

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of March 2022 down 1.73% in US dollar terms, with the technology sector down 2.89%, non-technology down 1.76%, the financial sector up 4.88% and over-the-counter stocks down 1.03%. The top three outperforming sectors were banking, glass & ceramic and chemicals. The bottom three underperforming sectors were integrated circuit dynamic random access memory manufacturing, motherboards and integrated circuit design.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") outperformed the Taiwan TAIEX Total Return Index (the "benchmark"). Although sector allocation was negative, stock selection was positive. On the sector level, the Fund's overweight positions in health care equipment & services and insurance, as well as underweight positions in transportation, consumer durables & apparel and energy helped performance. In contrast, the Fund's overweight positions in semiconductors & semiconductor equipment hurt performance, as did underweight positions in banks, materials and telecommunication services. On the stock level, the best active contributors were MediaTek Inc., Faraday Technology Corp. and Formosa Sumco Technology Corp.; the worst active detractors were UPI Semiconductor Corp., Kinsus Interconnect Technology Corp. and Nanya Technology Corp.

Key Transactions

Although we have concerns over the Ukraine crisis, we believe that there are other geopolitical risks that will have a more significant impact on our portfolio. The recent rise in COVID cases and the sharply tightened lockdown measures in Shanghai and other parts of China will probably take a toll on the economy and undermine market confidence. While the current lockdown in China has yet to have a direct impact on manufacturing capacity, we are concerned that the rising logistical headwinds might lead to a fall in earnings ahead, alongside a potential demand slowdown and rising inflation.

During this uncertainty, we are looking to add companies with growth potential that will be sustainable into at least 2023. On top of this, we would like to find companies with lower downside risks. For example, we added slightly to our holdings in Hon Hai Precision Industry Co., Ltd., Asia Vital Components Co., Ltd. and ASMedia Technology, Inc. due to price weakness.

Regarding the Ajinomoto Build-up Film industry, due to economic uncertainty, we have decided to consolidate our resources in the top two players in the market, Unimicron Technology Corp. and Nan Ya Printed Circuit Board Corporation. We believe that Kinsus Interconnect Technology Corp. will face stiff competition from new entrants to the market in 2024, so to preempt a possible loss in market share to these new competitors, we have liquidated our position and reallocated to Unimicron Technology Corp. and Nan Ya Printed Circuit Board Corporation as they produce more high-tech products and are unlikely to face the same level of competition. Finally, we chose to exit the following stocks with earnings downward revisions: Gigabyte Technology Co., Ltd., Yageo Corp., Largan Precision Co., Ltd. and Nanya Technology Corp.

Outlook and Strategy

High inflation worldwide led to an initial rate increase in March by the United States Federal Reserve ("Fed"). However, inflationary pressure remains high, partly due to increasing oil prices as a result of the Ukraine crisis, but also as a result of continued supply chain issues. We are uncertain of how the Fed will act to combat this. Furthermore, Chinese authorities' extending a lockdown of Shanghai to fight COVID might lead to both a decrease in demand and production issues.

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)	\$297.1
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 3/31/2022)

	Fund	Benchmark ¹
One Month	-1.46%	-1.73%
Three Month	-9.16%	-6.02%
One Year	31.57%	10.26%
Three Year (Annualized)	37.60%	25.84%

Net Asset Value/Market Price (as of 3/31/2022)

NAV/Market Price	\$39.77 / \$32.90
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High/Low Ranges (52-Week)

High/Low NAV	\$46.45 / \$31.35
High/Low Market Price	\$39.60 / \$27.88
Premium/Discount to NAV (as of 3/31/2022)	-17.27

Fund Data (Common Shares)

Shares Outstanding	7,470,494
Average Daily Volume	7,387
Expense Ratio ²	1.44%

¹Taiwan TAIEX Total Return Index.

²One year ended August 31, 2021.

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Outlook and Strategy (continued)

From an industry perspective, more brokers expect semiconductor stocks to peak in the first half of 2022. Despite strong performance in the first quarter, forecasts for the second quarter are largely negative. As a result, earnings beats are no longer helping share prices reach new highs. Consequently, almost all brokers hold a cautious view on the sector and market.

Now that we see both supply and demand risks rising, we expect more volatility in the market ahead. In anticipation of stock prices bottoming out in the near future, we have trimmed and exited several positions to ensure that we have the flexibility to allocate more capital to our high-conviction stocks if prices continue to slide.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	-1.46	-9.16	-9.16	31.57	37.60	23.94	14.53	10.49
Market Price	-2.75	-12.43	-12.43	25.83	34.01	22.09	13.12	8.85
Taiwan TAIEX Total Return Index	-1.73	-6.02	-6.02	10.26	25.84	18.15	12.68	—
MSCI Taiwan Index (net)	-2.21	-6.58	-6.58	6.25	27.63	18.68	12.84	—
Taiwan TAIEX Price Index	-1.92	-6.22	-6.22	7.24	21.39	13.81	8.67	—

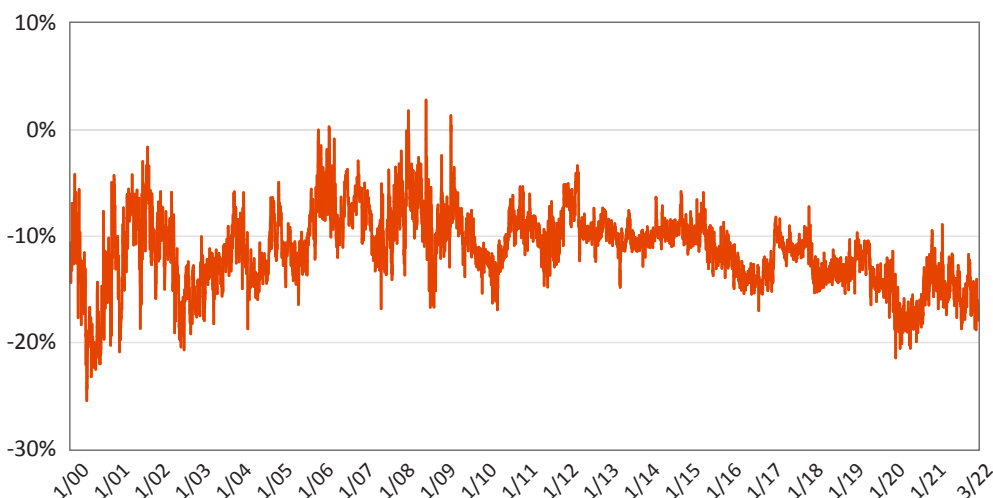
Calendar Year Returns (%)

	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 - 3/31/22)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	73.16	56.44
Financials	6.64	13.32
Health Care	2.85	0.42
Industrials	2.63	7.98
Materials	0.97	8.66
Consumer Discretionary	0.15	5.05
Communication Services	0.00	3.02
Real Estate	0.00	1.30
Utilities	0.00	0.14
Consumer Staples	0.00	2.02
Energy	0.00	1.65

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co., Ltd.	24.75
Alchip Technologies Ltd.	6.24
Unimicron Technology Corp.	4.98
Faraday Technology Corp.	4.83
Nan Ya Printed Circuit Board Corporation	4.15
Asmedia Technology Inc.	3.43
Cathay Financial Holdings Co., Ltd.	3.36
Pegavisision Corp.	2.85
eMemory Technology, Inc.	2.72
Advanced Energy Solution Holding Co., Ltd.	2.63

Holdings and sector weightings are subject to change. As of 3/31/2022.

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Portfolio Characteristics

	Fund	Benchmark
Forward P/E Ratio	19.00	16.62
P/B Ratio	3.45	2.24
Number of Issues	31	942
Foreign Holdings (%)	86.39	100.00
Cash (%)	13.61	0.00
Dividend Yield (%)	1.61	2.14

As of 3/31/2022.

Risk Statistics (3 Year)

Beta	1.16
R ²	0.85
Standard Deviation of NAV	24.07
Standard Deviation of Market Price	23.37

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 March 31, 2022

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
Information Technology					73.16	
	Taiwan Semiconductor Manufacturing Co., Ltd.	2330-TW	597.00	3,529,000	73,532,381	24.75
	Alchip Technologies Ltd.	3661-TW	1100.00	483,000	18,543,532	6.24
	Unimicron Technology Corp.	3037-TW	249.00	1,702,000	14,791,477	4.98
	Faraday Technology Corp.	3035-TW	305.50	1,345,000	14,341,221	4.83
	Nan Ya Printed Circuit Board Corporation	8046-TW	524.00	674,000	12,326,615	4.15
	Asmedia Technology Inc.	5269-TW	1945.00	150,000	10,182,713	3.43
	eMemory Technology, Inc.	3529-TW	1850.00	125,000	8,071,131	2.72
	Silergy Corp.	6415-TW	3430.00	64,000	7,661,728	2.58
	Asia Vital Components Co., Ltd.	3017-TW	116.50	1,654,000	6,725,337	2.26
	SDI Corporation	2351-TW	164.00	1,094,000	6,262,011	2.11
	Hon Hai Precision Industry Co., Ltd.	2317-TW	106.00	1,578,000	5,838,019	1.96
	Formosa Sumco Technology Corporation	3532-TW	289.50	514,000	5,193,550	1.75
	Winbond Electronics Corp.	2344-TW	31.20	4,400,000	4,791,372	1.61
	E Ink Holdings Inc.	8069-TW	185.00	694,000	4,481,092	1.51
	ASPEED Technology, Inc.	5274-TW	3260.00	33,000	3,754,777	1.26
	Pan Jit International Inc.	2481-TW	102.00	1,009,000	3,592,063	1.21
	Visual Photonics Epitaxy Co., Ltd.	2455-TW	113.50	881,000	3,489,992	1.17
	MediaTek Inc	2454-TW	905.00	90,000	2,842,783	0.96
	Win Semiconductors Corp.	3105-TW	266.00	303,000	2,813,046	0.95
	Sino-American Silicon Products Inc.	5483-TW	177.00	417,000	2,576,095	0.87
	LARGAN Precision Co., Ltd.	3008-TW	1885.00	35,000	2,302,672	0.77
	Jentech Precision Industrial Co., Ltd	3653-TW	410.00	127,000	1,817,357	0.61
	Delta Electronics, Inc.	2308-TW	268.50	155,000	1,452,542	0.49
Financials					6.64	
	Cathay Financial Holdings Co., Ltd.	2882-TW	64.50	4,439,000	9,993,037	3.36
	Fubon Financial Holding Co., Ltd.	2881-TW	76.50	2,304,694	6,153,573	2.07
	Chailease Holding Co. Ltd.	5871-TW	253.50	404,000	3,574,473	1.20
Health Care					2.85	
	Pegavision Corp.	6491-TW	506.00	480,000	8,477,043	2.85
Industrials					2.63	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	1270.00	176,000	7,801,337	2.63
Materials					0.97	
	Taiwan Cement Corp.	1101-TW	49.90	1,653,000	2,878,896	0.97
Consumer Discretionary					0.15	
	Global PMX Co., Ltd.	4551-TW	149.50	52,000	271,330	0.09
	Feng Tay Enterprise Co., Ltd.	9910-TW	191.50	26,000	173,778	0.06

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