

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of April 2022 down 8.79% in US dollar terms, with the technology sector down 11.29%, non-technology down 5.00%, the financial sector down 5.44% and over-the-counter stocks down 12.66%. The top three outperforming sectors were wire & cable, golf equipment and telecom. The bottom three underperforming sectors were power supply, integrated circuit ("IC") manufacturing and solar/alternative energy.

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 insurance, as well as underweight positions in retailing helped performance. In contrast, the Fund's overweight positions in semiconductors & semiconductor equipment, health care equipment & services and technology hardware & equipment hurt performance, as did underweight positions in transportation, telecom services and banks. On the stock level, the best active contributors were Taiwan Semiconductor Manufacturing Co., Ltd., United Microelectronics Corporation and Cathay Financial Holding Co., Ltd.; the worst active detractors were Alchip Technologies Ltd., eMemory Technology, Inc. and ASMedia Technology, Inc.

Key Transactions

Our performance was below that of the benchmark in April. We believe this is due to the high percentage of technology holdings in our portfolio which have been negatively affected by the unexpectedly long lockdown in Shanghai. The resulting disruption in the supply chain has severely impacted the logistical capabilities of technology companies in the region. Furthermore, due to extremely weak consumer demand in April, there could be an order cut in June. As a result, we have rebalanced and diversified our portfolio.

Our concerns about demand have led us to exit our positions in Largan Precision Co., Ltd., Winbond Electronics Corp. and Pan Jit International, Inc., three companies that make components for smartphones. We also exited our position in Formosa Sumco Technology Corp. due to its high price-to-earnings ratio. Similar to Globalwafers Co., Ltd., we do not have confidence in the company's long-term performance so have decided to reallocate our resources into more profitable businesses.

As part of our diversification strategy, we have purchased stock in Feng Tay Enterprise Co., Ltd. and Eclat Textile Co., Ltd., respectively, a shoe making company and a garment and textile company. We believe they will benefit from changing consumer demand due to the reopening of the global economy after the lockdowns of the last two years. Furthermore, both companies are likely to benefit from the recent depreciation in the New Taiwan dollar ("NTD") due to their export-based models. This should increase their growth margins and earnings. In addition to these purchases, we have also purchased stock in Great Tree Pharmacy Co., Ltd., a pharmaceutical company based in Taiwan. We view this as a high-potential stock due to rapid expansion of the business throughout Taiwan. Market share is expected to increase dramatically, which should result in high sales growth over the next three years.

Another part of our strategy to rebalance our portfolio has been to focus on high-growth stocks. Consequently, we purchased shares in E Ink Holdings Inc., a company that produces e-paper displays. They had previous success working on Amazon's Kindle, but have now refocused on working with the retail sector. Sales grew significantly throughout the COVID-19 pandemic as a result of the digitalization of many businesses as a result of labor shortages. Although we didn't purchase the stock at the optimal price, we like its long-term prospects, so were willing to accept the higher price as we expect to benefit from good return potential in the long run.

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)	\$248.3
Median Market Cap (in billions)	\$2.8
Distribution Frequency	Annual
Management Firm	Allianz Global Investors US LLC

Fund Manager



Corrina Xiao
Lead Portfolio Manager

Performance

(US\$ Returns as of 4/29/2022)

	Fund	Benchmark ¹
One Month	-16.44%	-8.79%
Three Month	-16.95%	-11.18%
One Year	-5.71%	-7.96%
Three Year (Annualized)	28.67%	20.92%

Net Asset Value/Market Price

(as of 4/29/2022)

NAV/Market Price	\$33.23 / \$27.63
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High/Low Ranges (52-Week)

High/Low NAV	\$46.45 / \$31.35
High/Low Market Price	\$39.60 / \$27.18
Premium/Discount to NAV (as of 4/29/2022)	-16.85

Fund Data (Common Shares)

Shares Outstanding	7,470,494
Average Daily Volume	14,015
Expense Ratio ²	1.17%

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Key Transactions (continued)

Finally, we made purchases in XinTec, Inc. ("XinTec") and MediaTek Inc. ("MediaTek"), IC design companies, due to their low current stock prices. As XinTec is a supplier for Apple, we believe that its long-term growth is secure, so the investment case was strong. We had previously underweighted MediaTek so took the opportunity to make a purchase at a low price.

Outlook and Strategy

The US Federal Reserve's decisions on May 4 to raise interest rates by 0.5% were expected from earlier comments made by the Federal Reserve's Open Market Committee and the quantitative tightening from June. However, despite anticipating this move, investors in the US market remain cautious due to concerns regarding inflation and the risks of entering a recession.

NTD depreciated sharply, possibly as a result of investors selling global passive funds and due to concerns over the fundamentals. In Taiwan, most stocks announced positive 1Q22 results due to strong demand in 1Q, and a favorable foreign exchange rate. However, these neutral-to-positive results have not been enough to assuage investor worries over share performance in the second half of the year; they are concerned about a consumer demand headwind as a potential downside risk to earnings. Furthermore, we have begun to see signs that the technology cycle is peaking in this quarter. Inflation and system risk continue, and we maintain a conservative view on the Taiwan equity market and expect more volatility to come. Consequently, we will not only increase our cash reserves, but will also reduce the beta of our portfolio.

Due to these prevailing headwinds, we will continue our policy of trimming our portfolio and building up our capital in order to have the flexibility to react to market changes in the future.

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Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	-16.44	-16.95	-24.10	-5.71	28.67	18.99	12.94	9.90
Market Price	-16.02	-18.59	-26.46	-7.00	26.04	17.20	11.65	8.30
Taiwan TAIEX Total Return Index	-8.79	-11.18	-14.29	-7.96	20.92	15.72	12.16	—
MSCI Taiwan Index (net)	-9.81	-14.05	-15.74	-11.03	21.72	15.78	12.16	—
Taiwan TAIEX Price Index	-8.85	-11.41	-14.52	-10.49	16.62	11.46	8.16	—

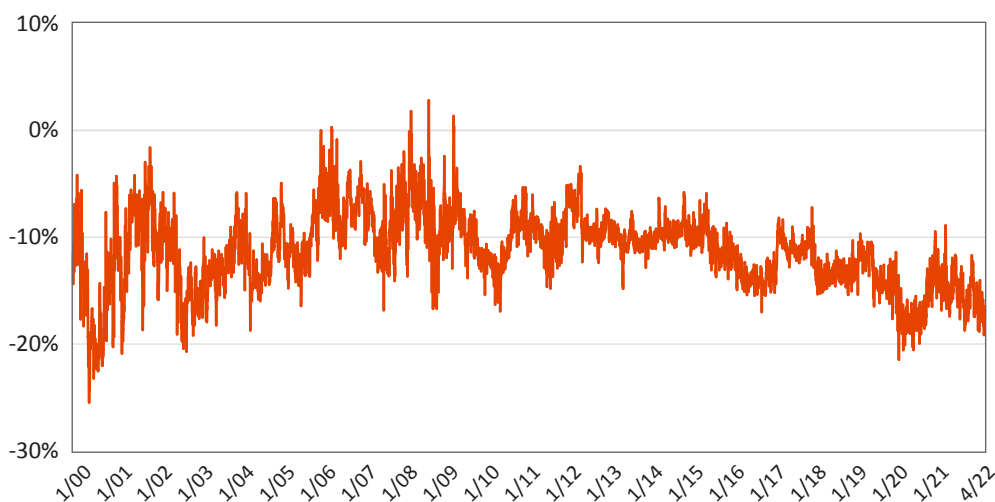
Calendar Year Returns (%)

	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 - 4/29/22)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	67.04	54.59
Financials	8.15	13.83
Health Care	2.64	0.45
Industrials	2.22	8.41
Consumer Discretionary	1.74	5.16
Materials	1.03	8.76
Consumer Staples	0.30	2.19
Communication Services	0.00	3.37
Real Estate	0.00	1.36
Utilities	0.00	0.16
Energy	0.00	1.71

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co., Ltd.	25.70
Alchip Technologies Ltd.	5.70
Unimicron Technology Corp.	4.91
Faraday Technology Corp.	4.68
Nan Ya Printed Circuit Board Corporation	3.69
E Ink Holdings Inc.	3.41
Asmedia Technology Inc.	3.03
Cathay Financial Holdings Co., Ltd.	2.64
Pegavision Corp.	2.64
Asia Vital Components Co., Ltd.	2.56

Holdings and sector weightings are subject to change. As of 4/29/2022.

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Portfolio Characteristics

	Fund	Benchmark
Forward P/E Ratio	16.17	11.60
P/B Ratio	3.31	2.04
Number of Issues	30	939
Foreign Holdings (%)	83.13	100.00
Cash (%)	16.87	0.00
Dividend Yield (%)	1.93	2.88

As of 4/29/2022.

Risk Statistics (3 Year)

Beta	1.22
R ²	0.86
Standard Deviation of NAV	26.48
Standard Deviation of Market Price	25.68

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 April 29, 2022

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
Information Technology					67.24	
	Taiwan Semiconductor Manufacturing Co., Ltd.	2330-TW	532.99	3,529,000	63,813,652	25.70
	Alchip Technologies Ltd.	3661-TW	863.50	483,000	14,149,676	5.70
	Unimicron Technology Corp.	3037-TW	206.74	1,737,000	12,183,534	4.91
	Faraday Technology Corp.	3035-TW	251.56	1,363,000	11,632,363	4.68
	Nan Ya Printed Circuit Board Corporation	8046-TW	391.51	689,000	9,151,604	3.69
	E Ink Holdings Inc.	8069-TW	168.52	1,481,000	8,467,344	3.41
	Asmedia Technology Inc.	5269-TW	1387.26	160,000	7,530,385	3.03
	Asia Vital Components Co., Ltd.	3017-TW	101.92	1,836,000	6,348,575	2.56
	Silergy Corp.	6415-TW	2624.28	64,000	5,698,076	2.29
	Hon Hai Precision Industry Co., Ltd.	2317-TW	100.99	1,578,000	5,406,353	2.18
	SDI Corporation	2351-TW	128.49	1,094,000	4,768,945	1.92
	MediaTek Inc	2454-TW	812.58	140,000	3,859,517	1.55
	eMemory Technology, Inc.	3529-TW	1238.76	75,000	3,152,019	1.27
	ASPEED Technology, Inc.	5274-TW	2588.93	35,000	3,074,163	1.24
	Sino-American Silicon Products Inc.	5483-TW	146.71	417,000	2,075,540	0.84
	Jentech Precision Industrial Co., Ltd	3653-TW	372.26	127,000	1,603,938	0.65
	Win Semiconductors Corp.	3105-TW	191.85	200,000	1,301,760	0.52
	Delta Electronics, Inc.	2308-TW	246.05	155,000	1,293,876	0.52
	Xintec Inc.	3374-TW	134.90	153,000	700,215	0.28
	Visual Photonics Epitaxy Co., Ltd.	2455-TW	84.59	90,000	258,273	0.10
Financials					8.18	
	Cathay Financial Holdings Co., Ltd.	2882-TW	61.97	3,118,000	6,555,788	2.64
	Fubon Financial Holding Co., Ltd.	2881-TW	74.01	2,304,694	5,786,893	2.33
	CTBC Financial Holding Company Ltd.	2891-TW	28.99	4,765,000	4,686,944	1.89
	Chailease Holding Co. Ltd.	5871-TW	234.24	404,000	3,210,508	1.29
Health Care					2.64	
	Pegavision Corp.	6491-TW	402.09	480,000	6,547,981	2.64
Industrials					2.23	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	898.20	181,000	5,515,585	2.22
Consumer Discretionary					1.75	
	Eclat Textile Co., Ltd.	1476-TW	483.65	171,000	2,805,856	1.13
	Feng Tay Enterprise Co., Ltd.	9910-TW	189.77	203,000	1,306,934	0.53
	Global PMX Co., Ltd.	4551-TW	123.36	52,000	217,631	0.09
Materials					1.04	
	Taiwan Cement Corp.	1101-TW	45.76	1,653,000	2,566,073	1.03

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