

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

The TWSE index fell 4.31% in December 2022, in US dollar terms. The top three outperforming industry groups were Household & Personal Products, Health Care Equipment & Services, and Consumer Services. The bottom three performing industry groups were Semiconductors & Semiconductor Equipment, Insurance, Automobiles and Auto Components. The Taiwan TPEX Exchange Index, ("TWOTCI", the over-the-counter index) declined 3.14% in December 2022.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") underperformed the Taiwan TAIEX Total Return Index (the "benchmark") in December 2022. The Fund's NAV fell 7.28% as it suffered primarily from its holdings in the Semiconductor & Semiconductor Equipment industry. On an industry group level, the overweight positions in Semiconductors & Semiconductor Equipment and in Technology Hardware, Storage and Peripherals and the underweight positions in Capital Goods hurt performance. On the other hand, the Fund's overweight position in Household Durables and Textiles, Apparel & Luxury Goods, and Cash, as well as stock selection in Diversified Financials added to performance. At the stock selection level, the best performers were Eclat Textile Company Ltd., Chailease Holding Co. Ltd., and Feng TAY Enterprise Co. Ltd. The poorest performers were Taiwan Semiconductor Manufacturing Co. Ltd., Advanced Energy Solution Holding Co. Ltd., and ASPEED Technology Inc.

Key Transactions

The total securities holdings of the Fund stood at 87.71% at December month-end, relatively unchanged from the level at the end of November, 2022 (88.11%). The major changes in the Fund's portfolio were additions to the Consumer Durables & Apparel and Food & Staples Retailing sectors which have experienced decreasing inventory levels and stable earnings growth. The Fund cut positions in the Semiconductor & Semiconductor Equipment sector as well as the Technology Hardware & Equipment sector which have experienced to weak demand.

We added positions to our Consumer Durables & Apparel exposure, via Eclat Textile Co. Ltd., as its inventory levels have improved. We also increased holdings in Food & Staple Retailing, via President Chain Store Corp., in the expectation of a consumption recovery. In contrast, we reduced holdings in the Technology Hardware & Equipment sectors, primarily because of weaker than expected demand. We continued to reduce our position in Wiwynn Corp., as one of its major clients announced a conservative business outlook. Additionally, we reduced our position in Unimicron Technology Corp., due to lowered utilization rate in its ABF substrate division. We have, however, added positions in Compeq Manufacturing Co. Ltd. and Largan Precision Co. Ltd., on the expectations of smartphone spec upgrades to speed up in 2023.

Outlook and Strategy

With ongoing macro headwinds such as inflation and the technology down cycle expected to last through the 1st half of 2023, we foresee a challenging 2023 ahead. Inflationary pressures are likely to start easing in the first half of 2023. Nevertheless, it may not warrant rate cuts during the year. A weakening of demand is likely to persist and should set up a potentially rough earnings period for the first half of 2023. On the

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)	\$208.4
Median Market Cap (in billions)	\$2.8
Distribution Frequency	Annual
Management Firm	Nomura Asset Management U.S.A. Inc.

Fund Manager



Sky Chen
Lead Portfolio Manager

Performance (US\$ Returns as of 12/31/2022)

	Fund	Benchmark ¹
One Month	-7.28%	-4.31%
Three Month	7.35%	8.97%
One Year	-36.27%	-26.80%
Three Year (Annualized)	11.95%	8.61%

Net Asset Value/Market Price (as of 12/31/2022)

NAV/Market Price	\$27.90 / \$23.09
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High/Low Ranges (52-Week)

High/Low NAV	\$45.98 / \$23.07
High/Low Market Price	\$39.60 / \$18.70
Premium/Discount to NAV (as of 12/31/2022)	-17.24

Fund Data (Common Shares)

Shares Outstanding	7,470,494
Average Daily Volume	16,407
Expense Ratio ²	1.02%

¹Taiwan TAIEX Total Return Index.

²12 months ended August 31, 2022, before waiver fee. The expense ratio after the fee waiver is 0.96%.

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Nomura Asset Management U.S.A. Inc.

Manager's Commentary (Outlook and Strategy continued)

inventory side, although adjustments have yet to reach their end, there have been signs that the correction cycle is coming to an end for those industries with an early start of inventory reduction.

We forecast a modest downturn due to moderate capacity growth and a potentially manageable macro recession due to better corporate/consumer balance sheets. Therefore, a fundamental dip in the 1st half of 2023 could provide potential buying opportunities. We will continue to focus on companies which have benefited from market share gains, secular growth trends and strong competitiveness as they are more likely to outperform in a weaker cycle. We will also focus on those companies in which earnings have stabilized and are trading at reasonable valuations. We will, however, stay alert on the macro environment and potential recession risks.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	-7.28	7.35	-36.27	-36.27	11.95	11.91	10.59	9.18
Market Price	-5.76	9.90	-38.54	-38.54	10.79	10.05	9.50	7.60
Taiwan TAIEX Total Return Index	-4.31	8.97	-26.80	-26.80	8.61	9.31	9.65	—
Taiwan TAIEX Price Index	-4.46	8.78	-30.15	-30.15	4.75	5.16	5.66	—
MSCI Taiwan Index (net)	-5.46	9.63	-29.76	-29.76	7.70	9.18	9.46	—

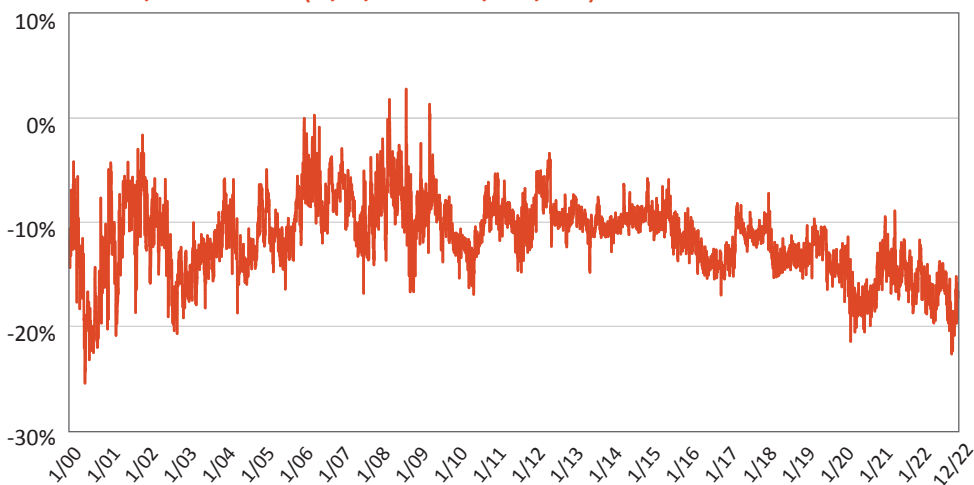
Calendar Year Returns (%)

	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
Taiwan TAIEX Price Index	1.93	-13.81	13.11	24.56	-11.51	26.46	31.01	25.59
MSCI Taiwan Index (net)	9.36	-11.72	18.54	27.53	-8.93	36.37	40.99	26.13

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: Nomura Asset Management U.S.A. Inc., 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: 1.02% for the 12 month period ended August 31, 2022, before waiver fee. The expense ratio after the fee waiver is 0.96%.

Premium/Discount (1/3/00 - 12/31/22)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	69.15	54.25
Consumer Discretionary	6.47	6.06
Communication Services	4.50	3.35
Industrials	3.48	7.73
Consumer Staples	1.86	2.47
Financials	1.56	13.5
Materials	0.69	8.55
Energy	0.00	1.75
Real Estate	0.00	1.44
Health Care	0.00	0.74
Utilities	0.00	0.17

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co. Ltd.	23.82
Delta Electronics, Inc.	4.23
eMemory Technology, Inc.	4.00
Nuvoton Technology Corp.	3.50
Advanced Energy Solution Holding Co. Ltd.	3.41
Global Unichip Corp.	3.22
Alchip Technologies Ltd.	2.64
Lotes Co. Ltd.	2.62
ASPEED Technology, Inc.	2.50
Asia Vital Components Co. Ltd.	2.46

Holdings and sector weightings are subject to change. As of 12/31/2022.

THE TAIWAN FUND, INC.

Portfolio Characteristics

	Fund
Number of Issues	43
Foreign Holdings (%)	87.71
Cash (%)	12.29
Dividend Yield (%)	1.71

As of 12/31/2022.

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.

THE TAIWAN FUND, INC.

All Portfolio Holdings

As of December 31, 2022

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund	
INFORMATION TECHNOLOGY					69.15	
	Taiwan Semiconductor Manufacturing Co. Ltd.	2330-TW	448.50	3,402,000	49,642,824	23.82
	Delta Electronics, Inc.	2308-TW	286.50	945,000	8,808,788	4.23
	eMemory Technology, Inc.	3529-TW	1,335.00	192,000	8,339,542	4.00
	Nuvoton Technology Corp.	4919-TW	115.00	1,950,000	7,296,123	3.50
	Global Unichip Corp.	3443-TW	641.00	322,000	6,715,427	3.22
	Alchip Technologies Ltd.	3661-TW	788.00	215,000	5,512,193	2.64
	Lotes Co. Ltd.	3533-TW	826.00	203,000	5,455,516	2.62
	ASPEED Technology, Inc.	5274-TW	1,685.00	95,000	5,208,147	2.50
	Asia Vital Components Co. Ltd.	3017-TW	112.00	1,406,000	5,123,457	2.46
	Gold Circuit Electronics Ltd.	2368-TW	86.80	1,772,100	5,004,580	2.40
	MediaTek, Inc.	2454-TW	625.00	202,000	4,107,628	1.97
	E Ink Holdings, Inc.	8069-TW	161.00	691,000	3,619,625	1.74
	Accton Technology Corp.	2345-TW	234.50	407,000	3,105,253	1.49
	Hon Hai Precision Industry Co. Ltd.	2317-TW	99.90	916,000	2,977,287	1.43
	Jentech Precision Industrial Co. Ltd.	3653-TW	376.50	240,000	2,939,923	1.41
	SDI Corp.	2351-TW	96.40	934,000	2,929,434	1.41
	Realtek Semiconductor Corp.	2379-TW	281.00	282,000	2,578,191	1.24
	Tong Hsing Electronic Industries Ltd.	6271-TW	191.00	350,100	2,175,631	1.04
	Compeq Manufacturing Co Ltd	2313-TW	44.50	1,376,000	1,992,224	0.96
	Genius Electronic Optical Co. Ltd.	3406-TW	335.50	181,000	1,975,745	0.95
	Wiwynn Corp.	6669-TW	797.00	76,000	1,970,750	0.95
	Gigabyte Technology Co. Ltd.	2376-TW	106.50	481,000	1,666,688	0.80
	Parade Technologies Ltd.	4966-TW	773.00	45,000	1,131,753	0.54
	Globalwafers Co. Ltd.	6488-TW	427.50	78,000	1,084,902	0.52
	Novatek Microelectronics Corp	3034-TW	315.50	101,000	1,036,765	0.50
	Largan Precision Co Ltd	3008-TW	2,040.00	15,000	995,591	0.48
	Unimicron Technology Corp.	3037-TW	120.00	185,000	722,292	0.35
CONSUMER DISCRETIONARY					6.47	
	Eclat Textile Co. Ltd.	1476-TW	495.50	287,000	4,626,848	2.22
	Fulgent Sun International Holding Co. Ltd.	9802-TW	152.00	505,000	2,497,438	1.20
	Feng TAY Enterprise Co. Ltd.	9910-TW	206.50	290,000	1,948,398	0.93
	Nien Made Enterprise Co. Ltd.	8464-TW	294.50	160,000	1,533,081	0.74
	Makalot Industrial Co. Ltd.	1477-TW	233.00	196,000	1,485,839	0.71
	Merida Industry Co. Ltd.	9914-TW	167.00	198,000	1,075,824	0.52
	Taiwan Paiho Ltd.	9938-TW	56.80	100,000	184,803	0.09
	Giant Manufacturing Co Ltd	9921-TW	200.50	20,000	130,468	0.06
COMMUNICATION SERVICES					4.50	
	Chunghwa Telecom Co. Ltd.	2412-TW	113.00	1,285,000	4,724,342	2.27
	Far EasTone Telecommunications Co. Ltd.	4904-TW	65.90	1,639,000	3,514,181	1.69
	Taiwan Mobile Co. Ltd.	3045-TW	94.70	373,000	1,149,260	0.55
INDUSTRIALS					3.48	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	643.00	340,000	7,112,948	3.41
	Nak Sealing Technologies Corp	9942-TW	105.50	40,000	137,300	0.07
CONSUMER STAPLES					1.86	
	President Chain Store Corp.	2912-TW	272.00	438,000	3,876,169	1.86
FINANCIALS					1.56	
	Chailease Holding Co. Ltd.	5871-TW	217.00	460,000	3,247,710	1.56
MATERIALS					0.69	
	Swancor Holding Co. Ltd.	3708-TW	95.50	463,000	1,438,614	0.69

Source: State Street Bank and Trust Company, Nomura Asset Management U.S.A. Inc..

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:

- Nomura Asset Management U.S.A. Inc. (NAM-USA) became the Investment Manager of the Fund on September 17, 2022. 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 NAM-USA 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, NAM-USA 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