

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of April 2021 up 6.91% in Taiwan dollar terms, with the technology sector up 4.13%, non-technology up 14.2%, financial sector up 6.85%, and over-the-counter ("OTC") stocks up 4.26%. The top three outperforming sectors were glass & ceramics, electric wire & cable, and freight. The bottom three underperforming sectors were casing, communication equipment, and note book & phone components.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") outperformed the Taiwan TAIEX Total Return Index (the "benchmark"), as both sector allocation and stock selection were positive. On the sector level, the Fund's overweight positions in transportation, health care equipment & service, and consumer durables & apparel, as well as underweight positions in banks helped performance. The overweight position in materials and underweight positions in tech hardware & equipment, insurance, and capital goods detracted from performance. On the stock level, the best active contributors were Evergreen Marine Corp, Chung Hung Steel Corporation, and Innolux Corp.; the worst active detractors were Tung Thih Electronic Co. Ltd, Chunghwa Precision Test, and Sensortek Technology Corp.

Key Transactions

This month, we continued our strategy to focus more on non-tech names and reduce the weighting in the technology sector.

We are concerned that the weakness in smartphone demand will impact the supply chain. The global sales numbers for smartphones after the Chinese New Year have been poor and furthermore, we see no positive catalyst from the next Apple product cycle in the second half of 2021. Therefore, we have exited Winsemi, Speedtech, HonHai, Largan, and Flexium, all of which are suppliers of key smartphone components.

Beyond the smartphone space, we have also seen reason to reduce exposure in tech names faced with uncertain revenue streams. Two companies we exited based on such concerns were ITEQ Corporation and Grand Process Technology. Although these companies supply different industries, both have suffered from disappointing postponements to their scheduled sales.

Balancing these sales, we have continued to allocate more to non-tech cyclicals and materials. We like China Steel Corporation in the heavy industry space and Evergreen Marine Corp., Yang Ming Marine Transport Corp., and U-Ming Marine Transport Corp. in the transportation sector. Marine transportation offers an interesting example of how complex the re-opening of the global economy is actually turning out to be. Freight rates have jumped and bottlenecks, such as in the Suez Canal, illustrate just how far we still are from normal and the potential for prices in this area to spike further. We feel this potential for price escalation applies across a range of commodities beyond just the freight rate itself.

Outlook and Strategy

The market seems to be bearing out our view that inflation expectations may remain elevated for some time. We see global container freight rates, the Baltic Dry Index (BDI), copper and steel prices, paper and paper packaging prices, glass prices, and the costs associated with many other commodities rising for the foreseeable future. Prices for many materials have already returned to pre-COVID levels.

Beyond the re-emergence of inflation, vaccine shortages and a lack of medical resources are creating a two-speed COVID recovery. Some countries, most notably India, are facing a dramatic upswing in infections, just as others seem to be on the verge of beating the virus. This dire situation is impacting the speed of their economic recoveries and, as a result, the gap between developed countries and emerging markets may widen even further.

When coupled with robust government spending to support consumption in recovering developed nations, the ongoing global disruptions brought by COVID are likely to reinforce the cycle of rising commodity prices, at least for the near term. When we add in geopolitics reshaping supply chains (e.g., between Australia and China) and commitments to ESG that will drive up costs for heavy industry, such as steel, we see the case for commodity price inflation to be quite compelling.

¹Taiwan TAIEX Total Return Index.

Fund Data

Description	Seeks long-term capital appreciation primarily through investments in equity securities listed in Taiwan.
Inception Date	December 31, 1986
Total Fund Assets (millions)	\$284.4
Median Market Cap (in billions)	\$3.6
Distribution Frequency	Annual
Management Firm	Allianz Global Investors U.S. LLC

Fund Manager



Corrina Xiao
Lead Portfolio Manager

Performance (US\$ Returns as of 4/30/2021)

	Fund	Benchmark ¹
One Month	16.60%	9.26%
Three Month	23.12%	16.55%
One Year	86.86%	75.97%
Three Year	30.23%	25.38%

Net Asset Value/Market Price (as of 4/30/2021)

NAV/Market Price	\$38.08 / \$32.10
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High/Low Ranges (52-Week)

High/Low NAV	\$38.10/\$22.34
High/Low Market Price	\$32.32/\$18.16
Premium/Discount to NAV (as of 4/30/2021)	-15.70%

Fund Data (Common Shares)

Shares Outstanding	7,468,866
Average Daily Volume	9,643
Expense Ratio	1.70%

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Average Annual Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	16.60	23.12	24.85	86.86	30.23	25.18	11.49	10.39
Market Price	13.63	19.55	25.15	93.39	29.61	24.38	10.60	8.78
Taiwan TAIEX Total Return Index	9.26	16.55	20.17	75.97	25.38	24.23	11.27	—
MSCI Taiwan Index (net)	7.71	12.14	19.46	82.36	27.52	25.39	11.65	—
Taiwan TAIEX Price Index	9.21	16.33	19.94	70.13	20.41	19.34	7.17	—

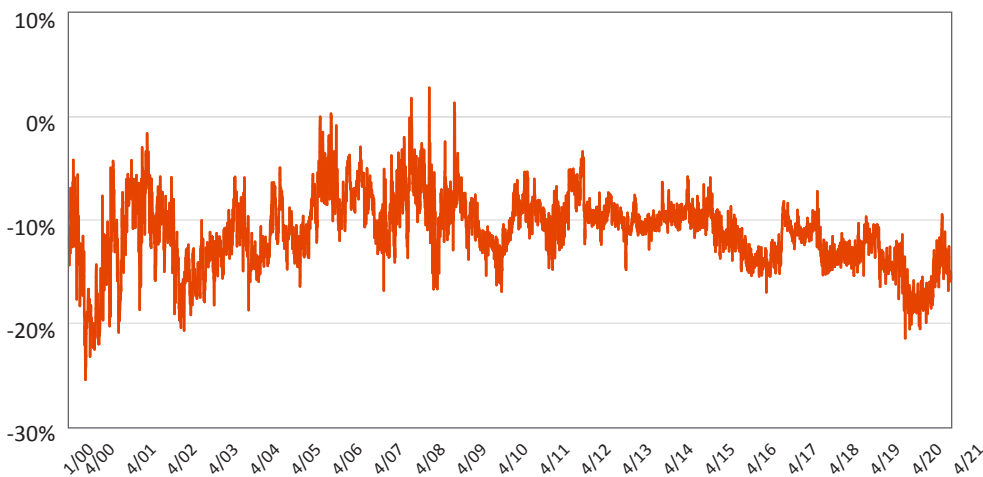
Calendar Year Returns (%)

	2013	2014	2015	2016	2017	2018	2019	2020
NAV	19.34	-2.25	-6.43	11.17	28.44	-14.96	47.11	41.97
Market Price	18.24	-1.28	-10.52	10.05	33.61	-19.11	46.75	39.81
Taiwan TAIEX Total Return Index	12.19	5.05	-10.40	17.81	29.45	-7.86	32.19	35.62
MSCI Taiwan Index (net)	9.06	9.36	-11.72	18.54	27.53	-8.93	36.37	40.99
Taiwan TAIEX Price Index	8.98	1.93	-13.81	13.11	24.56	-11.51	26.46	31.01

Past performance is not indicative of future results.

Returns are expressed in U.S. dollars and are annualized except for periods of less than one year. Source: Virtus, 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. Market price performance does not include the deduction of expenses and would be lower had expenses been deducted. NAV and market price returns do not reflect broker sales charges or commissions, which would reduce returns. Expense Ratio: 1.70%

Premium/Discount (1/3/00 - 4/30/21)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	55.38	59.34
Consumer Discretionary	5.59	5.83
Industrials	16.26	6.49
Materials	11.04	8.95
Communication Services	0.00	2.83
Health Care	4.20	0.39
Real Estate	0.00	1.17
Utilities	0.00	0.12
Consumer Staples	0.00	2.18
Energy	0.00	1.86
Financials	0.00	10.86

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co., Ltd.	17.24
Evergreen Marine Corp. (Taiwan) Ltd.	5.96
Innolux Corp.	5.00
U-Ming Marine Transport Corp.	3.76
China Steel Corporation	3.70
Chung Hung Steel Corporation	3.01
Silergy Corp.	2.98
Accton Technology Corp.	2.92
Novatek Microelectronics Corp.	2.91
Pegavisision Corp.	2.82

Holdings and sector weightings are subject to change.

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Portfolio Characteristics

	Fund	Benchmark
Forward P/E Ratio	13.85	19.70
P/B Ratio	3.01	3.14
Number of Issues	40	923
Foreign Holdings (%)	92.47	100.00
Cash (%)	7.53	0.00
Dividend Yield (%)	1.39	1.64

Risk Statistics (3 Year)

Beta	1.14
R ²	0.89
Standard Deviation of NAV	24.12
Standard Deviation of Market Price	23.53

Distribution History (10 Year)

Ex-dividend Date	Record Date	Payable Date	Distribution/Share	Income	Long-term Capital Gain	Short-term Capital Gain
12/28/11	12/30/11	1/9/12	0.560530	0.000000	0.560530	0.000000
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

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

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All Portfolio Holdings

As of April 30, 2021

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
Information Technology					55.38	
	Taiwan Semiconductor Manufacturing Co., Ltd.	2330-TW	600.00	2,283,000	49,038,772	17.24
	Innolux Corp.	3481-TW	30.00	13,206,000	14,230,502	5.00
	Silergy Corp.	6415-TW	2925.00	81,000	8,481,903	2.98
	Accton Technology Corp.	2345-TW	318.00	729,000	8,299,216	2.92
	Novatek Microelectronics Corp.	3034-TW	624.00	371,000	8,287,832	2.91
	Sitronix Technology Corp.	8016-TW	314.00	667,000	7,509,810	2.64
	United Microelectronics Corp.	2303-TW	57.00	3,596,000	7,299,366	2.57
	GlobalWafers Co., Ltd.	6488-TW	864.00	222,000	6,866,717	2.41
	Nanya Technology Corporation	2408-TW	92.00	1,671,000	5,479,669	1.93
	Sensortek Technology Corp.	6732-TW	709.00	213,000	5,406,401	1.90
	Au Optronics Corp.	2409-TW	33.00	3,878,000	4,602,288	1.62
	CO-TECH DEVELOPMENT CORP.	8358-TW	83.00	1,544,000	4,587,835	1.61
	MediaTek Inc	2454-TW	1185.00	107,000	4,539,255	1.60
	Macronix International Co., Ltd.	2337-TW	46.00	2,571,000	4,220,110	1.48
	eMemory Technology, Inc.	3529-TW	1030.00	107,000	3,945,512	1.39
	Kinsus Interconnect Technology Corp.	3189-TW	106.00	998,000	3,769,341	1.33
	Fitipower Integrated Technology Inc.	4961-TW	330.00	267,000	3,154,334	1.11
	Gold Circuit Electronics Ltd	2368-TW	55.00	1,275,000	2,505,907	0.88
	Asmedia Technology Inc.	5269-TW	1180.00	44,000	1,858,733	0.65
	Parade Technologies, Ltd.	4966-TW	1385.00	34,000	1,685,820	0.59
	Unimicron Technology Corp.	3037-TW	115.00	321,000	1,321,555	0.46
	Yageo Corporation	2327-TW	543.00	22,000	427,666	0.15
Industrials					16.26	
	Evergreen Marine Corp. (Taiwan) Ltd.	2603-TW	79.00	5,993,000	16,949,379	5.96
	U-Ming Marine Transport Corp.	2606-TW	70.00	4,257,000	10,698,507	3.76
	Yang Ming Marine Transport Corp.	2609-TW	80.00	2,779,000	7,939,147	2.79
	Wisdom Marine Lines Co., Limited.	2637-TW	71.00	2,788,000	7,066,567	2.48
	Airtac International Group	1590-TW	1180.00	85,000	3,590,735	1.26
Materials					11.04	
	China Steel Corporation	2002-TW	39.00	7,480,000	10,523,897	3.70
	Chung Hung Steel Corporation	2014-TW	43.00	5,615,000	8,563,312	3.01
	Nan Ya Plastics Corporation	1303-TW	88.00	1,590,000	5,020,513	1.77
	Formosa Plastics Corporation	1301-TW	106.00	1,000,000	3,794,795	1.33
	Formosa Chemicals & Fibre Corporation	1326-TW	91.00	719,000	2,339,781	0.82
	YFY, Inc.	1907-TW	38.00	863,000	1,174,023	0.41
Consumer Discretionary					5.59	
	Fulgent Sun International (Holding) Co., Ltd.	9802-TW	121.00	853,877	3,698,819	1.30
	Eclat Textile Co., Ltd.	1476-TW	536.00	190,000	3,645,867	1.28
	Tung Thih Electronic Co., Ltd.	3552-TW	205.00	473,000	3,471,342	1.22
	Giant Manufacturing Co., Ltd.	9921-TW	356.00	230,000	2,931,300	1.03
	Nien Made Enterprise Co., Ltd.	8464-TW	452.00	133,000	2,152,150	0.76
Health Care					4.20	
	Pegavision Corp.	6491-TW	456.00	492,000	8,031,791	2.82
	Universal Vision Biotechnology Co., Ltd.	3218-TW	310.00	354,000	3,922,350	1.38

Source: State Street Bank and Trust Company, Virtus.

Note: Cash (including for these purposes cash equivalents) is not included.

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The opinions expressed herein are those of Allianz Global Investors U.S. LLC and are subject to change at any time and without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Investors should consider the investment objectives, risks, charges, and expenses of any investment fund carefully before investing. This and other information is contained in the Fund's annual and semiannual reports, proxy statement and other fund information, which may be obtained by contacting your financial professional or visiting the Fund's website at www.thetaiwanfund.com. This information is unaudited and is intended for informational purposes only. It is presented only to provide information on the Fund's holdings, performance, and strategies. The Fund is a closed-end exchange traded management investment company. This material is presented only to provide information and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering by a closed-end fund, its shares can be purchased and sold on the open market through a stock exchange, where shares may trade at a premium or a discount to the per share net asset value of the Fund's shares.

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:

Allianz Global Investors U.S. LLC became the Investment Manager of the Fund on June 1, 2019.

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 AllianzGI 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, AllianzGI 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