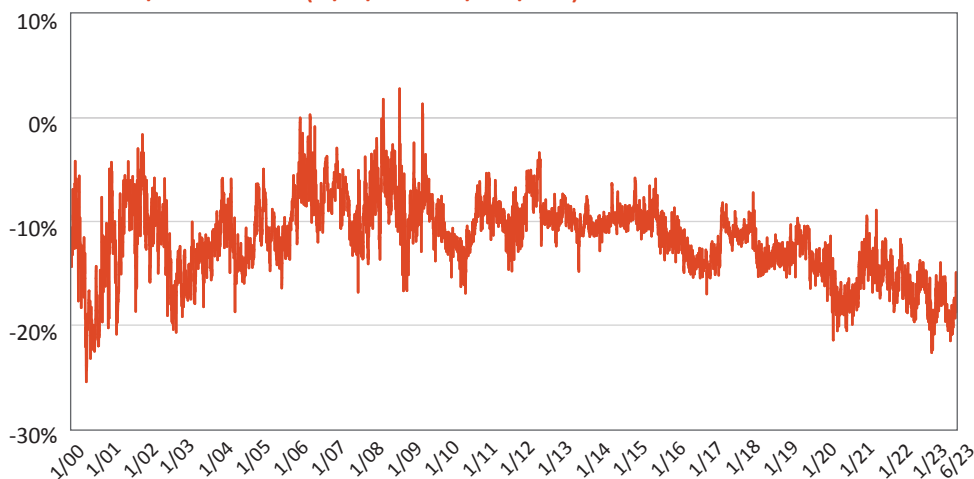
Calendar Year Returns (%)

	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 - 6/30/23)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	71.08	57.91
Consumer Discretionary	4.98	5.94
Communication Services	3.11	2.94
Industrials	3.33	7.43
Consumer Staples	2.65	2.31
Materials	2.40	7.51
Financials	1.07	12.27
Energy	0	1.53
Real Estate	0	1.26
Health Care	0	0.65
Utilities	0	0.24
N/A	0	0.02

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co. Ltd.	20.93
Asia Vital Components Co. Ltd.	5.14
Quanta Computer, Inc.	4.76
Global Unichip Corp.	4.32
eMemory Technology, Inc.	4.27
Gigabyte Technology Co. Ltd.	4.07
Delta Electronics, Inc.	3.85
Alchip Technologies Ltd.	3.85
Advanced Energy Solution Holding Co. Ltd.	3.09
ASPEED Technology, Inc.	3.02

Holdings and sector weightings are subject to change. Source: State Street Bank & Trust Company, Bloomberg L.P. as of 6/30/2023.

THE TAIWAN FUND, INC.

Portfolio Characteristics

	Fund
Number of Issues	40
Foreign Holdings (%)	88.62
Cash and Other Assets less Liabilities (%)	11.38
Dividend Yield (%)	N.A.

As of 6/30/2023.

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.

THE TAIWAN FUND, INC.**All Portfolio Holdings**

As of June 30, 2023

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	of Fund	
INFORMATION TECHNOLOGY					71.08	
	Taiwan Semiconductor Manufacturing Co. Ltd.	2330-TW	576.00	3,255,000	60,199,393	20.93
	Asia Vital Components Co. Ltd.	3017-TW	271.00	1,697,705	14,772,369	5.14
	Quanta Computer, Inc.	2382-TW	152.00	2,802,000	13,675,095	4.76
	Global Unichip Corp.	3443 TW	1,605.00	241,000	12,419,689	4.32
	eMemory Technology, Inc.	3529-TW	2,210.00	173,000	12,276,004	4.27
	Gigabyte Technology Co. Ltd.	2376-TW	243.50	1,496,000	11,696,319	4.07
	Delta Electronics, Inc.	2308-TW	344.50	1,002,000	11,083,466	3.85
	Alchip Technologies Ltd.	3661-TW	1,795.00	192,000	11,065,838	3.85
	ASPEED Technology, Inc.	5274-TW	2,850.00	95,000	8,693,349	3.02
	Nuvoton Technology Corp.	4919-TW	128.50	1,950,000	8,045,562	2.80
	Wistron Corp.	3231-TW	90.80	2,658,000	7,749,246	2.69
	Lotes Co. Ltd.	3533-TW	860.00	213,972	5,908,456	2.05
	E Ink Holdings, Inc.	8069-TW	225.00	731,000	5,281,029	1.84
	Jentech Precision Industrial Co. Ltd.	3653-TW	645.00	240,000	4,970,380	1.73
	SDI Corp.	2351-TW	130.00	955,000	3,986,258	1.39
	Globalwafers Co. Ltd.	6488-TW	497.00	234,000	3,734,142	1.30
	WinWay Technology Co. Ltd.	6515-TW	778.00	124,000	3,097,561	1.08
	Parade Technologies Ltd.	4966-TW	1,075.00	66,000	2,278,091	0.79
	Wiwynn Corp.	6669-TW	1,420.00	38,000	1,732,569	0.60
	Gold Circuit Electronics Ltd.	2368-TW	146.00	334,100	1,566,203	0.54
	Grand Process Technology Corp.	3131-TW	543.00	9,000	156,914	0.05
CONSUMER DISCRETIONARY					4.98	
	Eclat Textile Co. Ltd.	1476-TW	499.50	152,000	2,437,798	0.85
	Fulgent Sun International Holding Co. Ltd.	9802-TW	138.00	505,000	2,237,634	0.78
	Makalot Industrial Co. Ltd.	1477-TW	302.00	196,000	1,900,560	0.66
	Feng TAY Enterprise Co. Ltd.	9910-TW	196.50	290,000	1,829,697	0.64
	Gourmet Master Co. Ltd.	2723-TW	143.50	391,000	1,801,554	0.63
	Nien Made Enterprise Co. Ltd.	8464-TW	342.50	160,000	1,759,540	0.61
	Merida Industry Co. Ltd.	9914-TW	222.00	198,000	1,411,357	0.49
	Bafang Yunji International Co. Ltd.	2753-TW	178.50	110,000	630,449	0.22
	Taiwan Paiho Ltd.	9938-TW	54.40	100,000	174,670	0.06
	Giant Manufacturing Co. Ltd.	9921-TW	230.00	20,000	147,698	0.05
COMMUNICATION SERVICES					3.11	
	Chunghwa Telecom Co. Ltd.	2412-TW	116.50	1,285,000	4,806,708	1.67
	Far EasTone Telecommunications Co. Ltd.	4904-TW	78.60	1,639,000	4,136,377	1.44
INDUSTRIALS					3.33	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	813.00	340,000	8,875,403	3.09
	Nak Sealing Technologies Corp	9942-TW	149.50	143,000	686,430	0.24
CONSUMER STAPLES					2.65	
	President Chain Store Corp.	2912-TW	282.50	549,000	4,979,772	1.73
	Uni-President Enterprises Corp.	1216-TW	76.30	1,080,000	2,645,860	0.92
MATERIALS					2.40	
	Century Iron & Steel Industrial Co. Ltd.	9958-TW	136.00	1,148,000	5,013,020	1.74
	Swancor Holding Co. Ltd.	3708-TW	91.60	645,000	1,897,028	0.66
FINANCIALS					1.07	
	Chailease Holding Co. Ltd.	5871-TW	204.00	470,000	3,078,553	1.07

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