

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of October 2021 up 0.51% in US dollar terms, with the technology sector up 2.33%, non-technology down 3.62%, the financial sector up 0.52% and over-the-counter ("OTC") stocks up 3.96%. The top three outperforming sectors were smartphone manufacturing, power supply and printed circuit board ("PCB") manufacturing. The bottom three underperforming sectors were freight transportation, paper and steel.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") outperformed the Taiwan TAIEX Total Return Index (the "benchmark"), and both sector allocation and stock selection were positive. On the sector level, the Fund's overweight positions in semiconductors & semi equipment, healthcare equipment & service and capital goods, as well as underweight positions in transportation, materials and insurance, helped performance. In contrast, no overweight positions hurt performance, but underweight positions in tech hardware & equipment, retailing and banks did. On the stock level, the best active contributors were Unimicron Technology Corp., Kinsus Interconnect Technology Corp. and Alchip Technologies Ltd; the worst active detractors were United Microelectronics Corp., China General Plastics Corporation and GlobalWafers Co., Ltd.

Key Transactions

We didn't make many adjustments to the portfolio in October. As the TAIEX has remained buoyant, it has become increasingly difficult to find good companies trading at reasonable prices in our preferred theme of upstream semi. For this reason, we are currently looking to build positions in companies that manufacture cyclical components, where there are some opportunities to accumulate at fair prices driven by overcapacity. Examples include spaces such as dynamic random-access memory ("DRAM"), where we have built a 1% position, and panels, in which we now have a 4% position. At the same time, we are gradually reducing our holdings in fully valued names in cases where we believe there is little upside remaining or where we perceive increased risk.

An example of a stock we have exited due to increased risks is Accton Technology Corp. ("Accton"), which was formerly a core holding. We are concerned that their competition in cutting edge 400G switches is catching up with them. Not only has Accton's launch date for this key new product suffered further delays, we have recently learned that the first wave of 400G switches will also be of lower quality than expected. This will result in a much lower blended average sales price and is the main reason for us selling down the holding. Adding to the headache for management, their mature product lines have been suffering from component shortages since 3Q21.

Outlook and Strategy

Taiwan Semiconductor Manufacturing Co., Ltd. ("TSMC") provided positive fourth quarter guidance and a solid outlook for 2022 demand in their third quarter analyst meeting. The company expects its capacity to stay fully utilized through 2022, driven by increasing market share and the inclusion of higher value chips in end-products. Although there may be lower sales volumes in a softer PC and Android smartphone market, we believe TSMC will still come out ahead due to better margins on these chips.

Some investors were worried about TSMC's 3nm production because the iPhone will not include this technology until after 2023. However, we thought that this could actually be a positive for TSMC's gross profit margin. The earnings call revealed that we were correct, with management reiterating that the gross margin target is now above 50% and will remain at this level or higher. This has helped to greatly reduce market concerns and we have seen several analysts upgrade their forecasts for 2022 since the call.

We think TSMC's earnings call has set higher expectations for the technology sector in 2022 than many analysts foresaw. Given the weight that the views of this company carry in the industry, this has led to improved sentiment among investors. We maintain our positive view and overweight in the upstream semiconductor industry.

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)	\$328.0
Median Market Cap (in billions)	\$2.6
Distribution Frequency	Annual
Management Firm	Allianz Global Investors US LLC

Fund Manager



Corrina Xiao
Lead Portfolio Manager

Performance

(US\$ Returns as of 10/29/2021)

	Fund	Benchmark ¹
One Month	6.76%	0.51%
Three Month	6.97%	0.25%
One Year	73.97%	43.12%
Three Year (Annualized)	45.26%	28.89%

Net Asset Value/Market Price

(as of 10/29/2021)

NAV/Market Price	\$43.92 / \$35.70
------------------	-------------------

High/Low Ranges (52-Week)

High/Low NAV	\$43.92 / \$28.15
High/Low Market Price	\$37.62 / \$23.17
Premium/Discount to NAV (as of 10/29/2021)	-18.72%

Fund Data (Common Shares)

Shares Outstanding	7,468,866
Average Daily Volume	6,614
Expense Ratio ²	1.44%

¹Taiwan TAIEX Total Return Index.

²One year ended August 31, 2021.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	6.76	6.97	44.00	73.97	45.26	25.45	14.87	10.69
Market Price	1.39	-0.17	39.18	71.14	42.22	24.03	14.00	8.98
Taiwan TAIEX Total Return Index	0.51	0.25	19.54	43.12	28.89	20.05	13.18	—
MSCI Taiwan Index (net)	0.64	0.79	17.07	42.32	30.12	20.32	13.51	—
Taiwan TAIEX Price Index	0.50	-0.95	16.51	39.27	24.47	15.72	9.19	—

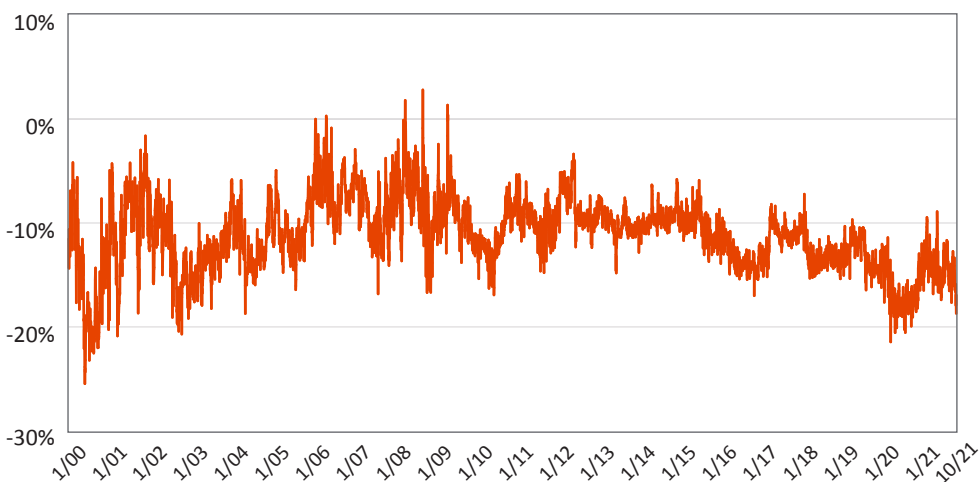
Calendar Year Returns (%)

	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 US 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: 1.44%. For the one year ended August 31, 2021.

Premium/Discount (1/3/00 - 10/29/21)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	76.32	57.70
Health Care	5.04	0.41
Industrials	4.45	7.21
Financials	3.04	12.22
Consumer Discretionary	2.42	5.77
Materials	0.76	8.51
Communication Services	0.00	2.81
Real Estate	0.00	1.30
Utilities	0.00	0.12
Consumer Staples	0.00	2.12
Energy	0.00	1.84

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co., Ltd.	22.83
Alchip Technologies Ltd.	6.95
Kinsus Interconnect Technology Corp.	4.69
Silergy Corp.	4.07
United Microelectronics Corp.	3.81
Unimicron Technology Corp.	3.79
Innolux Corp.	3.71
Pan Jit International Inc.	3.45
Pegavision Corp.	3.41
eMemory Technology, Inc.	3.15

Holdings and sector weightings are subject to change. As of 10/29/2021.

THE TAIWAN FUND, INC.

Portfolio Characteristics

	Fund	Benchmark
Forward P/E Ratio	16.85	18.89
P/B Ratio	3.52	2.83
Number of Issues	33.00	931.00
Foreign Holdings (%)	92.04	100.00
Cash (%)	7.96	0.00
Dividend Yield (%)	1.48	1.87

As of 10/29/2021.

Risk Statistics (3 Year)

Beta	1.14
R ²	0.86
Standard Deviation of NAV	23.08
Standard Deviation of Market Price	22.06

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.

THE TAIWAN FUND, INC.

All Portfolio Holdings

As of October 29, 2021

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
Information Technology					76.32	
	Taiwan Semiconductor Manufacturing Co., Ltd.	2330-TW	590.00	3,529,000	74,873,150	22.83
	Alchip Technologies Ltd.	3661-TW	1030.00	615,000	22,779,006	6.95
	Kinsus Interconnect Technology Corp.	3189-TW	244.00	1,753,000	15,381,340	4.69
	Silergy Corp.	6415-TW	4580.00	81,000	13,340,525	4.07
	United Microelectronics Corp.	2303-TW	58.00	5,986,000	12,484,960	3.81
	Unimicron Technology Corp.	3037-TW	190.00	1,820,000	12,435,047	3.79
	Innolux Corp.	3481-TW	16.70	20,263,000	12,168,657	3.71
	Pan Jit International Inc.	2481-TW	112.50	2,799,000	11,323,426	3.45
	eMemory Technology, Inc.	3529-TW	2300.00	125,000	10,338,566	3.15
	Asmedia Technology Inc.	5269-TW	1625.00	143,000	8,356,258	2.55
	Nan Ya Printed Circuit Board Corporation	8046-TW	490.50	469,000	8,272,453	2.52
	GlobalWafers Co., Ltd.	6488-TW	760.00	249,000	6,805,114	2.07
	SDI Corporation	2351-TW	166.00	1,094,000	6,530,521	1.99
	Jih Lin Technology Co., Ltd.	5285-TW	122.00	1,098,000	4,817,088	1.47
	Visual Photonics Epitaxy Co., Ltd.	2455-TW	140.50	867,000	4,380,441	1.34
	Formosa Sumco Technology Corporation	3532-TW	157.50	680,000	3,851,340	1.17
	Episil Technologies Inc.	3707-TW	152.50	686,000	3,761,979	1.15
	Nanya Technology Corporation	2408-TW	66.50	1,538,000	3,677,904	1.12
	Novatek Microelectronics Corp.	3034-TW	415.50	245,000	3,660,661	1.12
	Anpec Electronics Corporation	6138-TW	182.50	501,000	3,287,934	1.00
	Realtek Semiconductor Corp	2379-TW	499.00	180,000	3,229,948	0.98
	Au Optronics Corp.	2409-TW	19.20	3,823,000	2,639,538	0.80
	Lotes Co., Ltd	3533-TW	578.00	91,932	1,910,808	0.58
Health Care					5.04	
	Pegavision Corp.	6491-TW	544.00	572,000	11,189,672	3.41
	Universal Vision Biotechnology Co., Ltd.	3218-TW	318.00	468,000	5,351,745	1.63
Industrials					4.45	
	Tatung Co.	2371-TW	34.40	7,039,000	8,707,467	2.65
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	1225.00	134,000	5,902,871	1.80
Financials					3.04	
	Fubon Financial Holding Co., Ltd.	2881-TW	73.60	2,304,694	6,099,771	1.86
	Chailease Holding Co. Ltd.	5871-TW	266.00	404,000	3,864,430	1.18
Consumer Discretionary					2.42	
	Makalot Industrial Co., Ltd.	1477-TW	242.50	398,000	3,470,701	1.06
	Actron Technology Corporation	8255-TW	259.00	249,000	2,319,111	0.71
	Fulgent Sun International (Holding) Co., Ltd.	9802-TW	103.00	583,877	2,162,624	0.66
Materials					0.76	
	China General Plastics Corporation	1305-TW	37.15	1,876,000	2,506,191	0.76

Source: State Street Bank and Trust Company, Virtus.

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

THE TAIWAN FUND, INC.

The opinions expressed herein are those of Allianz Global Investors US 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, it is not provided in a fiduciary capacity, and may not be relied upon for or in connection with the making of investment decisions. 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 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 US 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