

The Taiwan Fund, Inc.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of October 2020 up 0.25% in Taiwan Dollar terms, with the technology sector up 0.31%, non-technology up 0.95%, financial sector down 1.72% and over-the-counter ("OTC") stocks down 0.07%. The top three outperforming sectors were solar/alternative energy, wire & cable, and paper. The bottom three underperforming sectors were optical lens, motherboards, and biotech.

Fund Review

The Taiwan Fund, Inc. (the "Fund") underperformed the Taiwan TAIEX Total Return Index (the "benchmark"), as both sector allocation and stock selection were negative contributors. On the sector level, the Fund's overweight positions in the technology hardware & equipment, retailing and auto component sectors and underweight positions in the materials, capital goods and transportation sectors all hurt. Stock selection in technology hardware & equipment, semiconductors, household & personal products and materials hurt the most. On the stock level, the best active contributors were Poya International Co., Ltd., Fulgent Sun International Holding Co., Ltd., and Wiyynn Corp.; the worst active detractors were Speed Tech Corp., Ong Hsing Electronic Industries Ltd., and Unimicron Technology Corp ("Unimicron").

Key Transactions

There were relatively few significant transactions over the month, however one of our core holdings suffered a setback which we will discuss in detail. Over the last week of October, Unimicron's share price lost 26% due to a fire at its Taoyuan plant. This plant mostly produced bluetooth substrate smartphone application processor chips, a secondary focus for the firm. Management indicated that the Taoyuan plant would ordinarily contribute about 6% to the company's total monthly revenue. Clearly, this event will have negative impact in 4Q20.

On the other hand, we do think the negative news has now been fully factored into the share price. Our investment view on Unimicron is anchored in our assessment of the ABF substrate business. 30% of Unimicron's revenue is derived from Ajinomoto Build-up Film ("ABF") substrate products. Tightness in the ABF substrate space is likely to become more severe, given the industry trend towards higher quality central processing unit ("CPU") and graphics processing unit ("GPU") computing. These require larger die sizes which use more ABF substrate. The ABF substrate theme accounts for around 5.8% of net asset value, including Unimicron, Nan Ya Printed Circuit Board Corp. and Kinsus Interconnect Technology Corp.

Outlook

Finally, the US presidential election seems to have come to an end and the uncertainty has all but been resolved, which is a positive development for global markets. However, it's still too early to define exactly which sectors will most benefit from new policy but at least the market can finally refocus on the fundamentals.

According to our industry checks, sales momentum will be sustained into the first quarter of 2021 due to the pre-holiday ramp up in demand before Christmas and the following Lunar New Year.

2020 has seen some large swings in earnings and 3Q20 quarter-over-quarter earnings are forecast to rise roughly 33%, which is the highest growth rate of the year. We expect that fourth quarter 2020 quarter-over-quarter earnings will likely be down 10% on seasonality. The large moves in earnings this year will cause a strong basing effect for quarterly performance into 2021. Our earnings forecast is around 17% year-over-year growth for 2021. Due in part to the extremely low base in the first quarter of 2020, the first quarter in 2021 could be a hard act to follow.

In Brief

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)	\$211.4
Median Market Cap (in billions)	\$1.3
Distribution Frequency	Annual
Management Firm	Allianz Global Investors U.S. LLC
Portfolio Management	Corrina Xiao Lead Portfolio Manager
Performance (US\$ Returns) (as of 10/31/2020) ¹	
	Fund Benchmark²
One Month	-0.25% 1.51%
Three Month	-4.29% 2.28%
One Year	28.31% 21.73%
Three Year	13.16% 11.30%
Net Asset Value / Market Price	
NAV / Market Price (as of 10/31/2020)	\$28.32 / \$23.40
High / Low Ranges (52-Week)	
High / Low NAV	\$30.37 / \$16.96
High / Low Market Price	\$25.00 / \$13.80
Premium/Discount to NAV (as of 10/31/2020)	-17.37%
Fund Data (Common Shares)	
Shares Outstanding	7,466,650
Average Daily Volume	10,010
Expense Ratio	1.70%

Fund Manager



Corrina Xiao
Lead Portfolio Manager

1. Allianz Global Investors U.S. LLC became the Investment Manager of the Fund on June 1, 2019

2. Taiwan TAIEX Total Return Index.

As the last lingering uncertainties hopefully fade away over the remainder of 2020, we expect to be able to put more of the Fund's money to work in 2021.

Average Annual Returns¹

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Inception
NAV	-0.25%	-4.29%	17.51%	28.31%	13.16%	15.12%	8.67%	9.23%
Market Price	1.61%	-0.47%	13.70%	24.49%	10.60%	13.59%	7.51%	7.54%
Taiwan TAIEX Total Return Index	1.51%	2.28%	13.28%	21.73%	11.30%	15.18%	8.92%	—
MSCI Taiwan Total Return Index	1.30%	1.53%	15.98%	26.49%	12.11%	15.86%	9.23%	—
Taiwan TAIEX Price Index	1.50%	1.46%	9.60%	17.55%	7.02%	10.73%	4.95%	—

Calendar Year Returns¹

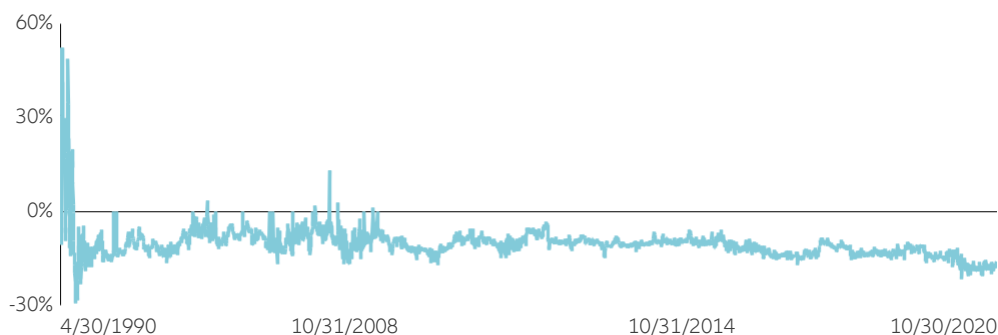
	2012	2013	2014	2015	2016	2017	2018	2019
NAV	12.23%	19.34%	-2.25%	-6.43%	11.17%	28.44%	-14.96%	47.11%
Market Price	12.77%	18.24%	-1.28%	-10.52%	10.05%	33.61%	-19.11%	46.75%
Taiwan TAIEX Total Return Index	17.76%	12.19%	5.05%	-10.40%	17.81%	29.45%	-7.86%	32.19%
MSCI Taiwan Total Return Index	16.68%	9.06%	9.36%	-11.72%	18.54%	27.53%	-8.94%	36.37%
Taiwan TAIEX Price Index	13.52%	8.98%	1.93%	-13.81%	13.11%	24.56%	-11.51%	26.46%

Past performance is not a guide to future returns.

Returns are expressed in US dollars and are annualized, except for periods of less than one year.

Source: IDS GmbH-Analysis and Reporting Services, a subsidiary of Allianz SE. Inception date is August 29, 1984. 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. Market price performance does not include the deduction of expenses and would be lower had expenses been deducted. NAV and market price returns do not reflect broker sales charges or commissions, which would reduce returns. It is not possible to invest directly in an index.

Premium/Discount



Sector Breakdown

	Fund	Benchmark ²
Information Technology	84.16%	57.69%
Consumer Discretionary	7.43%	6.37%
Materials	1.47%	8.34%
Communication Services	0.82%	3.77%
Health Care	0.54%	0.49%
Industrials	0.09%	5.16%
Financials	0.00%	12.04%
Consumer Staples	0.00%	2.61%
Energy	0.00%	1.99%
Real Estate	0.00%	1.39%
Utilities	0.00%	0.15%

Source: IDS GmbH - Analysis and Reporting Services, a subsidiary of Allianz SE.

Top 10 Holdings

TAIWAN SEMIC CO LTD (Taiwan)	24.21%
SILERGY CORP (Taiwan)	4.19%
UNIMICRON TECHNOLOGY CORP (Taiwan)	3.15%
NOVATEK MICROELECTRONICS CORP (Taiwan)	3.07%
ACCTON TECHNOLOGY CORP (Taiwan)	3.05%
MEDIATEK INC (Taiwan)	2.52%
SPEED TECH CORP (Taiwan)	2.42%
FLEXIUM INTERCONNECT INC (Taiwan)	2.37%
ITEQ CORP (Taiwan)	2.28%
POYA INTERNATIONAL CO LTD (Taiwan)	2.24%

Portfolio Characteristics

	Fund	Benchmark ²
P/E Ratio	19.77	17.28
P/B Ratio	3.26	1.88
Issues in Portfolio	50	907
Foreign Holdings (%)	94.51	100.00
Cash (%)	5.49	0.00
Yield (%)	2.43	3.30

Risk Statistics (3 Year)

Beta	1.09
R ²	0.89
Standard Deviation of NAV	22.01
Standard Deviation of Market Price	21.36

1. Allianz Global Investors U.S. LLC became the Investment Manager of the Fund on June 1, 2019

2. Taiwan TAIEX Total Return Index.

Distribution History (10 Year)

Declaration Date	Ex-dividend Date	Record Date	Payable Date	Distribution/Share	Income	Long-term Capital Gain	Short-term Capital Gain
12/16/2010	12/28/2010	12/30/2010	1/6/2011	\$0.08148	\$0.08148	—	—
12/16/2011	12/28/2011	12/30/2011	1/9/2012	\$0.56052	—	\$0.56052	—
12/16/2014	12/26/2014	12/30/2014	1/9/2015	\$2.63320	—	\$2.63320	—
12/19/2017	12/28/2017	12/29/2017	1/9/2018	\$0.66000	\$0.66000	—	—
12/10/2018	12/20/2018	12/21/2018	1/4/2019	\$1.70780	—	\$1.70780	—
12/17/2019	12/27/2019	12/30/2019	1/10/2020	\$1.69910	\$1.46950	\$0.16450	\$0.06510

Distribution/Share includes Income, Long-term Capital gains and Short-term Capital gains.

The Taiwan Fund NAV Performance of \$10,000 since inception (with dividends reinvested at NAV price)



Past performance is not a guide to future returns.

Index Description

Taiwan TAIEX Total Return Index

The TAIEX (Taiwan Capitalization Weighted Stock Index) Total Return Index is a stock market index for companies traded on the Taiwan Stock Exchange (TWSE). The returns assume reinvestment of dividends (net of foreign withholding taxes).

MSCI Taiwan Total Return Index

The MSCI Taiwan Total Return Index is designed to measure the performance of the large and mid cap segments of the Taiwan market. The index covers approximately 85% of the free float-adjusted market capitalization in Taiwan.

Taiwan TAIEX Price Index

The TAIEX (Taiwan Capitalization Weighted Stock Index) Price Index is a stock market index for companies traded on the Taiwan Stock Exchange (TWSE). The returns, unlike Fund returns, do not reflect any fees or expenses.

It is not possible to invest directly in an index.

Portfolio in Full

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Market Value	
Information Technology					84.17	
	TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	2330	432.00	3,363,000	50,791,546	24.21
	SILERGY CORP	6415	1,760.00	143,000	8,798,923	4.19
	UNIMICRON TECHNOLOGY CORP	3037	68.20	2,771,000	6,606,961	3.15
	NOVATEK MICROELECTRONICS CORP	3034	267.00	689,000	6,431,486	3.07
	ACCTON TECHNOLOGY CORP	2345	207.50	883,000	6,405,597	3.05
	MEDIATEK INC	2454	678.00	223,000	5,285,857	2.52
	SPEED TECH CORP	5457	96.00	1,510,000	5,067,911	2.42
	FLEXIUM INTERCONNECT INC	6269	116.50	1,223,000	4,981,191	2.37
	ITEQ CORP	6213	120.00	1,142,000	4,791,022	2.28
	ZHEN DING TECHNOLOGY HOLDING LTD	4958	121.00	1,047,000	4,429,073	2.11
	SENSORTEK TECHNOLOGY CORP	6732	730.00	170,000	4,338,630	2.07
	EPISTAR CORP	2448	33.50	3,687,000	4,318,160	2.06
	MERRY ELECTRONICS CO LTD	2439	141.00	814,000	4,012,586	1.91
	ELITE MATERIAL CO LTD	2383	150.00	721,000	3,781,006	1.80
	ASIA VITAL COMPONENTS CO LTD	3017	67.30	1,605,000	3,776,339	1.80
	KINSUS INTERCONNECT TECHNOLOGY CORP	3189	69.10	1,475,000	3,563,288	1.70
	AURAS TECHNOLOGY CO LTD	3324	219.00	454,000	3,476,008	1.66
	ASMEDIA TECHNOLOGY INC	5269	1,435.00	68,000	3,411,471	1.63
	WIWYNN CORP	6669	727.00	133,000	3,380,391	1.61
	GRAND PLASTIC TECHNOLOGY CORP	3131	351.50	241,000	2,961,578	1.41
	REALTEK SEMICONDUCTOR CORP	2379	355.50	237,000	2,945,566	1.40
	TONG HSING ELECTRONIC INDUSTRIES LTD	6271	126.00	649,573	2,861,405	1.36
	FITTECH CO LTD	6706	139.00	549,000	2,667,890	1.27
	PRIMAX ELECTRONICS LTD	4915	44.40	1,482,000	2,300,446	1.10
	TAIFLEX SCIENTIFIC CO LTD	8039	50.10	1,313,000	2,299,764	1.10
	NAN YA PRINTED CIRCUIT BOARD CORP	8046	115.50	564,000	2,277,414	1.09
	VANGUARD INTERNATIONAL SEMICONDUCTOR CORP	5347	93.20	666,000	2,170,056	1.03
	EMEMORY TECHNOLOGY INC	3529	570.00	108,000	2,152,184	1.03
	TXC CORP	3042	77.00	775,000	2,086,283	0.99
	UNITED MICROELECTRONICS CORP	2303	30.70	1,903,000	2,042,481	0.97
	JENTECH PRECISION INDUSTRIAL CO LTD	3653	298.00	195,000	2,031,570	0.97
	TPK HOLDING CO LTD	3673	50.40	1,103,000	1,943,510	0.93
	PARADE TECHNOLOGIES LTD	4966	1,090.00	42,000	1,600,503	0.76
	GOLD CIRCUIT ELECTRONICS LTD	2368	43.95	990,000	1,521,160	0.73
	LOTES CO LTD	3533	436.50	98,000	1,495,516	0.71
	ALCHIP TECHNOLOGIES LTD	3661	484.50	80,000	1,355,079	0.65
	NANYA TECHNOLOGY CORP	2408	57.80	639,000	1,291,248	0.62
	ASPEED TECHNOLOGY INC	5274	1,380.00	19,000	916,671	0.44
Consumer Discretionary					7.44	
	POYA INTERNATIONAL CO LTD	5904	616.00	218,000	4,694,810	2.24
	FULGENT SUN INTERNATIONAL HOLDING CO LTD	9802	119.50	752,877	3,145,377	1.50
	MAKALOT INDUSTRIAL CO LTD	1477	189.50	446,000	2,954,778	1.41
	GLOBAL PMX CO LTD	4551	169.00	360,000	2,127,012	1.01
	YULON MOTOR CO LTD	2201	35.60	1,307,653	1,627,509	0.78
	GIANT MANUFACTURING	9921	281.00	75,000	736,798	0.35
	CUB ELECPARTS INC	2231	158.50	29,000	160,697	0.08
	KMC KUEI MENG INTERNATIONAL	5306	207.50	19,000	137,833	0.07
Materials					1.47	
	ASIA CEMENT CORP	1102	41.15	2,148,000	3,090,188	1.47
Communication Services					0.82	
	CHIEF TELECOM INC	6561	365.00	135,000	1,722,691	0.82
Health Care					0.54	
	TAIDOC TECHNOLOGY CORP	4736	231.50	139,000	1,124,985	0.54

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Market Value
Industrials					0.09
BIZLINK HOLDING INC	3665	219.50	24,000	184,173	0.09

Source: State Street Bank and Trust Company, IDS GmbH - Analysis and Reporting Services, a subsidiary of Allianz SE.

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

Important Information:

The Fund Seeks long-term capital appreciation primarily through investments in equity securities listed in Taiwan. An investment in the Fund involves risk, including loss of principal. Investing in non-U.S. securities entails additional risks, including political and economic risk and the risk of currency fluctuations, as well as lower liquidity. These risks, which can result in greater price volatility, will generally be enhanced in less diversified funds that concentrate investments in a particular geographic region or sector.

The information contained herein has been obtained from sources believed to be reliable but Allianz Global Investors U.S. LLC and its affiliates do not warrant the information to be accurate, complete or reliable. The opinions expressed herein 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. 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 advisor 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. The market price of holdings is subject to change daily.

P/E is a ratio of security price to earnings per share. Typically, an undervalued security is characterized by a low P/E ratio, while an overvalued security is characterized by a high P/E ratio. P/B is a ratio of the current stock price to the book value. This is used to identify undervalued stocks. Yield% displayed is the "indicative dividend yield". This is calculated by taking the last paid dividend and multiplying it by the dividend frequency divided by the current price as of the date shown. Beta measures the market related volatility of a portfolio, where the overall market is represented by the Taiwan TAIEX Total Return Index. The beta of the market is 1 by definition. A beta greater than 1 indicates that a portfolio's market risk is greater than the overall market's, while a beta less than 1 indicates a lower market risk. It is important to note that having a low market risk does not necessarily imply low volatility. A portfolio may have a low beta while experiencing volatility due to factors independent of the market. R-Squared measures the percentage of a portfolio's movements that are explained by movements in the overall market, represented by the Taiwan TAIEX Total Return Index. Standard deviation is an absolute measure of volatility measuring dispersion about an average which, for an index, depicts how widely the returns varied over a certain period of time. The greater the degree of dispersion, the greater the risk.

©2020 Allianz Global Investors Distributors LLC, 1633 Broadway, New York, NY

FS-TWN-1020 | 1393218

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED