

The Taiwan Fund, Inc.

Monthly Insight

January 2018

Investment objective

The Fund's investment objective is to seek long-term capital appreciation primarily through investments in equity securities listed in Taiwan.

Fund facts

(as at 01/31/18)

Net asset value per share	\$24.51
Market price	\$21.93
Premium/discount	-10.53%
Total net assets	\$200.33 m
Market cap	\$179.238 m

Fund statistics

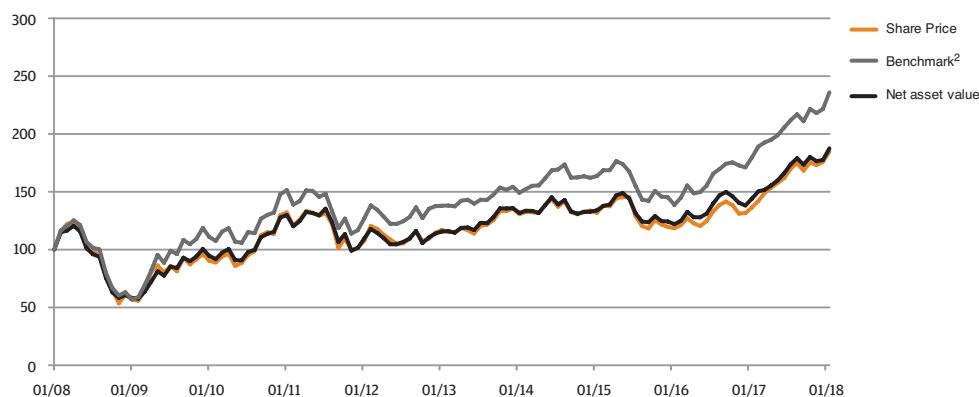
Investment adviser (date of appointment)	JF International Management, Inc. (07/22/14)
Fund manager	Shumin Huang
Listed	NYSE
Launch date	12/23/86
Shares outstanding	8,172,899
Last dividend (Ex-dividend date)	\$0.66 (December 28, 2017)
Benchmark	TAIEX Total Return Index

Fund codes

Bloomberg	TWN
Sedol	286987895
CUSIP	874036106
ISIN	US8740361063

10 year performance data

(as at 01/31/18)



Cumulative Performance¹

(as at 01/31/18)

%	1m	3m	YTD ²	1Y	3Y	5Y	10Y
The Taiwan Fund, Inc.	5.7	4.2	5.7	30.2	40.0	62.2	87.8
Market Price	5.1	5.3	5.1	35.4	40.3	58.0	84.9
TSE Index	6.5	6.5	6.5	26.4	28.2	43.3	62.9
TAIEX Total Return Index ³	6.5	6.5	6.5	31.4	44.3	71.1	136.0
MSCI Taiwan Index	7.6	5.3	7.6	30.7	42.1	70.9	106.6

Rolling 12 month performance¹

(as at 01/31/18)

%	2018/2017	2017/2016	2016/2015	2015/2014	2014/2013
The Taiwan Fund, Inc.	30.2	18.1	-8.9	1.7	13.9
Market Price	35.4	15.3	-10.1	0.8	11.7
TSE Index	26.4	24.3	-18.4	6.4	5.1
TAIEX Total Return Index ³	31.4	29.5	-15.2	9.6	8.2
MSCI Taiwan Index	30.7	30.4	-16.6	14.3	5.2

Top 10 holdings

(as at 01/31/18)

Holding	Fund %
Taiwan Semiconductor Manufacturing Co., Ltd.	9.7%
Hon Hai Precision Industry Co., Ltd.	4.0%
Cathay Financial Holding Co., Ltd.	3.9%
Formosa Petrochemical Corp.	3.5%
MediaTek, Inc.	3.5%
Formosa Plastics Corp.	3.3%
CTBC Financial Holding Co., Ltd.	3.0%
Nan Ya Plastics Corp.	2.7%
Hiwin Technologies Corp.	2.5%
Acer, Inc.	2.3%

¹In US Dollar terms

²Calendar year to date

³TAIEX Total Return Index (prior to January 1, 2003, TAIEX Index)

Sector breakdown

(as at 01/31/18)

Sector Allocation	Fund %	Benchmark	Deviation
Automobile	0.0	1.3	-1.3
Biotechnology & Medical Care	1.5	0.7	0.8
Building Material & Construction	0.0	1.4	-1.4
Cement	1.8	0.9	0.9
Chemical	0.0	1.0	-1.0
Communications & Internet	3.0	5.7	-2.7
Computer & Peripheral Equipment	7.4	5.4	2.0
Electric & Machinery	6.1	2.0	4.1
Electrical & Cable	0.0	0.3	-0.3
Electronic Parts & Components	4.9	4.6	0.3
Electronic Products Distribution	0.0	0.8	-0.8
Financial & Insurance	13.7	12.8	0.9
Foods	2.1	2.0	0.1
Glass & Ceramic	0.0	0.2	-0.2
Information Service	0.0	0.2	-0.2
Iron & Steel	0.0	1.9	-1.9
Oil, Gas & Electricity	3.5	3.8	-0.3
Optoelectronic	3.4	4.3	-0.9
Other	3.1	3.2	-0.1
Other Electronic	10.8	6.9	3.9
Paper & Pulp	0.0	0.3	-0.3
Plastics	8.2	6.5	1.7
Rubber	0.0	1.0	-1.0
Semiconductor	24.9	27.8	-2.9
Shipping & Transportation	1.0	1.5	-0.5
Textiles	1.0	1.5	-0.5
Tourism	1.1	0.5	0.6
Trading & Consumers' Goods	1.9	1.5	0.4
Cash	0.6	0.0	0.6
OVERALL TOTAL	100.0%	100.0%	0.0

Market review

TAIEX Total Return Index (TAIEX) increased 6.5% in January, reaching a 28-year high. The increase was driven by Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) supported by strong demand for high-performance computing and continuing fund flows from the smartphone supply chain. A strong Taiwan dollar boosted materials and domestic plays, including financials, which also benefitted from expectations of an increase in interest rates.

Fund update

The Fund underperformed the TAIEX by 0.8% in January. Within the semiconductor sector, Global Unichip Corp. outperformed due to the strong outlook for its application specific integrated circuit (ASIC) memory solutions with exposure to artificial intelligence. However, the outperformance of some of the Fund's stock was off-set by the Fund's structural underweight position in TSMC. In addition, the Fund's performance suffered due to its holding in Silergy Corp., which underperformed due to supply chain management issues, which the Fund considers to be a short term set-back. Within the automation space, Hiwin Technologies Corp. performed well due to further increases in the average selling price of its products. In contrast Airtac International Group underperformed due to seasonal factors.

There is no change to the Fund's core investment approach with a preference for growth and earnings momentum, and a focus on quality companies with strong growth profiles. The Fund remains overweight in technology companies in the Apple Inc. supply chain, and in companies focused on the cloud, internet-of-things, gaming and semiconductors. The Fund remains underweight in telecommunications and basic materials.

Outlook

A strong Taiwan dollar could weigh on margin performance and the resulting currency loss for exporters could lead to further earning revisions. However, the Fund remains positive about the outlook for the Taiwan equity market. Growth in the technology sector should be driven by artificial intelligence, high-performance computing, automation and autonomous driving, coupled with selective names benefitting from critical smartphone content upgrades.

Full portfolio holdings

(as at 01/31/18)

Holding	Market Value USD	Fund %
Semiconductor	49,948,997	24.9
Taiwan Semiconductor Manufacturing Co., Ltd.	19,423,238	9.7
MediaTek, Inc.	6,924,740	3.5
Nanya Technology Corp.	3,045,726	1.5
Parade Technologies Ltd.	2,762,691	1.4
Global Unichip Corp.	2,442,264	1.2
Win Semiconductors Corp.	2,292,498	1.1
Advanced Semiconductor Engineering, Inc.	2,082,393	1.0
ASPEED Technology, Inc.	1,975,455	1.0
Silergy Corp.	1,771,320	0.9
Chipbond Technology Corp.	1,581,774	0.8
Realtek Semiconductor Corp.	1,578,889	0.8
Chunghwa Precision Test Tech Co., Ltd.	1,061,570	0.5
Winbond Electronics Corp.	1,032,412	0.5
Formosa Sumco Technology Corp.	1,009,967	0.5
Globalwafers Co., Ltd.	964,060	0.5
Financial & Insurance	27,339,111	13.7
Cathay Financial Holding Co., Ltd.	7,854,247	3.9
CTBC Financial Holding Co., Ltd.	5,967,113	3.0
Fubon Financial Holding Co., Ltd.	4,398,038	2.2
Yuanta Financial Holding Co., Ltd.	3,970,081	2.0
E. Sun Financial Holding Co., Ltd.	2,182,484	1.1
China Life Insurance Co., Ltd.	1,751,602	0.9
Shin Kong Financial Holding Co., Ltd.	1,215,546	0.6
Other Electronic	21,692,167	10.8
Hon Hai Precision Industry Co., Ltd.	8,089,732	4.0
Chroma ATE, Inc.	2,876,259	1.4
Catcher Technology Co., Ltd.	2,830,557	1.4
Voltronic Power Technology Corp.	2,480,174	1.2
Foxconn Technology Co., Ltd.	1,960,131	1.0
Kingpak Technology, Inc.	1,954,298	1.0
Bizlink Holding, Inc.	1,501,016	0.8
Plastics	16,389,010	8.2
Formosa Plastics Corp.	6,708,119	3.3
Nan Ya Plastics Corp.	5,342,657	2.7
Formosa Chemicals & Fibre Corp.	4,338,234	2.2
Computer & Peripheral Equipment	14,781,970	7.4
Acer, Inc.	4,562,243	2.3
Ennoconn Corp.	4,424,620	2.2
Asustek Computer, Inc.	1,793,278	0.9
Micro-Star International Co., Ltd.	1,701,618	0.8
Gigabyte Technology Co., Ltd.	1,107,505	0.6
Wistron Corp.	610,283	0.3
Mitac Holdings Corp.	582,423	0.3
Electric & Machinery	12,259,839	6.1
Hiwin Technologies Corp.	5,049,826	2.5
Airtac International Group	4,495,288	2.2
Global PMX Co., Ltd.	2,341,700	1.2
Macauto Industrial Co., Ltd.	373,025	0.2

Full portfolio holdings (cont'd)

(as at 01/31/18)

Holding	Market Value USD	Fund %
Electronic Parts & Components	9,906,457	4.9
Delta Electronics, Inc.	3,889,444	1.9
Tripod Technology Corp.	1,918,993	1.0
Yageo Corp.	1,912,062	0.9
Primax Electronics Ltd.	1,176,134	0.6
Sinbon Electronics Co., Ltd.	711,287	0.4
King Slide Works Co., Ltd.	298,537	0.1
Oil, Gas & Electricity	7,105,042	3.5
Formosa Petrochemical Corp.	7,105,042	3.5
Optoelectronic	6,743,466	3.4
Largan Precision Co., Ltd.	3,710,178	1.9
Epistar Corp.	1,384,474	0.7
Au Optronics Corp.	1,012,973	0.5
E Ink Holdings, Inc.	635,841	0.3
Other	6,155,932	3.1
Chailease Holding Co., Ltd.	4,315,047	2.2
Nien Made Enterprise Co., Ltd.	782,282	0.4
Taiwan Paiho Ltd.	672,402	0.3
KMC Kuei Meng International, Inc.	386,201	0.2
Communications & Internet	6,084,444	3.0
Accton Technology Corp.	2,199,859	1.1
Visual Photonics Epitaxy Co., Ltd.	1,850,457	0.9
Advanced Ceramic X Corp.	1,795,595	0.9
Wistron NeWeb Corp.	238,533	0.1
Foods	4,289,501	2.1
Uni-President Enterprises Corp.	4,289,501	2.1
Trading & Consumers' Goods	3,708,520	1.9
President Chain Store Corp.	2,098,506	1.1
Poya International Co., Ltd.	1,610,014	0.8
Cement	3,580,855	1.8
Taiwan Cement Corp.	3,580,855	1.8
Biotechnology & Medical Care	2,929,886	1.5
St. Shine Optical Co., Ltd.	2,267,966	1.2
Grape King Bio Ltd.	661,920	0.3
Tourism	2,162,838	1.1
Gourmet Master Co., Ltd.	2,162,838	1.1
Shipping & Transportation	2,028,054	1.0
Evergreen Marine Corp. (Taiwan) Ltd.	2,028,054	1.0
Textiles	1,926,974	1.0
Eclat Textile Co., Ltd.	1,385,982	0.7
Makalot Industrial Co., Ltd.	540,992	0.3
Cash	1,300,863	0.6
Cash	1,300,863	0.6
Grand Total	200,333,926	100.0

Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

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The Fund is classified as a diversified investment company under the US Investment Company Act of 1940 as amended. It meets the criteria of a closed end US fund and its shares are listed on the New York Stock Exchange. JFIMI has been appointed investment advisor to the Fund.

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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 we make 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, JFIMI will not be responsible for the profit or loss of the discretionary investment 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 which 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.

If you have any questions or comments about the Fund, please contact the Fund at the address or telephone number below or via the website www.thetaiwanfund.com

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