

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of June 2021 up 3.14% in U.S. dollar terms, with the technology sector down 0.36%, the non-technology sector up 12.73%, the financial sector down 0.36% and over-the-counter (OTC) stocks up 5.16%. The top three outperforming industries were freight transportation, software-others and paper. The bottom three underperforming industries were thin-film-transistor liquid-crystal display (TFT LCD) panel, gaming and securities.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") outperformed the Taiwan TAIEX Total Return Index (the "benchmark"); both stock selection and sector allocation were positive. On the sector level, the Fund's overweight position in industrials, as well as an underweight in financials helped performance. The overweight positions in health care, energy and consumer discretionary, along with the underweight position in materials hurt performance. On the stock level, the best active contributors were Evergreen Marine Corp. Ltd., Yang Ming Marine Transport Corp. and Wisdom Marine Group; the worst active relative detractors were Wan Hai Lines Ltd., Innolux Corporation and Momo.Com Inc.

Key Transactions

This month, we continued to move our allocations to favor growth technology, as we simultaneously reduced exposure to more cyclical positions.

Within cyclical sectors, we still see some upside in shipping, where we prefer containerized shipping over bulk carriers. Therefore, we have maintained our positions in Evergreen Marine Corp. and Yang Ming Marine Transport Corp., while selling out of Wisdom Marine Group. We also reduced our exposure to some cyclical tech names over the month.

In the tech space, we considered that valuations had become more attractive in early June, mostly due to falling share prices. We started to revisit tech names with multi-year stories. For example, we continue to like the tight manufacturing capacity in Ajinomoto Build-up Film (ABF) substrate, as well as the electric vehicle supply chain. In light of this, we are adding to the position in Nan Ya Printed Circuit Board Corporation and initiated positions in Taiwan Semiconductor Co., Ltd. and Pan Jit International Inc.

Outlook and Strategy

Taiwan was faced with some significant macro-level risks over the last month, although these have now mostly been resolved.

First, there were initial concerns about shortages of COVID-19 vaccine in Taiwan as the recent outbreak worsened in late May. Subsequently, the Central Epidemic Command Center (CECC) managed the outbreak very professionally and daily new cases have fallen from a peak of over 500 a day to around 50 as of June 29th. This has been achieved with the full cooperation of the Taiwan people, who, on the whole, have preferred to stay at home as much as possible and wait for the opportunity to get their vaccine. Later in the month, sizable shipments of the vaccine began arriving, notably from the United States and Japan. Despite the discovery of a handful of Delta-variant infections in the far south of the island, the trend in daily new cases remains down and we are cautiously optimistic about a positive resolution.

Second, the risks posed by the drought we suffered earlier in the year seem to have receded. Heavy rains in the first half of June have gone a long way to alleviating the situation and most reservoirs are now quite full. This means that hydroelectric power can once again satisfy swings in demand, relieving a cost burden on Taiwan's industries.

In conclusion, the domestic outlook seems to be improving across several fronts and the Taiwan market has returned to focusing on fundamentals and the likely path for global demand as major economies exit lockdown. While there is some debate surrounding chip demand, we foresee robust average selling prices and decent demand for smartphones, televisions, and notebook computers supporting a favorable outlook overall for Taiwan's tech companies.

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) | \$314.9 |
| Median Market Cap (in billions) | \$2.8 |
| Distribution Frequency | Annual |
| Management Firm | Allianz Global Investors U.S. LLC |

Fund Manager



Corrina Xiao
Lead Portfolio Manager

Performance (US\$ Returns as of 6/30/2021)

| | Fund | Benchmark ¹ |
|-------------------------|--------|------------------------|
| One Month | 12.07% | 3.35% |
| Three Month | 29.09% | 11.03% |
| One Year | 83.10% | 66.89% |
| Three Year (Annualized) | 34.77% | 26.21% |

Net Asset Value/Market Price (as of 6/30/2021)

| | |
|------------------|-------------------|
| NAV/Market Price | \$42.16 / \$35.34 |
|------------------|-------------------|

High/Low Ranges (52-Week)

| | |
|---|-----------------|
| High/Low NAV | \$42.16/\$26.20 |
| High/Low Market Price | \$35.34/\$21.28 |
| Premium/Discount to NAV (as of 6/30/2021) | -16.18% |

Fund Data (Common Shares)

| | |
|----------------------------|-----------|
| Shares Outstanding | 7,468,866 |
| Average Daily Volume | 8,614 |
| Expense Ratio ² | 0.99% |

¹Taiwan TAIEX Total Return Index.

²Six months ended February 28, 2021.

THE TAIWAN FUND, INC.

Returns (%)

| | 1 Month | 3 Month | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
|---------------------------------|---------|---------|-------|--------|--------|--------|---------|-----------------|
| NAV | 12.07 | 29.09 | 38.23 | 83.10 | 34.77 | 27.14 | 12.88 | 10.67 |
| Market Price | 12.01 | 25.10 | 37.78 | 86.91 | 33.34 | 26.39 | 12.02 | 9.03 |
| Taiwan TAIEX Total Return Index | 3.35 | 11.03 | 22.11 | 66.89 | 26.21 | 23.52 | 11.87 | — |
| MSCI Taiwan Index (net) | 0.64 | 7.09 | 18.78 | 70.46 | 28.07 | 23.72 | 12.13 | — |
| Taiwan TAIEX Price Index | 3.06 | 10.66 | 21.54 | 61.79 | 21.48 | 18.86 | 7.78 | — |

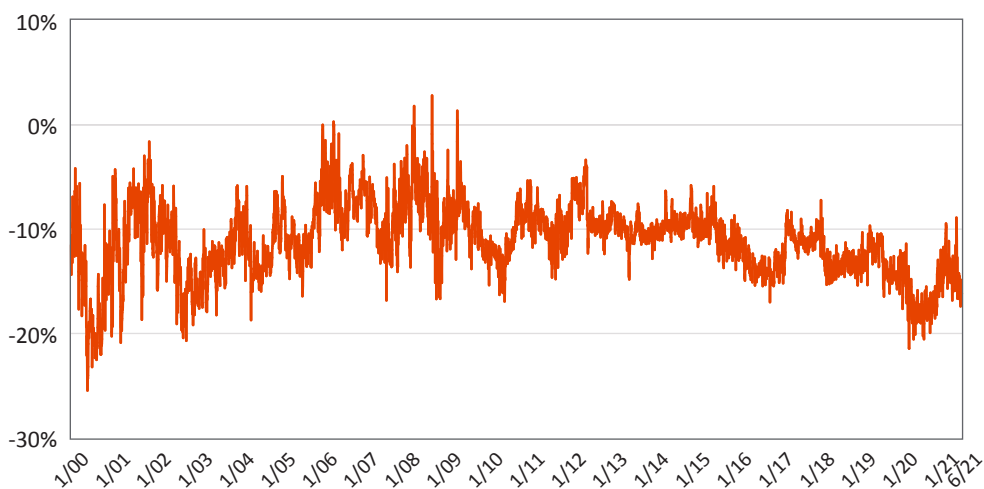
Calendar Year Returns (%)

| | 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. NAV and market price returns do not reflect broker sales charges or commissions, which would reduce returns. Expense Ratio: 0.99%. For the six months ended February 28, 2021.

Premium/Discount (1/3/00 - 6/30/21)



Past performance is not indicative of future results.

Sector Breakdown (%)

| | Fund | Benchmark |
|------------------------|-------|-----------|
| Information Technology | 54.64 | 56.67 |
| Industrials | 17.75 | 9.39 |
| Consumer Discretionary | 5.43 | 5.87 |
| Health Care | 5.39 | 0.40 |
| Materials | 3.88 | 8.86 |
| Energy | 2.19 | 1.88 |
| Financials | 1.07 | 10.87 |
| Communication Services | 0.00 | 2.80 |
| Real Estate | 0.00 | 1.08 |
| Utilities | 0.00 | 0.11 |
| Consumer Staples | 0.00 | 2.08 |

Top 10 Holdings (%)

| | |
|--|-------|
| Taiwan Semiconductor Manufacturing Co., Ltd. | 15.48 |
| Evergreen Marine Corp. (Taiwan) Ltd. | 9.14 |
| Yang Ming Marine Transport Corp. | 4.54 |
| Nan Ya Printed Circuit Board Corporation | 3.83 |
| United Microelectronics Corp. | 3.80 |
| Pegavisision Corp. | 3.55 |
| Silergy Corp. | 3.50 |
| Accton Technology Corp. | 3.05 |
| Gold Circuit Electronics Ltd | 2.63 |
| GlobalWafers Co., Ltd. | 2.61 |

Holdings and sector weightings are subject to change. As of 6/30/2021.

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Portfolio Characteristics

| | Fund | Benchmark |
|----------------------|-------|-----------|
| Forward P/E Ratio | 17.33 | 19.52 |
| P/B Ratio | 3.22 | 2.81 |
| Number of Issues | 41 | 928 |
| Foreign Holdings (%) | 90.35 | 100.00 |
| Cash (%) | 9.65 | 0.00 |
| Dividend Yield (%) | 1.32 | 1.89 |

As of 6/30/2021.

Risk Statistics (3 Year)

| | |
|------------------------------------|-------|
| Beta | 1.14 |
| R ² | 0.86 |
| Standard Deviation of NAV | 24.64 |
| Standard Deviation of Market Price | 24.08 |

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 June 30, 2021

| Sector | Company (exchange ticker) | Price TWD | Holding | Value US\$ | % of Fund | |
|-------------------------------|---|-----------|---------|------------|--------------|-------|
| Information Technology | | | | | 54.64 | |
| | Taiwan Semiconductor Manufacturing Co., Ltd. | 2330-TW | 595.00 | 2,283,000 | 48,753,164 | 15.48 |
| | Nan Ya Printed Circuit Board Corporation | 8046-TW | 390.00 | 862,000 | 12,050,211 | 3.83 |
| | United Microelectronics Corp. | 2303-TW | 53.00 | 6,275,000 | 11,958,815 | 3.80 |
| | Silergy Corp. | 6415-TW | 3790.00 | 81,000 | 11,018,036 | 3.50 |
| | Accton Technology Corp. | 2345-TW | 330.00 | 811,000 | 9,619,938 | 3.05 |
| | Gold Circuit Electronics Ltd | 2368-TW | 67.00 | 3,448,000 | 8,278,913 | 2.63 |
| | GlobalWafers Co., Ltd. | 6488-TW | 919.00 | 249,000 | 8,212,867 | 2.61 |
| | Unimicron Technology Corp. | 3037-TW | 129.00 | 1,641,000 | 7,597,631 | 2.41 |
| | Kinsus Interconnect Technology Corp. | 3189-TW | 135.00 | 1,520,000 | 7,364,737 | 2.34 |
| | Alchip Technologies Ltd. | 3661-TW | 611.00 | 289,000 | 6,337,515 | 2.01 |
| | eMemory Technology, Inc. | 3529-TW | 1335.00 | 107,000 | 5,126,783 | 1.63 |
| | SDI Corporation | 2351-TW | 126.00 | 1,053,000 | 4,742,988 | 1.51 |
| | Taiwan Semiconductor Co., Ltd. | 5425-TW | 67.00 | 1,846,000 | 4,445,639 | 1.41 |
| | MediaTek Inc | 2454-TW | 962.00 | 107,000 | 3,694,356 | 1.17 |
| | CO-TECH DEVELOPMENT CORP. | 8358-TW | 82.00 | 1,024,000 | 2,995,280 | 0.95 |
| | Wafer Works Corp. | 6182-TW | 61.00 | 1,362,000 | 2,986,746 | 0.95 |
| | Formosa Sumco Technology Corporation | 3532-TW | 189.00 | 423,000 | 2,869,341 | 0.91 |
| | Win Semiconductors Corp. | 3105-TW | 375.00 | 210,000 | 2,826,380 | 0.90 |
| | Nuvoton Technology Corporation | 4919-TW | 80.00 | 945,000 | 2,723,499 | 0.86 |
| | Asmedia Technology Inc. | 5269-TW | 1345.00 | 49,000 | 2,365,366 | 0.75 |
| | Xintec Inc. | 3374-TW | 169.00 | 350,000 | 2,122,925 | 0.67 |
| | Lotes Co., Ltd | 3533-TW | 584.00 | 100,000 | 2,096,007 | 0.67 |
| | Pan Jit International Inc. | 2481-TW | 86.00 | 1,009,000 | 3,121,608 | 0.55 |
| | Winbond Electronics Corp. | 2344-TW | 35.00 | 121,000 | 151,345 | 0.05 |
| Industrials | | | | | 17.75 | |
| | Evergreen Marine Corp. (Taiwan) Ltd. | 2603-TW | 197.00 | 4,072,000 | 28,790,813 | 9.14 |
| | Yang Ming Marine Transport Corp. | 2609-TW | 182.00 | 2,184,000 | 14,305,249 | 4.54 |
| | Airtac International Group | 1590-TW | 1075.00 | 166,000 | 6,404,666 | 2.03 |
| | Advanced Energy Solution Holding Co., Ltd. | 6781-TW | 909.00 | 98,000 | 3,197,201 | 1.02 |
| | Taiwan Glass Industry Corp. | 1802-TW | 37.00 | 2,370,000 | 3,181,265 | 1.01 |
| Consumer Discretionary | | | | | 5.43 | |
| | Eclat Textile Co., Ltd. | 1476-TW | 656.00 | 282,000 | 6,639,462 | 2.11 |
| | Fulgent Sun International (Holding) Co., Ltd. | 9802-TW | 113.00 | 853,877 | 3,463,009 | 1.10 |
| | Giant Manufacturing Co., Ltd. | 9921-TW | 318.00 | 230,000 | 2,629,161 | 0.83 |
| | Merida Industry Co., Ltd. | 9914-TW | 313.00 | 214,000 | 2,404,020 | 0.76 |
| | Nien Made Enterprise Co., Ltd. | 8464-TW | 414.00 | 133,000 | 1,973,818 | 0.63 |
| Health Care | | | | | 5.39 | |
| | Pegavision Corp. | 6491-TW | 604.00 | 516,000 | 11,185,788 | 3.55 |
| | Universal Vision Biotechnology Co., Ltd. | 3218-TW | 345.00 | 468,000 | 5,794,886 | 1.84 |
| Materials | | | | | 3.88 | |
| | Formosa Plastics Corporation | 1301-TW | 103.00 | 1,237,000 | 4,572,849 | 1.95 |
| | Century Iron & Steel Industrial Co., Ltd. | 9958-TW | 134.00 | 735,000 | 3,534,859 | 1.12 |
| | Taiwan Cement Corp. | 1101-TW | 51.00 | 1,391,000 | 2,546,110 | 0.81 |
| Energy | | | | | 2.19 | |
| | Formosa Petrochemical Corp | 6505-TW | 106.00 | 1,805,000 | 6,899,327 | 2.19 |
| Financials | | | | | 1.07 | |
| | Fubon Financial Holding Co., Ltd. | 2881-TW | 74.00 | 1,272,000 | 3,373,739 | 1.07 |

Source: State Street Bank and Trust Company, Virtus.

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:

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