

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan TAIEX Total Return Index closed the month of May 2022 up 2.88% in US dollar terms, with the technology sector up 5.33%, non-technology up 1.27%, the financial sector down 5.44% and over-the-counter stocks up 5.49%. The top three outperforming sectors were integrated circuit manufacturing, power supply, transformers and uninterruptible power supply. The bottom three underperforming sectors were textiles, personal computer adapters and financial holdings.

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 & semiconductors and telecom services, as well as underweight positions in materials, banks, insurance, diversified financials, food, beverage & tobacco and real estate helped performance. In contrast, the Fund's overweight positions in health care equipment & services, and technology hardware & equipment hurt performance, as did underweight positions in energy, retailing, automobiles & components, capital goods, transportation and consumer services. On the stock level, the best active contributors were E Ink Holdings Inc., Advanced Energy Solution Holding Co., Ltd. and SDI Corp; the worst active detractors were Faraday Technology Corp., ASPEED Technology, Inc. and Evergreen Marine Corp. (Taiwan) Ltd.

Key Transactions

We reduced our position in the financial sector due to its underperformance last month. Financial companies in Taiwan hold high levels of equity stock, which suffered recently resulting in significant unrealized losses on company balance sheets. Additionally, because of the recent outbreak of COVID-19 in Taiwan, many non-life insurance companies have had to issue significant payouts to those who bought insurance against catching COVID-19. Consequently, we reduced our position in Cathay Financial Holding Co., Ltd. and exited our position in Fubon Financial Holding Co., Ltd.

Furthermore, as part of our continued effort to diversify our portfolio, we reduced our weight in our top holdings. We reinvested some of the capital into increasing our position in Hon Hai Precision Industry Co., Ltd., and added Chunghwa Telecom Co., Ltd., ASE Technology Holding Co., Ltd. and Tong Hsing Electronic Industries Ltd. to our portfolio. The remaining capital has been allocated to our cash reserve.

Outlook and Strategy

The three main challenges facing the market remain unchanged: the US Federal Reserve's response to rising inflation, the conflict in Ukraine and the lockdowns in China. These lockdowns have resulted in an order cut for electronic products, such as laptops and smartphones. This may result in more bearish behavior from those who expect further reductions in orders in the coming months. However, the market appears to have already adjusted somewhat to this phenomenon as many investors reduced their holdings in March in anticipation of a decrease in orders.

The uncertainty in the market has been exacerbated by the decision of sell-side analysts to downgrade both server and ajinomoto build-up film substrate sectors, previously the gold standard of the Taiwan equity market. This is indicative of falling investor confidence across the market.

It is difficult to quantify the impact of this decline in investor confidence, but we believe that despite these prevailing headwinds, investor attitude to the market remains neutral for the time being. Many are likely to take advantage of the previous price declines and begin to increase their holdings again. In anticipation of this, we will plan to look for opportunities to deploy some of our cash reserve in June. Observing investor reactions to the outcome of the next US Federal Reserve meeting in June will help us gauge confidence in the market.

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)	\$262.8
Median Market Cap (in billions)	\$3.1
Distribution Frequency	Annual
Management Firm	Allianz Global Investors US LLC

Fund Manager



Corrina Xiao
Lead Portfolio Manager

Performance

(US\$ Returns as of 5/31/2022)

	Fund	Benchmark ¹
One Month	5.87%	2.88%
Three Month	-12.83%	-7.79%
One Year	1.04%	-3.69%
Three Year (Annualized)	35.79%	24.80%

Net Asset Value/Market Price

(as of 5/31/2022)

NAV/Market Price	\$35.18 / \$28.34
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High/Low Ranges (52-Week)

High/Low NAV	\$46.45 / \$31.99
High/Low Market Price	\$39.60 / \$26.15
Premium/Discount to NAV (as of 5/31/2022)	-19.44

Fund Data (Common Shares)

Shares Outstanding	7,470,494
Average Daily Volume	9,124
Expense Ratio ²	1.17%

¹Taiwan TAIEX Total Return Index.

²Six months ended February 28, 2022.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	5.87	-12.83	-19.64	1.04	35.79	19.69	14.14	10.05
Market Price	2.57	-16.23	-24.57	-2.95	32.42	17.18	12.34	8.35
Taiwan TAIEX Total Return Index	2.88	-7.79	-11.82	-3.69	24.80	15.92	13.03	—
MSCI Taiwan Index (net)	3.62	-8.62	-12.69	-6.70	26.54	16.05	13.14	—
Taiwan TAIEX Price Index	2.87	-8.03	-12.06	-6.34	20.36	11.65	9.00	—

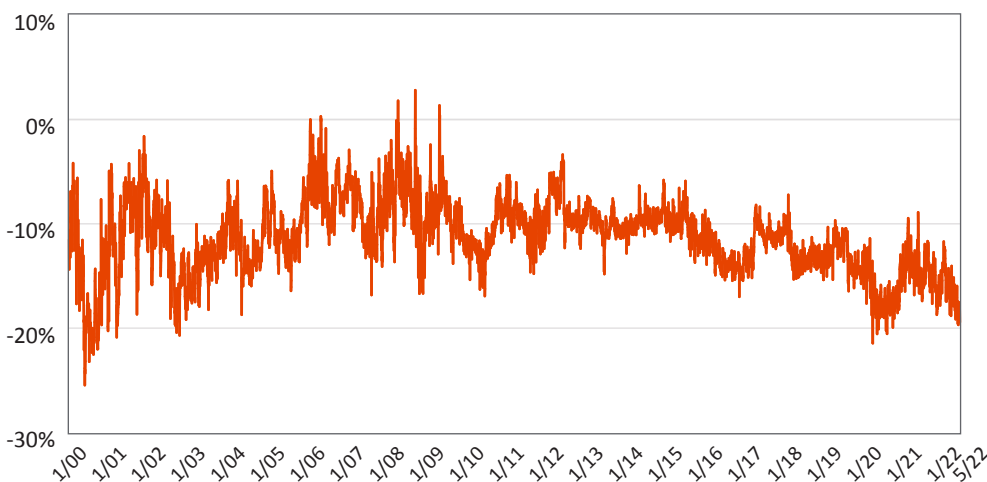
Calendar Year Returns (%)

	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 - 5/31/22)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	66.51	56.10
Industrials	4.42	8.45
Communication Services	3.54	3.24
Health Care	2.78	0.42
Financials	2.63	12.73
Consumer Discretionary	1.98	5.22
Materials	0.92	8.42
Consumer Staples	0.48	2.13
Real Estate	0.00	1.35
Utilities	0.00	0.15
Energy	0.00	1.78

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co., Ltd.	25.91
Alchip Technologies Ltd.	5.57
Hon Hai Precision Industry Co., Ltd.	5.16
Unimicron Technology Corp.	4.91
E Ink Holdings Inc.	4.02
Asia Vital Components Co., Ltd.	3.97
Chunghwa Telecom Co., Ltd	3.54
Pegavision Corp.	2.78
Silergy Corp.	2.55
Faraday Technology Corp.	2.45

Holdings and sector weightings are subject to change. As of 5/31/2022.

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Portfolio Characteristics

	Fund	Benchmark
Forward P/E Ratio	14.56	11.75
P/B Ratio	2.90	2.05
Number of Issues	29	943
Foreign Holdings (%)	83.25	100.00
Cash (%)	16.75	0.00
Dividend Yield (%)	2.01	2.90

As of 5/31/2022.

Risk Statistics (3 Year)

Beta	1.20
R ²	0.85
Standard Deviation of NAV	25.54
Standard Deviation of Market Price	24.38

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 May 31, 2022

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
Information Technology					66.51	
	Taiwan Semiconductor Manufacturing Co., Ltd.	2330-TW	560.00	3,529,000	68,087,511	25.91
	Alchip Technologies Ltd.	3661-TW	935.00	454,000	14,624,978	5.57
	Hon Hai Precision Industry Co., Ltd.	2317-TW	113.00	3,480,000	13,548,320	5.16
	Unimicron Technology Corp.	3037-TW	215.50	1,737,000	12,896,589	4.91
	E Ink Holdings Inc.	8069-TW	203.00	1,509,000	10,553,902	4.02
	Asia Vital Components Co., Ltd.	3017-TW	113.00	2,677,000	10,422,084	3.97
	Silergy Corp.	6415-TW	3040.00	64,000	6,703,187	2.55
	Faraday Technology Corp.	3035-TW	240.50	776,000	6,429,905	2.45
	Nan Ya Printed Circuit Board Corporation	8046-TW	394.50	448,000	6,089,096	2.32
	SDI Corporation	2351-TW	152.00	1,094,000	5,729,130	2.18
	eMemory Technology, Inc.	3529-TW	1540.00	75,000	3,979,328	1.51
	ASPEED Technology, Inc.	5274-TW	2325.00	35,000	2,803,618	1.07
	Tong Hsing Electronic Industries, Ltd.	6271-TW	256.50	317,000	2,801,395	1.07
	ASE Technology Holding Co., Ltd.	3711-TW	104.50	747,000	2,689,457	1.02
	MediaTek Inc	2454-TW	905.00	86,000	2,681,481	1.02
	Sino-American Silicon Products Inc.	5483-TW	172.50	417,000	2,478,295	0.94
	Jentech Precision Industrial Co., Ltd	3653-TW	354.50	113,000	1,380,138	0.53
	Xintec Inc.	3374-TW	147.00	175,000	886,305	0.34
Industrials					4.42	
	Evergreen Marine Corp. (Taiwan) Ltd.	2603-TW	140.50	1,215,000	5,881,395	2.24
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	1140.00	146,000	5,734,367	2.18
Communication Services					3.54	
	Chunghwa Telecom Co., Ltd	2412-TW	127.00	2,128,000	9,311,146	3.54
Health Care					2.78	
	Pegavision Corp.	6491-TW	441.50	480,000	7,301,292	2.78
Financials					2.63	
	CTBC Financial Holding Company Ltd.	2891-TW	27.15	4,765,000	4,457,183	1.70
	Cathay Financial Holdings Co., Ltd.	2882-TW	55.70	1,274,000	2,444,851	0.93
Consumer Discretionary					1.98	
	Eclat Textile Co., Ltd.	1476-TW	496.50	179,000	3,061,964	1.17
	Feng Tay Enterprise Co., Ltd.	9910-TW	190.00	238,000	1,557,967	0.59
	Global PMX Co., Ltd.	4551-TW	154.00	109,000	578,329	0.22
Materials					0.92	
	Taiwan Cement Corp.	1101-TW	42.60	1,653,000	2,426,109	0.92
Consumer Staples					0.48	
	Great Tree Pharmacy Co., Ltd.	6469-TW	297.00	122,000	1,248,372	0.48

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 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 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 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