

# THE TAIWAN FUND, INC.

## Manager's Commentary

### Market Review

The Taiwan TAIEX Total Return Index, (the "Benchmark"), declined 2.62% in October 2023, in US dollar terms, with electronics again continuing to lead the decline. The top three outperforming industry groups were Commercial & Professional Services, Semiconductors & Semiconductor Equipment and Telecommunication Services. The top three underperforming industry groups were Technology Hardware & Equipment, Transportation and Capital Goods.

### Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") underperformed the Benchmark in October primarily due to overweight positions in electrical equipment & parts. At an industry group level, the absence of positions in the Transportation, Banks and Insurance industry groups positively contributed to performance. Conversely, the Fund's performance was negatively impacted by stock selection in Semiconductors & Semiconductor Equipment and overweight positions in the Capital Goods and Technology Hardware & Equipment industry groups. At the stock level, the largest contributors to performance were Global Unichip Corp., eMemory Technology, Inc. and MediaTek Inc., while the largest relative detractors to performance were Gigabyte Technology Co. Ltd., Fortune Electric Co. Ltd. and Asia Vital Components Co. Ltd.

### Key Transactions

The total securities holdings represented 93.0% of net assets as of October 31, 2023. This represented an increase from the 91.4% held as of September 30, 2023. The major change in the portfolio was to reduce holdings in the Telecommunication Services industry group due to the lack of foreseeable growth potential. The Fund has also reduced positions in the Food Beverage & Tobacco industry group as demand in China has been below expectations. Additionally, the Fund has eliminated its position in Uni-President Enterprises Corp. due to the limited opportunities for further growth. On the other hand, the Fund has strategically increased its exposure to the Technology Hardware & Equipment industry group in order to take advantage of potential trends in artificial intelligence ("AI"). Additionally, in this industry group, the Fund has increased its position in Quanta Computer Inc. in light of the rising demand for AI servers.

### Outlook and Strategy

During October, the Taiwan market was relatively weak, bringing its valuation to a more attractive level. As such, the 12-month forward Price-To-Earnings (P/E) ratio moved to 14.7 from 15.2 in the previous month. However, the local

### Fund Data

Description	Seeks long-term capital appreciation primarily through investments in equity securities listed in Taiwan.
Inception Date	December 23, 1986
Total Fund Net Assets (millions)	\$264.7
Median Market Cap (in billions)	\$2.68
Distribution Frequency	Annual
Management Firm	Nomura Asset Management U.S.A. Inc.

### Fund Manager



Sky Chen  
Lead Portfolio Manager

### Performance

(US\$ Returns as of 10/31/2023)

	Fund	Benchmark <sup>1</sup>
One Month	-6.42%	-2.62%
Three Month	-10.66%	-8.99%
One Year	47.80%	27.27%
Three Year (Annualized)	15.36%	7.88%

### Net Asset Value/Market Price (as of 10/31/2023)

NAV/Market Price	\$35.87 / \$28.33
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### High/Low Ranges (52-Week)

High/Low NAV	\$41.48 / \$24.27
High/Low Market Price	\$34.18 / \$18.77
Premium/Discount to NAV (as of 10/31/2023)	-21.02%

### Fund Data (Common Shares)

Shares Outstanding	7,380,725
Average Daily Volume	13,993
Expense Ratio <sup>2</sup>	1.47%

<sup>1</sup>Taiwan TAIEX Total Return Index.

<sup>2</sup>One year ended August 31, 2023, before fee waiver. The expense ratio after the fee waiver is 1.40%.

# NOMURA

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

## THE TAIWAN FUND, INC.

### Manager's Commentary (continued)

economy is showing encouraging signs of recovery. Manufacturing in Taiwan displayed positive signs as the Taiwan Manufacturing Purchasing Managers Index (PMI) rose from 46.4 in September to 47.6 in October, reaching a seven-month high.

The recent upswing trend in Taiwan's industrial production has been led by an upturn in tech production activity. This is reflected in the launch of new iPhone models, as well as high performance computing and AI-related demand strength. Meanwhile, the latest available data on manufacturing inventory conditions indicates that Taiwan tech manufacturers have made substantial efforts to reduce their inventory levels. We have seen a decrease in the impact of inventories, as well as the beginning of restocking of PCs and handsets. Further observation is needed to determine whether this trend will continue.

We feel that these encouraging signals should result in the local expansion of capacity by leading semiconductor manufacturers to meet the new wave of AI applications, as it will support Taiwan's export and investment growth. Combined with the contribution from the domestic sector and the recovery of consumer consumption to its traditional growth trajectory, real gross domestic product is forecasted to grow by 3.32% in 2024, while inflation pressure remains modest with an expected 1.58% CPI (Consumer Price Index) rise per government forecasts.

# THE TAIWAN FUND, INC.

## Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	-6.42	-10.66	-6.42	47.80	15.36	22.02	11.44	9.71
Market Price	-5.50	-14.98	-5.50	50.93	13.64	19.79	10.08	8.02
Taiwan TAIEX Total Return Index	-2.62	-8.99	11.02	27.27	7.88	13.44	9.59	—
Taiwan TAIEX Price Index	-2.62	-9.58	7.25	22.75	4.00	9.26	5.54	—
MSCI Taiwan Index (net)	-1.66	-9.62	9.24	26.22	5.57	12.74	9.47	—

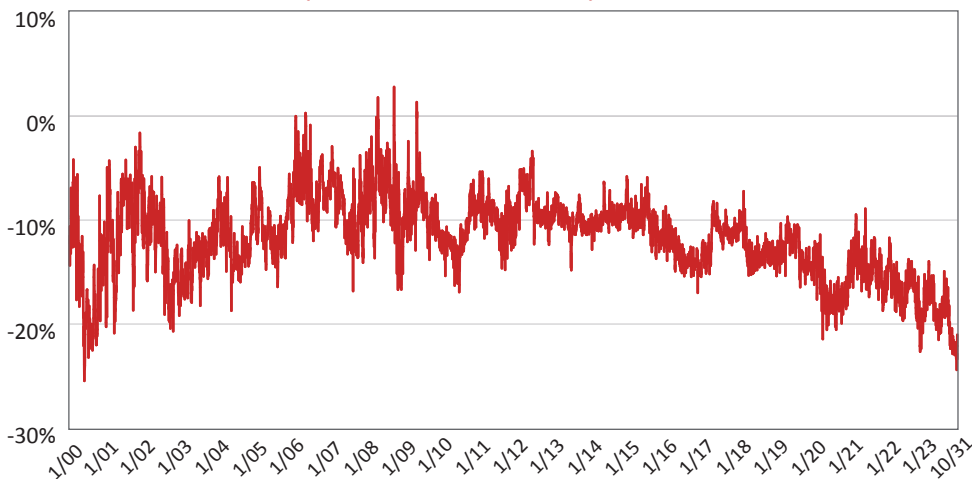
## Calendar Year Returns (%)

	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: 1.47% for the year ended August 31, 2023, before fee waiver. The expense ratio after the fee waiver is 1.40%.

## Premium/Discount (1/3/00 - 10/31/23)



Past performance is not indicative of future results.

## Sector Breakdown (%)

	Fund	Benchmark
Information Technology	70.67	58.80
Industrials	8.32	6.89
Consumer Discretionary	6.53	5.54
Materials	3.11	7.18
Consumer Staples	2.61	2.22
Communication Services	1.74	3.03
Financials	0	12.69
Energy	0	1.51
Real Estate	0	1.30
Health Care	0	0.63
Utilities	0	0.22

## Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co. Ltd.	19.93
Alchip Technologies Ltd.	4.71
MediaTek, Inc.	4.20
Quanta Computer, Inc.	4.18
Asia Vital Components Co. Ltd.	4.18
eMemory Technology, Inc.	4.08
Global Unichip Corp.	4.03
Fortune Electric Co. Ltd.	4.02
Delta Electronics, Inc.	3.39
Gigabyte Technology Co. Ltd.	3.31

Holdings and sector weightings are subject to change. Source: State Street Bank & Trust Company, Bloomberg L.P. as of 10/31/2023.

# THE TAIWAN FUND, INC.

## Portfolio Characteristics

	Fund
Number of Issues	38
Foreign Holdings (%)	93.0
Cash and Other Assets less Liabilities (%)	7.0
Dividend Yield (%)	N.A.

As of 10/31/2023.

## 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 October 31, 2023

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
<b>INFORMATION TECHNOLOGY</b>					<b>70.67</b>	
	Taiwan Semiconductor Manufacturing Co. Ltd.	2330-TW	529.00	3,235,000	52,761,369	19.93
	Alchip Technologies Ltd.	3661-TW	2,625.00	154,000	12,463,388	4.71
	MediaTek, Inc.	2954-TW	842.00	428,000	11,110,714	4.20
	Quanta Computer, Inc.	2382-TW	189.00	1,899,000	11,065,547	4.18
	Asia Vital Components Co. Ltd.	3017-TW	283.50	1,264,705	11,054,227	4.18
	eMemory Technology, Inc.	3529-TW	2,015.00	174,000	10,809,619	4.08
	Global Unichip Corp.	3443-TW	1,435.00	241,000	10,662,402	4.03
	Delta Electronics, Inc.	2308-TW	290.50	1,002,000	8,974,287	3.39
	Gigabyte Technology Co. Ltd.	2376-TW	217.50	1,307,000	8,764,375	3.31
	Faraday Technology Corp.	3035-TW	302.00	812,000	7,560,475	2.86
	Wistron Corp.	3231-TW	89.40	2,658,000	7,326,197	2.77
	ASPEED Technology, Inc.	5274-TW	2,570.00	77,000	6,101,125	2.30
	Nuvoton Technology Corp.	4919-TW	127.00	1,392,000	5,450,409	2.06
	Elite Material Co. Ltd.	2383-TW	359.00	424,000	4,692,955	1.77
	E Ink Holdings, Inc.	8069-TW	168.00	731,000	3,786,280	1.43
	Jentech Precision Industrial Co. Ltd.	3653-TW	575.00	200,000	3,545,553	1.34
	SDI Corp.	2351-TW	100.50	955,000	2,959,072	1.12
	WinWay Technology Co. Ltd.	6515-TW	635.00	124,000	2,427,624	0.92
	Wiwynn Corp.	6669-TW	1,520.00	38,000	1,780,792	0.67
	Parade Technologies Ltd.	4966-TW	1,055.00	53,000	1,723,909	0.65
	Globalwafers Co. Ltd.	6488-TW	474.50	103,000	1,506,814	0.57
	Gold Circuit Electronics Ltd.	2368-TW	176.00	100,100	543,167	0.21
<b>INDUSTRIALS</b>					<b>8.32</b>	
	Fortune Electric Co. Ltd.	1519-TW	224.00	1,539,000	10,628,519	4.02
	Sunonwealth Electric Machine Industry Co. Ltd.	2421-TW	87.00	2,391,000	6,413,350	2.42
	Advanced Energy Solution Holding Co. Ltd.	6781-TW	613.00	235,000	4,441,344	1.68
	Nak Sealing Technologies Corp.	9942-TW	125.50	143,000	553,306	0.21
<b>CONSUMER DISCRETIONARY</b>					<b>6.53</b>	
	Nien Made Enterprise Co. Ltd.	8464-TW	286.00	594,000	5,237,675	1.98
	Merida Industry Co. Ltd.	9914-TW	165.50	652,000	3,326,839	1.26
	Makalot Industrial Co. Ltd.	1477-TW	361.50	196,000	2,184,492	0.83
	Fulgent Sun International Holding Co. Ltd.	9802-TW	128.50	505,000	2,000,694	0.76
	Feng TAY Enterprise Co. Ltd.	9910-TW	178.50	324,800	1,787,476	0.68
	Gourmet Master Co. Ltd.	2723-TW	97.20	526,000	1,576,297	0.60
	Giant Manufacturing Co. Ltd.	9921-TW	163.00	120,000	603,052	0.23
	Bafang Yunji International Co. Ltd.	2753-TW	167.50	110,000	568,059	0.21
<b>CONSUMER STAPLES</b>					<b>2.61</b>	
	President Chain Store Corp.	2912-TW	257.50	869,000	6,898,952	2.61
<b>MATERIALS</b>					<b>3.11</b>	
	Century Iron & Steel Industrial Co. Ltd.	9958-TW	150.50	1,446,000	6,709,511	2.53
	Swancor Holding Co. Ltd.	3708-TW	86.20	570,000	1,514,845	0.57
<b>COMMUNICATION SERVICES</b>					<b>1.74</b>	
	Chunghwa Telecom Co. Ltd.	2412-TW	116.00	1,285,000	4,595,653	1.74

# 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