

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of June 2022 down 12.53% in US dollar terms, with the technology sector down 14.92%, non-technology down 8.73%, the financial sector down 8.37% and over-the-counter stocks down 12.06%. The top three outperforming sectors were biotech, consumer electronics and information access. The bottom three underperforming sectors were integrated circuit ("IC") manufacturing, IC dynamic random-access memory, manufacturing and IC design.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") underperformed the Taiwan TAIEX Total Return Index (the "benchmark"), and both sector allocation and stock selection were negative. On the sector level, the Fund's overweight positions in health care equipment & services, telecom services, tech hardware & equipment, pharmaceuticals & biotech and food & staples retailing, as well as underweight positions in transportation, helped performance. In contrast, both the Fund's overweight positions in semiconductors & semi equipment, and underweight positions in banks, materials, energy, food beverage & tobacco, capital goods and retailing hurt performance. On the stock level, the best active contributors were Chunghwa Telecom Co., Ltd., Evergreen Marine Corp. Taiwan Ltd. and Pegavision Corp.; the worst active detractors were Alchip Technologies Ltd., Unimicron Technology Corp. and eMemory Technology, Inc.

Key Transactions

We remain conservative in our strategy because we are concerned about the negative fundamentals for Q3. Therefore, we are retaining our high cash reserve, totaling approximately 20% of the portfolio.

We have exited MediaTek, Inc. and Silergy Corp. due to weakening Chinese smartphone demand and our concerns about power management integrated circuit ("PMIC") demand. We have also exited our position in Sino-American Silicon Products, Inc. due to a possible upcoming semiconductor downturn. Furthermore, we exited our position in Evergreen Marine Corp. Taiwan Ltd. in anticipation of a freight reduction in the second half of 2022. We have reduced our holdings in E Ink Holdings, Inc. to take profits and in ASPEED Technology, Inc. due to its higher price-to-equity ratio.

We have added Eclat Textile Co., Ltd., Merida Industry Co., Ltd., PharmaEssentia Corp. and Chunghwa Telecom Co., Ltd. to increase the number of non-technology stocks in our portfolio. In addition, we have added Nuvoton Technology Corp., Wiwynn Corp. and Zhen Ding Technology Holding Ltd. due to their current attractive valuation. Finally, we have added Airtac International Group and Chailease Holding Co. Ltd. because we expect them to benefit from the easing of COVID-19 restrictions in China.

Outlook and Strategy

The market continues to face several headwinds which have dampened the prospects of a rebound from the recent slump. The US Federal Reserve has become more hawkish in its fight against rising inflation and tighter monetary policy is being adopted by central banks worldwide. Furthermore, the continuing conflict in Ukraine has resulted in the price of oil remaining high. Finally, we are concerned about the weakening fundamentals of the technology sector given its importance to the Taiwanese market.

Growth in the technology sector is forecast to fall due to weakening demand for electronics. Android phone sales didn't meet expectations for the June 18 sales holiday in China, and Intel is concerned that market demand for new personal computers and notebooks

¹Taiwan TAIEX Total Return Index.

²Six months ended February 28, 2022.

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)	\$223.4
Median Market Cap (in billions)	\$2.2
Distribution Frequency	Annual
Management Firm	Allianz Global Investors US LLC

Fund Manager



Corrina Xiao
Lead Portfolio Manager

Performance

(US\$ Returns as of 6/30/2022)

	Fund	Benchmark ¹
One Month	-15.01%	-12.53%
Three Month	-24.82%	-17.93%
One Year	-23.37%	-18.49%
Three Year (Annualized)	26.31%	17.40%

Net Asset Value/Market Price

(as of 6/30/2022)

NAV/Market Price	\$29.90 / \$25.12
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High/Low Ranges (52-Week)

High/Low NAV	\$46.45 / \$29.90
High/Low Market Price	\$39.60 / \$25.10
Premium/Discount to NAV (as of 6/30/2022)	-15.99

Fund Data (Common Shares)

Shares Outstanding	7,470,494
Average Daily Volume	10,914
Expense Ratio ²	1.17

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Outlook and Strategy (continued)

has already been met. The continued depreciation in the value of crypto currencies has begun to impact demand for high performance computers. This may explain the indefinite delay to Nvidia's new chip platform. In addition, display driver IC has been weakening for almost six months, and power management IC has begun to weaken as well. Metal-oxide-semiconductor field-effect transistor demand is also expected to cool.

Due to the uncertainty caused by these conditions, we have implemented a defensive strategy for the third quarter of 2022. We are maintaining our high cash reserves and diversifying our portfolio through the addition of non-technology firms, especially in the telecommunications sector.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	-15.01	-24.82	-31.70	-23.37	26.31	14.99	12.31	9.53
Market Price	-11.36	-23.65	-33.14	-23.20	24.76	13.80	11.38	7.96
Taiwan TAIEX Total Return Index	-12.53	-17.93	-22.87	-18.49	17.40	12.12	11.53	—
MSCI Taiwan Index (net)	-14.19	-19.81	-25.08	-20.44	18.23	11.66	11.48	—
Taiwan TAIEX Price Index	-13.89	-19.26	-24.28	-21.75	13.01	7.85	7.40	—

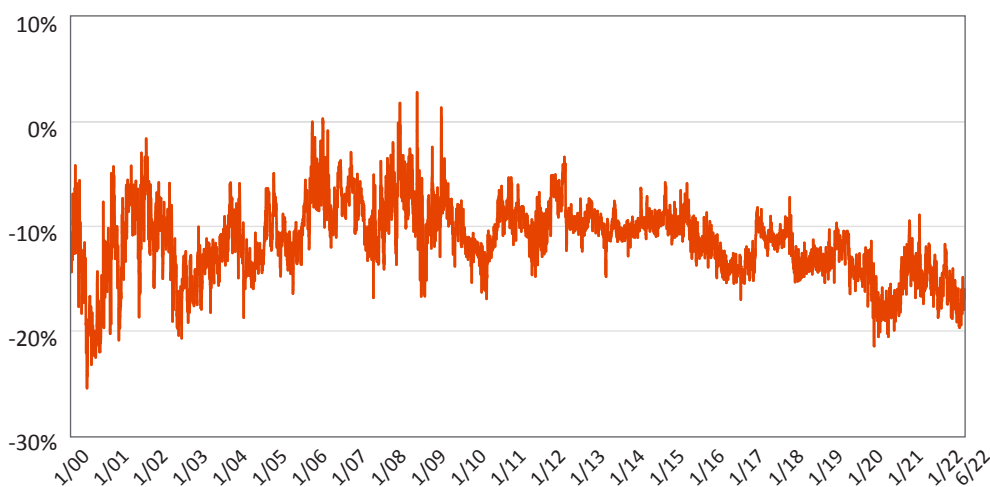
Calendar Year Returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021
NAV	-2.25	-6.43	11.17	28.44	-14.96	47.11	41.97	55.09
Market Price	-1.28	-10.52	10.05	33.61	-19.11	46.75	39.81	58.26
Taiwan TAIEX Total Return Index	5.05	-10.40	17.81	29.45	-7.86	32.19	35.62	29.04
MSCI Taiwan Index (net)	9.36	-11.72	18.54	27.53	-8.93	36.37	40.99	26.13
Taiwan TAIEX Price Index	1.93	-13.81	13.11	24.56	-11.51	26.46	31.01	25.59

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: 1.17%. For the six months ended February 28, 2022.

Premium/Discount (1/3/00 - 6/30/22)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	61.26	54.67
Communication Services	5.15	3.56
Health Care	3.81	0.50
Financials	3.40	13.30
Industrials	2.44	7.82
Consumer Discretionary	2.35	5.55
Materials	0.98	8.71
Consumer Staples	0.67	2.35
Real Estate	0.00	1.44
Utilities	0.00	0.17
Energy	0.00	1.93

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co., Ltd.	25.29
Hon Hai Precision Industry Co., Ltd.	5.71
Chunghwa Telecom Co., Ltd	5.15
Unimicron Technology Corp.	4.17
Asia Vital Components Co., Ltd.	3.75
Alchip Technologies Ltd.	3.47
Pegavision Corp.	3.02
Faraday Technology Corp.	2.23
SDI Corporation	2.15
Advanced Energy Solution Holding Co., Ltd.	2.13

Holdings and sector weightings are subject to change. As of 6/30/2022.

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Portfolio Characteristics

	Fund	Benchmark
Forward P/E Ratio	13.88	10.33
P/B Ratio	2.73	1.82
Number of Issues	36	943
Foreign Holdings (%)	80.08	100.00
Cash (%)	19.92	0.00
Dividend Yield (%)	2.62	4.10

As of 6/30/2022.

Risk Statistics (3 Year)

Beta	1.21
R ²	0.87
Standard Deviation of NAV	27.42
Standard Deviation of Market Price	25.55

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.

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All Portfolio Holdings

As of June 30, 2022

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
Information Technology					61.26	
	Taiwan Semiconductor Manufacturing Co., Ltd.	2330-TW	476.00	3,529,000	56,495,334	25.29
	Hon Hai Precision Industry Co., Ltd.	2317-TW	109.00	3,480,000	12,757,328	5.71
	Unimicron Technology Corp.	3037-TW	158.50	1,747,000	9,312,711	4.17
	Asia Vital Components Co., Ltd.	3017-TW	93.10	2,677,000	8,382,084	3.75
	Alchip Technologies Ltd.	3661-TW	694.00	332,000	7,749,105	3.47
	Faraday Technology Corp.	3035-TW	191.00	776,000	4,984,815	2.23
	SDI Corporation	2351-TW	130.50	1,094,000	4,801,554	2.15
	Wiwynn Corp.	6669-TW	697.00	200,000	4,688,315	2.10
	Silergy Corp.	6415-TW	2395.00	49,000	3,946,895	1.77
	Nuvoton Technology Corporation	4919-TW	136.00	829,000	3,791,817	1.70
	Nan Ya Printed Circuit Board Corporation	8046-TW	260.50	345,000	3,022,601	1.35
	eMemory Technology, Inc.	3529-TW	1035.00	75,000	2,610,692	1.17
	E Ink Holdings Inc.	8069-TW	188.50	390,000	2,472,464	1.11
	ASPEED Technology, Inc.	5274-TW	1900.00	37,400	2,389,897	1.07
	Zhen Ding Technology Holding Limited	4958-TW	103.00	621,000	2,151,210	0.96
	Tong Hsing Electronic Industries ,Ltd.	6271-TW	201.00	317,000	2,142,936	0.96
	ASE Technology Holding Co., Ltd.	3711-TW	76.40	747,000	1,919,411	0.86
	Jentech Precision Industrial Co., Ltd	3653-TW	334.50	113,000	1,271,243	0.57
	Xintec Inc.	3374-TW	128.50	177,000	764,945	0.34
	MediaTek Inc	2454-TW	651.00	34,000	744,413	0.33
	Gold Circuit Electronics Ltd	2368-TW	76.10	179,000	458,133	0.21
Communication Services					5.15	
	Chunghwa Telecom Co., Ltd	2412-TW	122.00	2,806,000	11,513,344	5.15
Health Care					3.81	
	Pegavision Corp.	6491-TW	418.00	480,000	6,747,944	3.02
	PharmaEssentia Corp.	6446-TW	520.00	101,000	1,766,358	0.79
Financials					3.40	
	Chailease Holding Co. Ltd.	5871-TW	208.50	460,000	3,225,655	1.44
	CTBC Financial Holding Company Ltd.	2891-TW	25.10	2,604,000	2,198,207	0.98
	Cathay Financial Holdings Co., Ltd.	2882-TW	50.90	1,274,000	2,180,927	0.98
Industrials					2.44	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	969.00	146,000	4,758,067	2.13
	Airtac International Group	1590-TW	991.00	21,000	699,918	0.31
Consumer Discretionary					2.35	
	Eclat Textile Co., Ltd.	1476-TW	415.50	197,000	2,752,905	1.23
	Feng Tay Enterprise Co., Ltd.	9910-TW	175.50	238,000	1,404,779	0.63
	Global PMX Co., Ltd.	4551-TW	153.00	109,000	560,883	0.25
	Merida Industry Co., Ltd.	9914-TW	255.50	34,000	292,162	0.13
	Taiwan Paiho Co., Ltd.	9938-TW	68.80	100,000	231,389	0.10
Materials					0.98	
	Taiwan Cement Corp.	1101-TW	39.50	1,653,000	2,195,957	0.98
Consumer Staples					0.67	
	Great Tree Pharmacy Co., Ltd.	6469-TW	294.00	152,000	1,502,951	0.67

Source: State Street Bank and Trust Company, Virtus.

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

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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 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