

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of January 2022 down 3.49% in US Dollar terms, with the technology sector down 2.97%, non-technology down 6.77%, the financial sector up 1.61% and over-the-counter ("OTC") stocks down 9.86%. The top three outperforming sectors were integrated circuit thoroughfare business, banking and financial holding. The bottom three underperforming sectors were smartphone manufacturing, shipping and optical lens.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") underperformed the Taiwan TAIEX Total Return Index (the "benchmark"). Although stock selection was negative, sector allocation was positive. On the sector level, the Fund's overweight positions in semiconductors & semiconductor equipment, as well as underweight positions in transportation, technology hardware & equipment and retailing helped performance. In contrast, the Fund's overweight positions in insurance and health care equipment & services hurt performance, as did underweight positions in banks, telecommunication services and energy. On the stock level, the best active contributors, versus the benchmark, were MediaTek Inc., Evergreen Marine Corp. Taiwan Ltd. and Momo Com Inc. We did not own these names. The worst active detractors were Silergy Corp., eMemory Technology, Inc. and Unimicron Technology Corp. Our underperformance resulted from their relative overweight position.

Key Transactions

Performance was impacted by our tilt towards technology over non-technology sectors in January. The growth style in technology suffered from increasingly hawkish market expectations for United States Federal Reserve ("Fed") policy in 2022. Naturally, stocks with higher valuations pulled back substantially, including Silergy Corp., eMemory Technology, Inc., Alchip Technologies Ltd. and Faraday Technology Corp. We trimmed several of these positions in January to ensure that we have flexibility to allocate more capital to these core names in the near future, if they fall much further.

Another area that impacted performance was our overweight to silicon wafer stocks which were hurt by the break of the Globalwafers Co., Ltd/Siltronic deal and fears of future overcapacity. In this case, we continue to hold our positions and will look to buy more in this high-conviction space if prices continue to slide.

Elsewhere, we took some risk off the table by reducing our positions in Unimicron Technology Corp., Kinsus Interconnect Technology Corp. and Pan Jit International, Inc. Some of these investments have become a little crowded by local institutional investors and this has added to volatility and potential liquidity risks.

We also exited the marine shipping industry due to expectations that freight rates will decline after the Lunar New Year. We took small losses in Evergreen Marine Corp. Taiwan Ltd. and Wan Hai Lines Ltd., our two holdings in the space.

Over the month, we built up our holding in Cathay Financial Holding Co., Ltd. to give us more exposure to the financials sector. This takes our exposure to financials from 3.6% at the end of December to 6.2% as at the end of January.

At the end of the month, as the market sell-off accelerated, we added a few technology names. Two new small positions were initiated in Jentech Precision Industrial Co, Ltd. and Nuvoton Technology Corp. We also added slightly to our holdings in Nan Ya Printed Circuit Board Corp., Gigabyte Technology Co., Ltd. and Faraday Technology Corp. on price weakness.

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)	\$298.9
Median Market Cap (in billions)	\$2.9
Distribution Frequency	Annual
Management Firm	Allianz Global Investors US LLC

Fund Manager



Corrina Xiao
Lead Portfolio Manager

Performance (US\$ Returns as of 1/31/2022)

	Fund	Benchmark ¹
One Month	-8.61%	-3.49%
Three Month	-1.57%	4.17%
One Year	39.77%	20.78%
Three Year (Annualized)	41.69%	29.77%

Net Asset Value/Market Price (as of 1/31/2022)

NAV/Market Price	\$40.01 / \$33.94
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High/Low Ranges (52-Week)

High/Low NAV	\$46.45 / \$31.06
High/Low Market Price	\$39.60 / \$26.94
Premium/Discount to NAV (as of 1/31/202)	-15.17

Fund Data (Common Shares)

Shares Outstanding	7,470,494
Average Daily Volume	15,065
Expense Ratio ²	1.44%

¹Taiwan TAIEX Total Return Index.

²One year ended August 31, 2021.

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Outlook and Strategy

As discussed in last month's Outlook, the market did indeed experience an unpleasant start to 2022. We can find no other cause for the volatility except for fears over Fed policy. As there are no changes to our fundamental investment theses for key investments, such as those we hold in application-specific integrated circuit ("ASIC"), silicon wafer and the foundry industries, we have not taken as much risk off the table as might have been expected.

While we do not try to anticipate short-term policy changes, such as those likely to be taken by the Fed, we do take steps to try to protect the Fund from volatility. Our strategy here is to rebalance within technology away from growth names and into more value names. It will be helpful to clarify what is meant by a "value technology stock," which might seem like a contradiction in terms. In Taiwan, the market is heavily dominated by technology stocks and, within the space, the rule of thumb is that companies with dividend yields of at least 4% qualify as value stocks. We plan to diversify our technology positions more widely over the course of the coming weeks and months by expanding our holdings in such value technology names. We will maintain our holdings in growth technology stocks, based on our fundamental research into industrial trends and, of course, our stock-picking system.

We anticipate that the diversification and rebalancing of the technology holdings in the portfolio will provide some protection and flexibility to respond to any further market dislocations.

Apart from the changes to the technology holdings in the portfolio, we have also been building up our exposure in financials, which we believe will also offer some downside mitigation in case of a panic in growth stocks later in 2022.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	-8.61	-1.57	-8.61	39.77	41.69	25.40	15.08	10.56
Market Price	-9.66	2.72	-9.66	36.58	39.70	25.05	14.49	8.99
Taiwan TAIEX Total Return Index	-3.49	4.17	-3.49	20.78	29.77	20.46	13.62	—
MSCI Taiwan Index (net)	-1.97	5.62	-1.97	16.08	32.71	21.34	13.94	—
Taiwan TAIEX Price Index	-3.50	4.02	-3.50	17.54	25.26	16.09	9.60	—

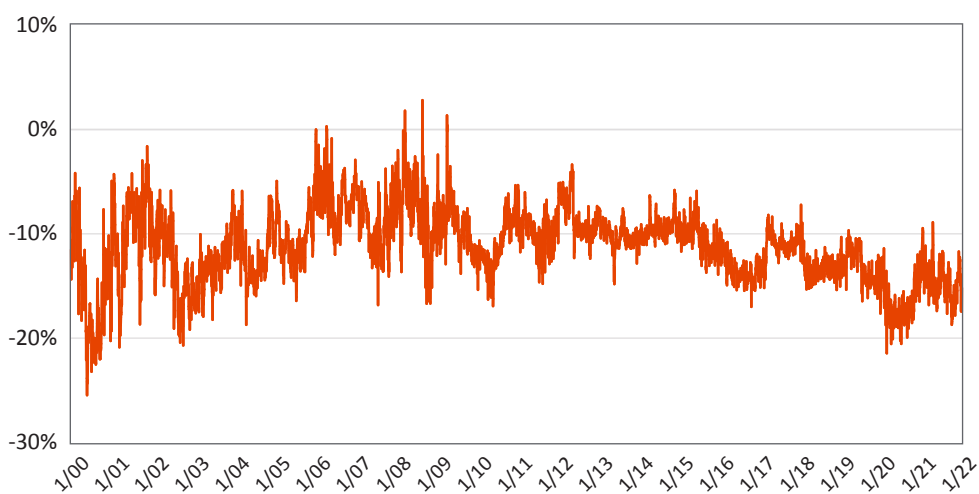
Calendar Year Returns (%)

	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: 1.44%. For the one year ended August 31, 2021.

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



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	79.69	58.54
Financials	6.23	12.51
Health Care	2.29	0.38
Industrials	1.55	7.25
Consumer Discretionary	0.09	5.28
Materials	0.00	8.11
Communication Services	0.00	2.83
Real Estate	0.00	1.21
Utilities	0.00	0.14
Consumer Staples	0.00	2.06
Energy	0.00	1.70

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co., Ltd.	26.99
Alchip Technologies Ltd.	6.92
Formosa Sumco Technology Corporation	3.92
Unimicron Technology Corp.	3.69
Nanya Technology Corporation	3.28
Winbond Electronics Corp.	3.00
Cathay Financial Holdings Co., Ltd.	2.91
Silergy Corp.	2.79
Asmedia Technology Inc.	2.76
Faraday Technology Corp.	2.56

Holdings and sector weightings are subject to change. As of 1/31/2022.

THE TAIWAN FUND, INC.

Portfolio Characteristics

	Fund	Benchmark
Forward P/E Ratio	18.40	16.91
P/B Ratio	3.33	2.48
Number of Issues	30	935
Foreign Holdings (%)	89.84	100.00
Cash (%)	10.16	0.00
Dividend Yield (%)	1.57	1.87

As of 1/31/2022.

Risk Statistics (3 Year)

Beta	1.17
R ²	0.85
Standard Deviation of NAV	23.98
Standard Deviation of Market Price	23.16

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 January 31, 2022

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
Information Technology					79.69	
	Taiwan Semiconductor Manufacturing Co., Ltd.	2330-TW	636.00	3,529,000	80,694,758	26.99
	Alchip Technologies Ltd.	3661-TW	935.00	615,000	20,673,941	6.92
	Formosa Sumco Technology Corporation	3532-TW	282.00	1,155,000	11,710,290	3.92
	Unimicron Technology Corp.	3037-TW	200.00	1,536,000	11,044,798	3.69
	Nanya Technology Corporation	2408-TW	72.00	3,788,000	9,805,709	3.28
	Winbond Electronics Corp.	2344-TW	29.95	8,325,000	8,964,326	3.00
	Silergy Corp.	6415-TW	3630.00	64,000	8,352,628	2.79
	Asmedia Technology Inc.	5269-TW	1550.00	148,000	8,247,645	2.76
	Faraday Technology Corp.	3035-TW	199.50	1,066,000	7,646,042	2.56
	eMemory Technology, Inc.	3529-TW	1570.00	125,000	7,055,799	2.36
	GlobalWafers Co., Ltd.	6488-TW	771.00	249,000	6,902,243	2.31
	Pan Jit International Inc.	2481-TW	90.50	1,852,000	6,025,958	2.02
	SDI Corporation	2351-TW	150.50	1,094,000	5,919,573	1.98
	Nan Ya Printed Circuit Board Corporation	8046-TW	472.00	348,000	5,905,515	1.98
	Gigabyte Technology Co., Ltd.	2376-TW	137.50	1,121,000	5,541,724	1.85
	Yageo Corporation	2327-TW	459.00	322,000	5,313,799	1.78
	Novatek Microelectronics Corp.	3034-TW	471.00	303,000	5,130,977	1.72
	Kinsus Interconnect Technology Corp.	3189-TW	201.50	611,000	4,426,422	1.48
	Visual Photonics Epitaxy Co., Ltd.	2455-TW	127.00	881,000	4,022,686	1.35
	Win Semiconductors Corp.	3105-TW	335.50	303,000	3,654,868	1.22
	LARGAN Precision Co., Ltd.	3008-TW	2030.00	45,000	3,284,317	1.10
	ASPEED Technology, Inc.	5274-TW	3030.00	30,000	3,268,138	1.09
	Nuvoton Technology Corporation	4919-TW	143.00	555,000	2,853,419	0.95
	Jentech Precision Industrial Co., Ltd	3653-TW	390.00	127,000	1,780,758	0.60
Financials					6.23	
	Cathay Financial Holdings Co., Ltd.	2882-TW	63.30	3,819,000	8,691,404	2.91
	Fubon Financial Holding Co., Ltd.	2881-TW	75.60	2,304,694	6,264,287	2.10
	Chailease Holding Co. Ltd.	5871-TW	251.50	404,000	3,653,052	1.22
Health Care					2.29	
	Pegavision Corp.	6491-TW	396.00	480,000	6,833,969	2.29
Industrials					1.55	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	1480.00	87,000	4,629,323	1.55
Consumer Discretionary					0.09	
	Global PMX Co., Ltd.	4551-TW	156.00	49,000	274,826	0.09

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