

Manager's Commentary (continued)

Outlook and Strategy

As expected, the US Federal Reserve delivered a 25 basis point rate hike in May 2023, setting the target range of the Federal Funds rate at 4.75% to 5.00%. This demonstrated that policymakers remain focused on reducing inflation. The US Federal Reserve is aware of the risks generated by the recent stresses from certain regional banks and other financial developments, though it sees these risks as contained for the time being. In an attempt to rein in inflation expectations, the Taiwan Central Bank also raised the benchmark policy rate by 12.5 basis points to 1.875% at the quarterly meeting in March 2023. Also, we believe that the sluggish macro economy has hurt Taiwan exports. In February, exports fell by 17.1% (year on year) to USD \$31.05 billion, down for a sixth consecutive month.

Downward revisions to earnings estimates have stabilized over the past two months, which, we believe, implies that the bottom is not very far off. The upcoming first quarter reporting of results will be an important check point. We expect that inventory adjustment will generally end in the first half of 2023, to be followed by demand recovery in the second half of 2023. Additionally, as we touched on last month, the recent theme in artificial intelligence (AI) technology has continued gaining popularity. We believe that the investments in AI technology and supply chains will materialize over the long term, with near-term share price movements driven mainly by expectations. Our strategy remains focused on fundamentals and continues to seek out companies with secular growth and reasonable valuations.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	3.06	19.39	19.39	-16.24	27.22	14.87	12.48	9.65
Market Price	0.94	16.76	16.76	-18.05	25.71	13.21	11.19	8.01
Taiwan TAIEX Total Return Index	2.67	13.57	13.57	-11.53	21.86	11.10	11.07	—
Taiwan TAIEX Price Index	2.42	13.30	13.30	-15.61	17.53	6.83	7.00	—
MSCI Taiwan Index (net)	3.01	14.75	14.75	-13.72	20.99	11.10	11.05	—

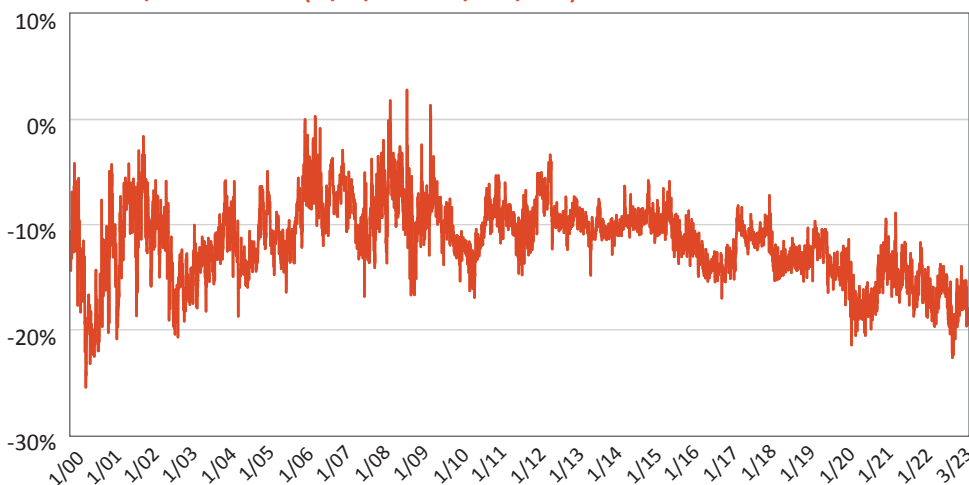
Calendar Year Returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022
NAV	-6.43	11.17	28.44	-14.96	47.11	41.97	55.09	-36.27
Market Price	-10.52	10.05	33.61	-19.11	46.75	39.81	58.26	-38.54
Taiwan TAIEX Total Return Index	-10.40	17.81	29.45	-7.86	32.19	35.62	29.04	-26.80
Taiwan TAIEX Price Index	-13.81	13.11	24.56	-11.51	26.46	31.01	25.59	-30.15
MSCI Taiwan Index (net)	-11.72	18.54	27.53	-8.93	36.37	40.99	26.13	-29.76

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 - 3/31/23)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	72.49	57.11
Consumer Discretionary	5.97	5.78
Communication Services	3.65	3.20
Industrials	3.45	7.39
Consumer Staples	2.98	2.33
Materials	1.41	8.04
Financials	1.39	12.39
Energy	0.00	1.65
Real Estate	0.00	1.29
Health Care	0.00	0.65
Utilities	0.00	0.17

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co. Ltd.	23.93
eMemory Technology, Inc.	4.59
Global Unichip Corp.	4.05
Delta Electronics, Inc.	3.98
Nuvoton Technology Corp.	3.85
Asia Vital Components Co. Ltd.	3.47
Alchip Technologies Ltd.	3.42
ASPEED Technology, Inc.	3.30
Advanced Energy Solution Holding Co. Ltd.	3.22
Lotes Co. Ltd.	2.86

Holdings and sector weightings are subject to change. As of 3/31/2023.

THE TAIWAN FUND, INC.

Portfolio Characteristics

	Fund
Number of Issues	44
Foreign Holdings (%)	91.34
Cash and Other Assets less Liabilities (%)	8.66
Dividend Yield (%)	N.A.

As of 3/31/2023.

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 March 31, 2023

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	of Fund	
INFORMATION TECHNOLOGY					72.49	
	Taiwan Semiconductor Manufacturing Co. Ltd.	2330-TW	533.00	3,402,000	59,553,855	23.93
	eMemory Technology, Inc.	3529-TW	1860.00	187,000	11,423,598	4.59
	Global Unichip Corp.	3443 TW	1085.00	283,000	10,084,736	4.05
	Delta Electronics, Inc.	2308-TW	301.00	1,002,000	9,905,641	3.98
	Nuvoton Technology Corp.	4919-TW	149.50	1,950,000	9,574,678	3.85
	Asia Vital Components Co. Ltd.	3017-TW	141.00	1,864,000	8,632,039	3.47
	Alchip Technologies Ltd.	3661-TW	1240.00	209,000	8,511,700	3.42
	ASPEED Technology, Inc.	5274-TW	2635.00	95,000	8,221,529	3.30
	Lotes Co. Ltd.	3533-TW	918.00	235,972	7,114,617	2.86
	Gold Circuit Electronics Ltd.	2368-TW	97.30	1,772,100	5,663,037	2.28
	MediaTek, Inc.	2454-TW	787.00	202,000	5,221,250	2.10
	Accton Technology Corp.	2345-TW	319.00	407,000	4,264,160	1.71
	SDI Corp.	2351-TW	132.00	955,000	4,140,241	1.66
	E Ink Holdings, Inc.	8069-TW	184.50	673,000	4,078,118	1.64
	Jentech Precision Industrial Co. Ltd.	3653-TW	476.50	240,000	3,755,973	1.51
	Hon Hai Precision Industry Co. Ltd.	2317-TW	104.00	916,000	3,128,795	1.26
	Wiwynn Corp.	6669-TW	1125.00	76,000	2,808,112	1.13
	Tong Hsing Electronic Industries Ltd.	6271-TW	198.50	385,100	2,510,628	1.01
	Genius Electronic Optical Co. Ltd.	3406-TW	385.50	181,000	2,291,666	0.92
	Gigabyte Technology Co. Ltd.	2376-TW	133.50	481,000	2,108,991	0.85
	Compeq Manufacturing Co Ltd	2313-TW	46.35	1,376,000	2,094,674	0.84
	Largan Precision Co Ltd	3008-TW	2175.00	29,000	2,071,599	0.83
	Realtek Semiconductor Corp.	2379-TW	387.50	141,000	1,794,482	0.72
	Globalwafers Co. Ltd.	6488-TW	518.00	78,000	1,327,006	0.53
	Grand Process Technology Corp.	3131-TW	308.50	9,000	91,190	0.04
CONSUMER DISCRETIONARY					5.97	
	Eclat Textile Co. Ltd.	1476-TW	495.00	287000	4,665,900	1.88
	Fulgent Sun International Holding Co. Ltd.	9802-TW	133.50	505000	2,214,221	0.89
	Feng TAY Enterprise Co. Ltd.	9910-TW	193.00	290000	1,838,246	0.74
	Nien Made Enterprise Co. Ltd.	8464-TW	327.00	160000	1,718,368	0.69
	Makalot Industrial Co. Ltd.	1477-TW	216.00	196000	1,390,459	0.56
	Gourmet Master Co. Ltd.	2723-TW	145.00	272000	1,295,344	0.52
	Merida Industry Co. Ltd.	9914-TW	168.50	198000	1,095,755	0.44
	Bafang Yunji International Co. Ltd.	2753-TW	185.00	55000	334,182	0.13
	Taiwan Paiho Ltd.	9938-TW	59.00	100000	193,776	0.08
	Giant Manufacturing Co. Ltd.	9921-TW	176.00	20000	115,609	0.05
COMMUNICATION SERVICES					3.65	
	Chunghwa Telecom Co. Ltd.	2412-TW	119.50	1,285,000	5,043,353	2.03
	Far EasTone Telecommunications Co. Ltd.	4904-TW	75.20	1,639,000	4,048,043	1.63
INDUSTRIALS					3.45	
	Advanced Energy Solution Holding Co., Ltd.	6781-TW	718.00	340,000	8,017,735	3.22
	Nak Sealing Technologies Corp	9942-TW	121.00	143,000	568,290	0.23
CONSUMER STAPLES					2.98	
	President Chain Store Corp.	2912-TW	269.50	549,000	4,859,364	1.95
	Uni-President Enterprises Corp.	1216-TW	71.90	1,080,000	2,550,357	1.02
MATERIALS					1.41	
	Swancor Holding Co. Ltd.	3708-TW	102.50	645,000	2,171,361	0.87
	Century Iron & Steel Industrial Co. Ltd.	9958-TW	94.60	431,000	1,339,112	0.54
FINANCIALS					1.39	
	Chailease Holding Co. Ltd.	5871-TW	223.50	470000	3,450,037	1.39

THE TAIWAN FUND, INC.

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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.

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