

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan TAIEX Total Return Index (the "benchmark") fell 4.95% in October 2022 in US dollar terms, with the technology sector dropping 2.90%, non-technology down 0.41%, the financial sector down 0.62% and over-the-counter stocks (as measured by the Taiwan OTC Index) down 6.59% during the same period, in US Dollar terms. The top three outperforming sectors were real estate, energy, and media & entertainment. The bottom three underperforming sectors were health care equipment & services, pharmaceuticals & biotech, and diversified financials.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") underperformed the benchmark in October, 2022. Negative stock selection effect was the main reason for the under-performance. In contrast, the allocation to cash attributed to positive performance. On the sector level, both the overweight position in consumer durables & apparel, and underweight positions in banks and transportation helped performance. On the other hand, the Fund's overweight positions in semiconductor & equipment and technology hardware were two major negative contributors to performance. On the stock level, the best performers were Nan Ya Printed Circuit Board Corp., Eclat Textile Co. Ltd., and MediaTek, Inc.; the largest detractors were Taiwan Semiconductor Manufacturing Co. Ltd., Alchip Technologies Ltd., and Global Unichip Corp.

Key Transactions

In October, the turnover for the Fund was moderate. The total holding ratio stood at 82.68% on October 31st, representing a minor increase from 81.18% at the end of September. During the month, the Fund added to the consumer durables & apparels sector and to the semiconductors & equipment sector on the back of attractive valuation levels. The Fund also cut some positions in telecom services, health care equipment & services, and pharma, biotech & life sciences.

On October 7th, the US Department of Commerce published a draft of additional restrictions on chip and wafer process equipment (WFE) exports to China. It has dampened the semiconductor sector and market sentiment, together with the ongoing inventory adjustment. However, the growth trend from industries like AI, high performance computing (HPC), EV and autonomous cars is still expected to continue and to drive demand for semiconductors higher on a secular basis. During episodes of equity market corrections, we added small positions in semiconductor IP, micro controller units (MCU) manufacturers, including M31 Corp. and Nuvoton Technology Inc. Within the technology hardware & equipment sector, we switched to be better positioned for data center and server long-term growth. Thus, we added Lotes Co. Ltd. to replace Wiwynn Corp. In addition, we cut Zhen Ding Technology Holding due to our expectations of lower iPhone shipments by Apple.

On the other hand, we cut positions in telecom companies considering their lack of growth momentum. We used the proceeds from these sales to add to our positions in consumer durables & apparels, such as Fulgent Sun International, Merida Industry Co. Ltd., and Eclat Textile Company Ltd., mainly due to reasonable valuations.

Fund Data

Description	Seeks long-term capital appreciation primarily through investments in equity securities listed in Taiwan.
Inception Date	December 23, 1986
Total Fund Assets (millions)	\$181.3
Median Market Cap (in billions)	\$2.5
Distribution Frequency	Annual
Management Firm	Nomura Asset Management U.S.A. Inc.

Fund Manager



Sky Chen
Lead Portfolio Manager

Performance (US\$ Returns as of 10/31/2022)

	Fund	Benchmark ¹
One Month	-6.62%	-4.95%
Three Month	-20.19%	-19.13%
One Year	-40.29%	-31.07%
Three Year (Annualized)	10.05%	6.29%

Net Asset Value/Market Price (as of 10/31/2022)

NAV/Market Price	\$24.27 / \$18.77
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High/Low Ranges (52-Week)

High/Low NAV	\$46.65 / \$23.07
High/Low Market Price	\$39.60 / \$18.70
Premium/Discount to NAV (as of 10/31/2022)	-22.66

Fund Data (Common Shares)

Shares Outstanding	7,470,494
Average Daily Volume	20,922
Expense Ratio ²	1.02%

¹Taiwan TAIEX Total Return Index.

²For the 12 months ended August 31, 2022, before waiver fee. The expense ratio after the fee waiver is 0.96%

NOMURA

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

Manager's Commentary (Outlook and Strategy)

During the November Federal Open Market Committee (FOMC) meeting, the Fed announced a 75-basis point rate hike as anticipated. Fed Chair Jerome Powell has pointed out that recent data has shown that the terminal rate may be higher than expected. It's too early to anticipate a pause in rate hikes with Fed's hawkish bias. Additionally, Europe's energy crisis may worsen this winter, combined with China's unchanged zero-COVID policy rhetoric, therefore global economic growth is expected to remain sluggish and we believe there will be some downward revisions for corporate earnings.

Despite this, the possibility of a weaker US CPI in November may help the market to continue rebounding in the near term. We do not expect a V-shaped recovery as we think economic growth will continue decelerating in 2023. Downward revisions in corporate earnings and destocking for electronics and semiconductor industries are forecasted to continue in the next few quarters. Hence, our approach is to gradually buy on dips. It will provide opportunities to gradually accumulate positions in growth sectors and stocks with reasonable valuations.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	-6.62	-20.19	-44.56	-40.29	10.05	8.52	9.88	8.81
Market Price	-10.66	-27.78	-50.04	-43.19	6.57	5.63	7.96	7.02
Taiwan TAIEX Total Return Index	-4.95	-19.13	-36.15	-31.07	6.29	6.35	9.01	—
Taiwan TAIEX Price Index	-4.95	-19.78	-38.97	-34.21	2.50	2.35	5.06	—
MSCI Taiwan Index (net)	-5.12	-21.18	-39.21	-34.5	5.82	5.71	8.79	—

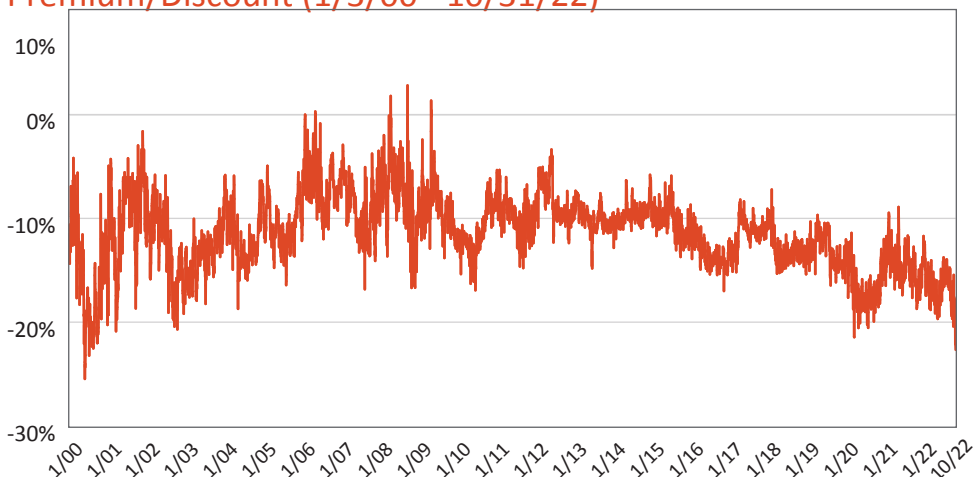
Calendar Year Returns (%)

	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
Taiwan TAIEX Price Index	1.93	-13.81	13.11	24.56	-11.51	26.46	31.01	25.59
MSCI Taiwan Index (net)	9.36	-11.72	18.54	27.53	-8.93	36.37	40.99	26.13

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: 1.02% for the 12 month period ended August 31, 2022, before waiver fee. The expense ratio after the fee waiver is 0.96%

Premium/Discount (1/3/00 - 10/31/22)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	66.27	53.84
Communication Services	6.91	3.67
Consumer Discretionary	5.57	5.99
Industrials	1.86	7.50
Financials	1.17	13.48
Chemicals	0.49	0.00
Consumer Staples	0.40	2.61
Materials	0.00	8.75
Energy	0.00	1.98
Real Estate	0.00	1.40
Health Care	0.00	0.61
Utilities	0.00	0.17

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co. Ltd.	22.48
Delta Electronics, Inc.	4.17
Nuvoton Technology Corp.	3.42
eMemory Technology, Inc.	3.40
Global Unichip Corp.	2.69
ASPEED Technology, Inc.	2.62
Gold Circuit Electronics Ltd.	2.60
Asia Vital Components Co. Ltd.	2.45
Wiwynn Corp.	2.45
Chunghwa Telecom Co. Ltd.	2.44

Holdings and sector weightings are subject to change. As of 10/31/2022.

Portfolio Characteristics

	Fund
Number of Issues	39
Foreign Holdings (%)	82.68
Cash (%)	17.32
Dividend Yield (%)	2.10

As of 10/31/2022.

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.

All Portfolio Holdings

As of October 31, 2022

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
Information Technology					66.27	
	Taiwan Semiconductor Manufacturing Co. Ltd.	2330-TW	390.00	3,367,000	40,751,959	22.48
	Delta Electronics, Inc.	2317-TW	257.50	945,000	7,551,788	4.17
	Nuvoton Technology Corp.	4919-TW	102.50	1,950,000	6,202,964	3.42
	eMemory Technology, Inc.	3529-TW	1075.00	185,000	6,171,930	3.40
	Global Unichip Corp.	3443-TW	487.50	322,000	4,871,596	2.69
	ASPEED Technology, Inc.	5274-TW	1680.00	91,000	4,744,511	2.62
	Gold Circuit Electronics Ltd.	2368-TW	85.60	1,772,100	4,707,635	2.60
	Asia Vital Components Co. Ltd.	3017-TW	102.00	1,406,000	4,450,679	2.45
	Wiwynn Corp.	6669-TW	724.00	198,000	4,448,817	2.45
	Alchip Technologies Ltd.	3661-TW	649.00	215,000	4,330,359	2.39
	E Ink Holdings, Inc.	8069-TW	205.50	628,000	4,005,090	2.21
	Hon Hai Precision Industry Co. Ltd.	2317-TW	102.50	1,221,000	3,884,010	2.14
	Nan Ya Printed Circuit Board Corp.	8046-TW	211.50	480,000	3,150,593	1.74
	Lotes Co. Ltd.	3533-TW	776.00	120,000	2,889,906	1.59
	MediaTek, Inc.	2454-TW	590.00	148,000	2,709,908	1.49
	Jentech Precision Industrial Co. Ltd.	3653-TW	351.00	240,000	2,614,322	1.44
	SDI Corp.	2351-TW	89.30	845,000	2,341,795	1.29
	Realtek Semiconductor Corp.	2379-TW	255.00	282,000	2,231,670	1.23
	Unimicron Technology Corp.	3037-TW	124.50	566,000	2,186,888	1.21
	Tong Hsing Electronic Industries Ltd.	6271-TW	173.00	354,000	1,900,597	1.05
	Gigabyte Technology Co. Ltd.	2376-TW	92.50	481,000	1,380,790	0.76
	Nanya Technology Corp.	2408-TW	54.50	534,000	903,189	0.50
	Globalwafers Co. Ltd.	6488-TW	358.50	78,000	867,810	0.48
	M31 Technology Corp.	6643-TW	324.50	83,000	835,860	0.46
Communication Services					6.91	
	Chunghwa Telecom Co. Ltd.	2412-TW	111.00	1,285,000	4,426,566	2.44
	Far EasTone Telecommunications Co. Ltd.	4904-TW	70.70	1,639,000	3,596,161	1.98
	Accton Technology Corp.	2345-TW	243.00	452,000	3,408,674	1.88
	Taiwan Mobile Co. Ltd.	3045-TW	95.10	373,000	1,100,855	0.61
Consumer Discretionary					5.57	
	Eclat Textile Co. Ltd.	1476-TW	424.50	241,000	3,174,940	1.75
	Makalot Industrial Co. Ltd.	1477-TW	200.00	350,000	2,172,395	1.20
	Fulgent Sun International Holding Co. Ltd.	9802-TW	136.50	378,000	1,601,272	0.88
	Feng TAY Enterprise Co. Ltd.	9910-TW	160.50	290,000	1,444,488	0.80
	Merida Industry Co. Ltd.	9914-TW	176.00	198,000	1,081,480	0.60
	Nien Made Enterprise Co. Ltd.	8464-TW	249.00	60,000	463,651	0.26
	Taiwan Paiho Ltd.	9938-TW	48.80	100,000	151,447	0.08
Industrials					1.86	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	564.00	193,000	3,378,136	1.86
Financials					1.17	
	Chailease Holding Co. Ltd.	5871-TW	149.00	460,000	2,127,085	1.17
Chemicals					0.49	
	Swancor Holding Co. Ltd.	3708-TW	89.20	323,000	894,145	0.49
Consumer Staples					0.40	
	President Chain Store Corp.	2912-TW	268.00	88,000	731,911	0.40

Source: State Street Bank and Trust Company, Nomura Asset Management U.S.A. Inc..

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:

- 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. **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