

# THE TAIWAN FUND, INC.

## Manager's Commentary

### Market Review

The Taiwan TAIEX Total Return Index, (the "Benchmark") declined 2.10% in January 2024, in U.S. dollar terms. The top three outperforming industry groups were Utilities, Semiconductors & Semiconductor Equipment and Software & Services. The top three underperforming industry groups were Consumer Discretionary Distribution & Retail, Energy and Financial Services.

### Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") outperformed the Benchmark in January primarily due to overweight positions in the metal fabrication field. At the industry group level, the overweight positions in Technology Hardware & Equipment and Capital Goods and the underweight positions in Materials positively contributed to relative performance. Conversely, the Fund's performance was negatively impacted by overweight positions in Consumer Durables & Apparel, Consumer Staples Distribution & Retail and Consumer Services. At the stock selection level, the largest contributors to relative performance were Fortune Electric Co. Ltd., Asia Vital Components Co. Ltd. and Taiwan Semiconductor Manufacturing Company Ltd. The largest detractors to relative performance were Global Unichip Corp., Delta Electronics Inc. and Advanced Energy Solution Holding Co. Ltd.

### Key Transactions

The total securities holdings represented 90.2% of net assets as of January 31, 2024. This represented a slight decrease from the 91.1% held as of December 31, 2023. The major change in the portfolio was to increase the Capital Goods industry group weighting based on strong growth demand in computer hardware. In the Semiconductors & Semiconductor Equipment industry group, the Fund has reduced its holdings in Nuvoton Technology Corp., as terminal demand remains low. Notwithstanding these adjustments, the Fund has strategically maintained the majority of its positions and allocations unchanged based on our view of a positive outlook for the overall market.

<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%.

### 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)	\$331.7
Median Market Cap (in billions)	\$3.31
Distribution Frequency	Annual
Management Firm	Nomura Asset Management U.S.A. Inc.

### Fund Manager



Sky Chen  
Lead Portfolio Manager

### Performance

(US\$ Returns as of 1/31/2024)

	Fund	Benchmark <sup>1</sup>
One Month	4.64%	-2.10%
Three Month	28.68%	16.12%
One Year	48.94%	16.62%
Three Year (Annualized)	17.26%	5.70%

### Net Asset Value/Market Price (as of 1/31/2024)

NAV/Market Price	\$45.57 / \$36.16
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### High/Low Ranges (52-Week)

High/Low NAV	\$46.10 / \$30.99
High/Low Market Price	\$36.23 / \$25.22
Premium/Discount to NAV (as of 1/31/2024)	-20.65%

### Fund Data (Common Shares)

Shares Outstanding	7,277,595
Average Daily Volume	16,908
Expense Ratio <sup>2</sup>	1.47%

# NOMURA

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

## THE TAIWAN FUND, INC.

### Manager's Commentary (continued)

#### Outlook and Strategy

While US interest rates are likely to decline in the long term, the current high-interest rate environment constrains economic momentum. Presently, we find ourselves within a “Goldilocks” (not too hot, not too cold, but just about right) economy, denoting a soft growth momentum, a low unemployment rate and subdued inflation circumstances— a scenario favorable for resilient companies.

As we navigate the current economy, it is essential to consider the broader implications on global industries. Inventory was overstocked and now, after four to six quarters of adjustments, semiconductor inventories have been effectively managed and have reached a stabilized level. New demand is expected to drive the recovery of the market. We anticipate a resurgence in growth across various applications within the semiconductor industry this year.

Within the semiconductor space, artificial intelligence (“AI”) related applications are expected to drive growth. AI related semiconductors are in line for a Compound Annual Growth Rate (CAGR) of +21.7% from 2023 to 2027 (as per “CHPT”, Chunghwa Precision Test, Research), which is the highest growth rate among various application fields. The market for semiconductors in 2024 is projected to reach US\$64 billion and AI related applications account for about 10% of the semiconductor market (per CHPT). We anticipate a continued increase in market penetration for AI related applications, providing sustained benefits to Taiwan's supply chains.

# THE TAIWAN FUND, INC.

## Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	4.64	28.68	4.64	48.94	17.26	26.83	14.62	10.39
Market Price	4.54	29.29	4.54	41.09	13.80	24.09	13.17	8.72
Taiwan TAIEX Total Return Index	-2.10	16.12	-2.10	16.62	5.70	16.40	11.56	—
Taiwan TAIEX Price Index	-2.17	15.85	-2.17	12.42	1.87	12.07	7.42	—
MSCI Taiwan Index (net)	-1.18	17.98	-1.18	14.39	2.34	16.63	11.68	—

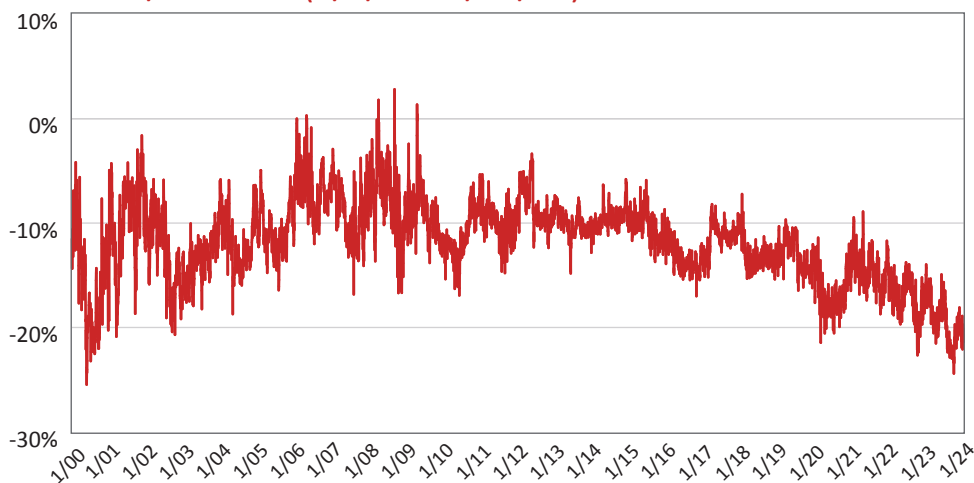
## Calendar Year Returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023
NAV	11.17	28.44	-14.96	47.11	41.97	55.09	-36.27	58.11
Market Price	10.05	33.61	-19.11	46.75	39.81	58.26	-38.54	51.74
Taiwan TAIEX Total Return Index	17.81	29.45	-7.86	32.19	35.62	29.04	-26.80	31.68
Taiwan TAIEX Price Index	13.11	24.56	-11.51	26.46	31.01	25.59	-30.15	27.02
MSCI Taiwan Index (net)	18.54	27.53	-8.93	36.37	40.99	26.13	-29.76	30.42

**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 - 1/31/24)



**Past performance is not indicative of future results.**

## Sector Breakdown (%)

	Fund	Benchmark
Information Technology	67.34	61.14
Industrials	9.96	6.87
Consumer Discretionary	5.66	5.20
Materials	3.53	6.47
Consumer Staples	2.21	2.06
Communication Services	1.47	2.84
Financials	0	11.80
Energy	0	1.26
Real Estate	0	1.26
Health Care	0	0.89
Utilities	0	0.21

## Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co. Ltd.	19.57
Fortune Electric Co. Ltd.	4.92
eMemory Technology, Inc.	4.69
Asia Vital Components Co. Ltd.	4.64
Quanta Computer, Inc.	4.60
Alchip Technologies Ltd.	4.55
Faraday Technology Corp.	3.92
Gigabyte Technology Co. Ltd.	3.89
Global Unichip Corp.	3.59
Century Iron & Steel Industrial Co. Ltd.	3.05

Holdings and sector weightings are subject to change. Source: State Street Bank & Trust Company, Bloomberg L.P. as of 1/31/2024.

# THE TAIWAN FUND, INC.

## Portfolio Characteristics

	Fund
Number of Issues	38
Foreign Holdings (%)	90.2
Cash and Other Assets less Liabilities (%)	9.8

As of 1/31/2024.

## 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
12/27/23	12/28/23	1/10/24	0.436500	0.000000	0.436500	0.000000

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

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

As of January 31, 2024

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
<b>INFORMATION TECHNOLOGY</b>					<b>67.34</b>	
	Taiwan Semiconductor Manufacturing Co. Ltd.	2330-TW	628.00	3,235,000	64,907,746	19.57
	eMemory Technology, Inc.	3529-TW	2,800.00	174,000	15,565,744	4.69
	Asia Vital Components Co. Ltd.	3017-TW	425.50	1,132,705	15,398,520	4.64
	Quanta Computer, Inc.	2382-TW	247.00	1,932,000	15,246,378	4.60
	Alchip Technologies Ltd.	3661-TW	3,900.00	121,000	15,076,918	4.55
	Faraday Technology Corp.	3035-TW	416.50	976,000	12,987,556	3.92
	Gigabyte Technology Co. Ltd.	2376-TW	309.00	1,307,000	12,903,177	3.89
	Global Unichip Corp.	3443 TW	1,545.00	241,000	11,896,196	3.59
	Wistron Corp.	3231-TW	114.50	2,658,000	9,723,510	2.93
	Delta Electronics, Inc.	2308-TW	280.00	1,002,000	8,963,721	2.70
	ASPEED Technology, Inc.	5274-TW	3,085.00	77,000	7,589,418	2.29
	Elite Material Co. Ltd.	2383-TW	461.00	424,000	6,244,956	1.88
	E Ink Holdings, Inc.	8069-TW	208.00	731,000	4,857,841	1.46
	Jentech Precision Industrial Co. Ltd.	3653-TW	750.00	200,000	4,792,409	1.45
	Nuvoton Technology Corp.	4919-TW	128.50	892,000	3,662,103	1.10
	Wistron NeWeb Corp.	6285-TW	143.00	689,000	3,147,878	0.95
	WinWay Technology Co. Ltd.	6515-TW	793.00	124,000	3,141,648	0.95
	SDI Corp.	2351-TW	102.50	935,000	3,061,950	0.92
	Globalwafers Co. Ltd.	6488-TW	579.00	103,000	1,905,366	0.57
	Fositek Corp.	9805-TW	555.00	104,000	1,844,119	0.56
	M31 Technology Corp.	6643-TW	1,760.00	7,000	393,617	0.12
<b>INDUSTRIALS</b>					<b>9.96</b>	
	Fortune Electric Co. Ltd.	1519-TW	444.00	1,149,000	16,299,174	4.92
	Sunonwealth Electric Machine Industry Co. Ltd.	2421-TW	116.50	2,291,000	8,527,340	2.57
	Shin Zu Shing Co. Ltd.	3376-TW	149.00	947,000	4,508,155	1.36
	Advanced Energy Solution Holding Co. Ltd.	6781-TW	633.00	164,000	3,316,731	1.00
	Nak Sealing Technologies Corp.	9942-TW	128.50	88,000	361,284	0.11
<b>CONSUMER DISCRETIONARY</b>					<b>5.66</b>	
	Nien Made Enterprise Co. Ltd.	8464-TW	335.50	594,000	6,367,099	1.92
	Merida Industry Co. Ltd.	9914-TW	171.50	652,000	3,572,517	1.08
	Makalot Industrial Co. Ltd.	1477-TW	360.00	196,000	2,254,349	0.68
	Fulgent Sun International Holding Co. Ltd.	9802-TW	126.00	505,000	2,032,940	0.61
	Feng TAY Enterprise Co. Ltd.	9910-TW	162.00	324,800	1,681,100	0.51
	Gourmet Master Co. Ltd.	2723-TW	95.80	526,000	1,609,955	0.49
	Giant Manufacturing Co. Ltd.	9921-TW	178.50	120,000	684,356	0.21
	Bafang Yunji International Co. Ltd.	2753-TW	163.50	110,000	574,610	0.17
<b>MATERIALS</b>					<b>3.53</b>	
	Century Iron & Steel Industrial Co. Ltd.	9958-TW	219.00	1,446,000	10,117,542	3.05
	Swancor Holding Co. Ltd.	3708-TW	98.10	508,000	1,592,192	0.48
<b>CONSUMER STAPLES</b>					<b>2.21</b>	
	President Chain Store Corp.	2912-TW	264.00	869,000	7,329,702	2.21
<b>COMMUNICATION SERVICES</b>					<b>1.47</b>	
	Chunghwa Telecom Co. Ltd.	2412-TW	119.00	1,285,000	4,885,541	1.47

## 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. **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

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