

# THE TAIWAN FUND, INC.<sup>®</sup>



*Semi-Annual Report*  
*February 28, 2015*  
*(Unaudited)*

THE TAIWAN  
FUND, INC.

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Dear Stockholders,

During the period under review, the Taiwan equity market experienced increased volatility as previous concerns over the outcome of local elections, a weakening Taiwan Dollar following continued quantitative easing attempts in Japan and the Ebola virus outbreak were countered by more positive developments such as improved growth data from the United States and increased demand generated by Apple's products. Furthermore, many sectors in the market (particularly shipping and transportation) benefitted from a decline in oil prices.

Against this backdrop the Fund's net asset value ("NAV") decreased 3.6%<sup>1</sup> in the period, an underperformance of 0.7% when compared to its benchmark, the Taiwan Stock Exchange Total Return Index ("TAIEX"), which decreased by 2.9% over the same period. This underperformance was primarily attributable to stock selection factors, the details of which are provided in the Report of the Investment Manager on pages 4 and 5. The Fund's return at market value declined by 2.8%<sup>1</sup> in the same period.

The Board believes the current macroeconomic environment is conducive to upward momentum in the Taiwan equity market given it is trading at a reasonable valuation and is well positioned to benefit from weak commodity prices and recent advances in technology (such as the Apple watch and migration to 4K2K ultra high definition televisions). This view is supported by the Asian Development Bank's 2015 Asian development outlook which expects growth in Taiwan for 2015 to be similar to the 3.7% increase recorded in 2014. That said, volatility will likely remain a feature of the market.

Note

<sup>1</sup> Total investment return at net asset value ("NAV") is based on changes in the NAV of Fund shares and assumes reinvestment of dividends and distributions. Total investment return at market value is based on changes in the market price at which the Fund's shares traded on the stock exchange during the period and assumes reinvestment of dividends and distributions at actual prices pursuant to the Fund's dividend reinvestment program.

The Fund paid a dividend of \$2.63 per share on January 9, 2015 to shareholders of record at December 26, 2014, representing a significant increase compared with the most recently paid dividends.

The appointment of JF International Management Inc. ('JFIMI') as the Funds Investment Adviser was approved by stockholders on September 22, 2014. The Board is satisfied with JFIMI's progress to date and is confident in its ability to deliver performance.

The announcement of the nomination by the Board of two new Directors, Mr. Chih Cheung and Mr. Lawrence Kudlow, was released on February 9, 2015. Both Directors were elected by the Stockholders at the Annual Meeting which was held on April 21, 2015. Both candidates are expected to bring significant expertise to the Fund and prove to be valuable additions to the Board.

On behalf of the Board, I would like to thank you for your continuing support of The Taiwan Fund, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe O. Rogers", written in a cursive style.

Joe O. Rogers  
Chairman

### Review from September 1, 2014 to February 28, 2015

During the period under review the market remained volatile with The Taiwan Stock Exchange Index (“TAIEX”) falling approximately 5% (in local currency terms) to 8,500 in mid-October, 2014. Factors contributing to volatility were thought to be concerns about the impact of the municipal election defeat of the ruling KMT party, the Ebola virus outbreak in West Africa and expectation of a government tax on large retail investors, which was harmful to domestic sentiment. However, the TAIEX began recovering soon afterwards and ended the first half of the fiscal year with a bright outlook given the improved macroeconomic data in the United States, the abundant influx of liquidity flowing from overseas markets and a strong upward earnings revision in the technology sector due to Apple’s new product cycle.

In addition, policy announcements boosted equity market sentiment towards the end of the review period. These included the Financial Supervisory Commission announcement that the daily trading limit would be widened from the current 7% to 10% in the second and third quarters of 2015, the required stock margin maintenance ratio would be raised from 120% to 130% and the margin trade limit would be removed. To curb high property prices the Ministry of Finance announced the introduction of a consolidated land/house tax. The tax will levy a universal 30% capital gains tax on property that is owned for less than two years starting January 2016. The market expects more inflow to the equity market as a result.

The TAIEX ended the period up 2.0% in local currency terms (-2.9% in US Dollar terms). The Fund underperformed the index with the Fund’s net asset value down -3.6%\*. Despite the Fund being overweight in the technology sector, stock selection detracted from performance given the Fund’s underweight in Taiwan Semiconductor Manufacturing (-63 bps due to the Fund’s fundamental investment policy to invest no more than 10% in a single issuer). Its shares rallied 15.2% over the period due to its better than expected guidance and higher dividend payout. An overweight position in a small-cap packaging materials company, Green Seal, also detracted from performance by -32 bps as its shares were weak, despite strong

\* The Fund’s net asset value return for the six month period ending February 28, 2015 was -3.6%. Source: State Street Bank

fundamentals, as large shareholders sold post a lock-up period. On the positive side, top contributors included the underweight position in financials and stock selection such as Poya (a retail operator) which performed well due to store expansion and solid same store sales growth. King Slide Works was also a major contributor thanks to its new product launch, low material costs and favorable foreign exchange movements.

The Fund raised its liquidity level amid a global risk-on environment by reducing some technology names in the recent rally and also cut its position in the industrial sector.

### **Market Outlook**

Taiwan has led emerging markets in earnings upgrades, with a high exposure to Apple and the US market in general. In addition, Taiwan is a beneficiary of weak commodity prices and is trading at a reasonable valuation. Apple's suppliers are likely to continue to perform well, amid stocking demand prior to the release of the Apple Watch and other new products. The migration of TV resolution to 4K2K Ultra High Definition should be one of the earnings drivers for the TFT LCD sector and the related Semiconductor sector. We have moved some of our allocation in financials to the shipping, transportation and optoelectronic sectors, the beneficiaries of lower fuel costs and technology migration trends. The Fund remains overweight in the technology, consumer and transport sectors. Abundant liquidity should continue to fuel positive sentiment. However, while upward momentum is likely, near term consolidation is needed for a strong base to be formed.

### **Shumin Huang**

*Portfolio Manager, JPMAM Pacific Region Group*

Shumin Huang, Managing Director, is an Investment Manager and Head of Greater China Research for the Pacific Regional Group's Greater China Team. She joined the firm in 2006 after eight years at Goldman Sachs where she was Managing Director and Head of the Asia-Pacific Energy and Chemicals Team. She began her career with UBS Taiwan in 1992 as a Research Analyst in Steel and Financials, after which she transferred to Hong Kong as Director and Head of Asia-Pacific Chemicals Research. Shumin obtained a B.S. in Business Administration from the National University of Taiwan and an M.B.A. from London Business School.

### **Investment Adviser**

The Fund's investment adviser is JF International Management Inc.

JF International Management Inc. ("JFIMI") was incorporated in the British Virgin Islands in 1992 and established a branch in Hong Kong in July 1992. It is registered as an investment advisor under the U.S. Investment Advisers Act of 1940, as amended, and is licensed by the Securities and Futures Commission in Hong Kong to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities. JFIMI's registered address is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands and its principal address in Hong Kong is 19th Floor and 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong. JFIMI belongs to a group of companies operating under the name of J.P. Morgan Asset Management ("JPMAM"), the brand name of the global group of asset management companies belonging to JPMorgan Chase & Co. JPMorgan Chase & Co. is the ultimate parent company of JFIMI. JPMAM has assets under management totalling US\$ 1.7 trillion (as at December 31, 2014).

# PORTFOLIO SNAPSHOT\*

## Top Ten Equity Holdings

HOLDINGS AS OF FEBRUARY 28, 2015	%
Taiwan Semiconductor Manufacturing Co., Ltd.	9.7
MediaTek, Inc.	3.7
Hon Hai Precision Industry Co., Ltd.	3.4
Fubon Financial Holding Co., Ltd.	3.3
Delta Electronics, Inc.	2.6
Advanced Semiconductor Engineering, Inc.	2.5
Largan Precision Co., Ltd.	2.4
Advantech Co., Ltd.	2.4
Catcher Technology Co., Ltd.	2.3
Pegatron Corp.	2.1

## Top Ten Industry Weightings

WEIGHTINGS AS OF FEBRUARY 28, 2015	%
Semiconductor	24.4
Electrical Components	9.1
Financial and Insurance	7.6
Computer and Peripheral Equipment	6.8
Electronic Parts/Components	5.3
Diversified Finance Services	4.6
Textile	4.3
Machinery	4.2
Technology Hardware	3.4
Plastic	3.4

## Top Ten Equity Holdings

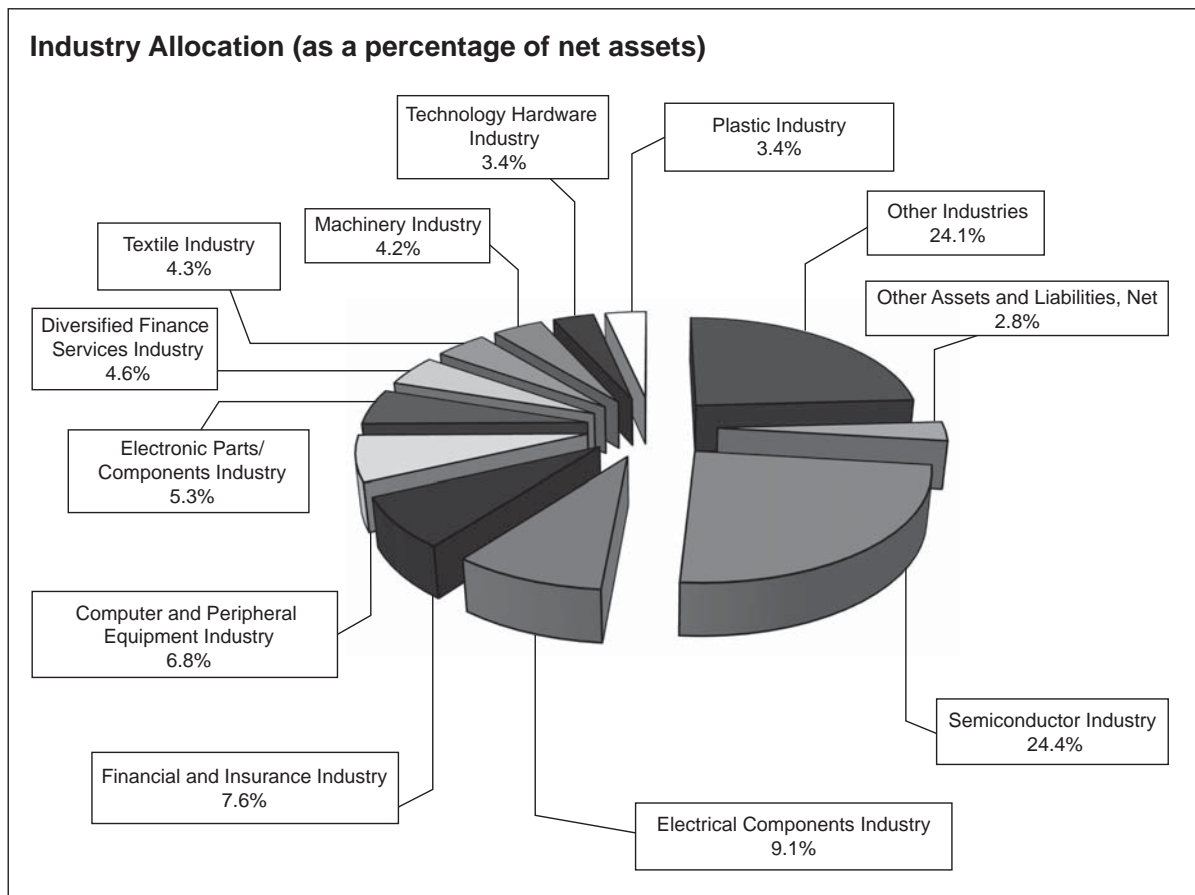
HOLDINGS AS OF AUGUST 31, 2014	%
Taiwan Semiconductor Manufacturing Co., Ltd.	9.3
Hon Hai Precision Industry Co., Ltd.	6.9
Delta Electronics Inc.	3.5
Fubon Financial Holding Co., Ltd.	3.5
Cathay Financial Holding Co., Ltd.	3.4
MediaTek, Inc.	3.4
Advanced Semiconductor Engineering, Inc.	2.9
President Chain Store Corp.	2.4
Nan Ya Plastics Corp.	2.1
Advantech Co., Ltd.	2.1

## Top Ten Industry Weightings

WEIGHTINGS AS OF AUGUST 31, 2014	%
Semiconductor	20.8
Financial and Insurance	11.4
Electronic Parts/Components	8.7
Electrical Components	8.3
Computer and Peripheral Equipment	7.1
Diversified Finance Services	5.1
Machinery	4.0
Technology Hardware	4.0
Communications and Internet	3.3
Food Products	2.6

\* Percentages based on net assets.

# INDUSTRY ALLOCATION



Fund holdings are subject to change and percentages shown above are based on net assets as of February 28, 2015. The pie chart illustrates the allocation of the investments by industry. A complete list of holdings as of February 28, 2015 is contained in the Schedule of Investments included in this report. The most current available data regarding portfolio holdings and industry allocation can be found on our website, [www.thetaiwanfund.com](http://www.thetaiwanfund.com). You may also obtain updated holdings by calling 1-877-864-5056.



# SCHEDULE OF INVESTMENTS/FEBRUARY 28, 2015

## (SHOWING PERCENTAGE OF NET ASSETS) *(unaudited)*

	<u>SHARES</u>	<u>US \$ VALUE (NOTE 2)</u>		<u>SHARES</u>	<u>US \$ VALUE (NOTE 2)</u>
<b>COMMON STOCKS – 97.2%</b>					
<b>CHEMICALS — 0.8%</b>					
<b>Chemical Industry — 0.8%</b>					
China Steel Chemical Corp. ....	250,000	1,170,196			
TOTAL CHEMICALS .....		<u>1,170,196</u>			
<b>CONSUMER DISCRETIONARY — 9.7%</b>					
<b>Auto Components Industry — 2.5%</b>					
Cub Elecparts, Inc. ....	129,804	1,405,297			
Hota Industrial Manufacturing Co., Ltd. ..	946,933	1,839,290			
Macauto Industrial Co., Ltd. ....	170,000	614,393			
		<u>3,858,980</u>			
<b>Hotels, Restaurants and Leisure Industry — 0.6%</b>					
TTFB Co., Ltd. ....	112,000	852,348			
<b>Leisure Products Industry — 0.2%</b>					
Topkey Corp. ....	64,000	242,509			
<b>Leisure Time Industry — 1.6%</b>					
KMC Kuei Meng International, Inc. ....	140,000	664,225			
Merida Industry Co., Ltd. ....	227,000	1,832,336			
		<u>2,496,561</u>			
<b>Multiline Retail Industry — 1.9%</b>					
Poya Co., Ltd. ....	272,440	2,346,602			
Taiwan FamilyMart Co., Ltd. ....	93,000	602,627			
		<u>2,949,229</u>			
<b>Textile Industry — 2.9%</b>					
Eclat Textile Co., Ltd. ....	224,000	2,567,744			
Pou Chen Corp. ....	1,267,000	1,827,579			
		<u>4,395,323</u>			
TOTAL CONSUMER DISCRETIONARY .....		<u>14,794,950</u>			
<b>ELECTRONICS — 20.0%</b>					
<b>Communications and Internet Industry — 1.9%</b>					
HTC Corp. * .....	174,000	847,700			
Wistron NeWeb Corp. ....	891,460	2,089,204			
		<u>2,936,904</u>			
<b>Computer and Peripheral Equipment Industry — 3.3%</b>					
Advantech Co., Ltd. ....	474,778	3,628,299			
TPK Holding Co., Ltd. ....	204,000	1,474,542			
		<u>5,102,841</u>			
<b>ELECTRONICS — (continued)</b>					
<b>Electronic Parts/Components Industry — 1.9%</b>					
King Slide Works Co., Ltd. ....	177,000	2,868,747			
<b>Optoelectronics Industry — 2.4%</b>					
Largan Precision Co., Ltd. ....	43,000	3,669,479			
<b>Semiconductor Industry — 10.5%</b>					
CHIPBOND Technology Corp. ....	590,000	1,145,996			
Taiwan Semiconductor Manufacturing Co., Ltd. ....	3,091,000	14,812,784			
		<u>15,958,780</u>			
TOTAL ELECTRONICS .....		<u>30,536,751</u>			
<b>FINANCE — 12.2%</b>					
<b>Diversified Finance Services Industry — 4.6%</b>					
Chailease Holding Co., Ltd. ....	1,037,000	2,522,745			
China Development Financial Holding Corp. ....	7,187,000	2,494,453			
E. Sun Financial Holding Co., Ltd. ....	3,201,165	1,997,861			
		<u>7,015,059</u>			
<b>Financial and Insurance Industry — 7.6%</b>					
Cathay Financial Holding Co., Ltd. ....	1,942,600	2,956,736			
China Life Insurance Co., Ltd. ....	1,567,200	1,347,378			
CTBC Financial Holding Co., Ltd. ....	1,636,749	1,089,255			
Fubon Financial Holding Co., Ltd. ....	2,853,000	5,087,343			
Ruentex Development Co., Ltd. ....	708,000	1,059,576			
		<u>11,540,288</u>			
TOTAL FINANCE .....		<u>18,555,347</u>			
<b>FOODS — 2.2%</b>					
<b>Food Industry — 0.8%</b>					
Uni-President Enterprises Corp. ....	717,380	1,206,103			
<b>Food Products Industry — 1.4%</b>					
Grape King Bio Ltd. ....	241,000	1,005,286			
Green Seal Holding Ltd. ....	285,700	1,209,938			
		<u>2,215,224</u>			
TOTAL FOODS .....		<u>3,421,327</u>			

The accompanying notes are an integral part of the financial statements.

## SCHEDULE OF INVESTMENTS/FEBRUARY 28, 2015

### (SHOWING PERCENTAGE OF NET ASSETS) *(unaudited) (continued)*

	<u>SHARES</u>	<u>US \$ VALUE (NOTE 2)</u>		<u>SHARES</u>	<u>US \$ VALUE (NOTE 2)</u>
<b>HEALTHCARE — 0.4%</b>			<b>INFORMATION TECHNOLOGY — (continued)</b>		
<b>Health Care Equipment &amp; Supplies Industry — 0.4%</b>			<b>Electronic Equipment &amp; Instruments Industry — 1.3%</b>		
Intai Technology Corp. ....	117,000	624,025	Chroma ATE, Inc. ....	514,000	1,320,802
TOTAL HEALTHCARE .....		<u>624,025</u>	DYNACOLOR, Inc. ....	319,000	700,876
					<u>2,021,678</u>
<b>INDUSTRIALS — 14.5%</b>			<b>Electronic Parts/Components Industry — 3.4%</b>		
<b>Airlines Industry — 2.2%</b>			Hon Hai Precision Industry Co., Ltd. ....		1,858,640
China Airlines Ltd. * .....	3,408,000	1,671,173			<u>5,154,833</u>
Eva Airways Corp. * .....	2,412,961	<u>1,767,174</u>			
		<u>3,438,347</u>	<b>Semiconductor Industry — 13.9%</b>		
<b>Electrical Components Industry — 7.0%</b>			Advanced Semiconductor		
Delta Electronics, Inc. ....	618,000	3,994,714	Engineering, Inc. ....	2,787,000	3,753,864
ILI Technology Corp. ....	755,000	1,668,429	ASPEED Technology, Inc. ....	138,304	1,299,146
Pegatron Corp. ....	1,192,000	3,271,785	Epistar Corp. ....	744,000	1,423,799
Teco Electric and Machinery Co., Ltd. ....	1,651,000	<u>1,690,165</u>	MediaTek, Inc. ....	372,000	5,602,802
		<u>10,625,093</u>	Nanya Technology Corp * .....	60,000	149,785
<b>Machinery Industry — 4.2%</b>			Novatek Microelectronics Corp. Ltd. ....	352,000	1,894,220
Airtac International Group .....	175,000	1,504,537	Parade Technologies Ltd. ....	125,000	1,174,176
Hiwin Technologies Corp. ....	31,760	256,366	Powertech Technology, Inc. * .....	421,000	719,876
Iron Force Industrial Co., Ltd. ....	357,000	1,330,011	Siliconware Precision Industries Co. ....	655,000	1,165,881
Sumeeko Industries Co., Ltd. ....	326,450	1,070,669	Sino-American Silicon Products, Inc. * ...	476,000	772,998
TSC Auto ID Technology Co., Ltd. ....	95,000	745,662	United Microelectronics Corp. ....	6,253,000	<u>3,185,735</u>
Yungtay Engineering Co., Ltd. ....	620,000	<u>1,437,223</u>			<u>21,142,282</u>
		<u>6,344,468</u>	<b>Software &amp; Services Industry — 0.6%</b>		
<b>Marine Industry — 1.1%</b>			Addcn Technology Co., Ltd. ....		85,000
Evergreen Marine Corp Taiwan Ltd. * ....	2,343,000	1,719,667			<u>856,631</u>
TOTAL INDUSTRIALS .....		<u>22,127,575</u>	<b>Technology Hardware Industry — 3.4%</b>		
<b>INFORMATION TECHNOLOGY — 29.1%</b>			ARBOR Technology Corp. ....		31,363
<b>Communications and Internet Industry — 0.9%</b>			Catcher Technology Co., Ltd. ....	386,000	3,527,527
Sercomm Corp. ....	605,000	1,361,997	Ennoconn Corp. ....	199,000	1,660,182
					<u>5,238,940</u>
<b>Computer and Peripheral Equipment Industry — 3.5%</b>			TOTAL INFORMATION TECHNOLOGY .....		<u>44,372,544</u>
Axiomtek Co., Ltd. ....	577,000	1,332,033			
Innolux Corp. ....	4,699,000	2,408,977	<b>MATERIALS — 4.9%</b>		
Posiflex Technology, Inc. ....	339,000	<u>1,673,141</u>	<b>Metals &amp; Mining Industry — 1.5%</b>		
		<u>5,414,151</u>	Yeong Guan Energy Technology Group		
<b>Electrical Components Industry — 2.1%</b>			Co., Ltd. ....		484,160
Au Optronics Corp. ....	4,410,000	2,324,009			<u>2,243,123</u>
Compeq Manufacturing Co., Ltd. ....	544,000	303,137	<b>Plastic Industry — 3.4%</b>		
Zhen Ding Technology Holding Ltd. ....	178,000	554,886	Formosa Plastics Corp. ....		801,000
		<u>3,182,032</u>	Nan Ya Plastics Corp. ....		1,473,000
					<u>3,198,809</u>
			TOTAL MATERIALS .....		<u>5,175,485</u>
					<u>7,418,608</u>

## SCHEDULE OF INVESTMENTS/FEBRUARY 28, 2015

(SHOWING PERCENTAGE OF NET ASSETS) *(unaudited) (concluded)*

	<u>SHARES</u>	<u>US \$ VALUE (NOTE 2)</u>
<b>TEXTILES — 1.4%</b>		
<b>Textile Industry — 1.4%</b>		
Makalot Industrial Co., Ltd. ....	343,000	<u>2,140,678</u>
TOTAL TEXTILES .....		<u>2,140,678</u>
<b>WHOLESALE AND RETAIL — 2.0%</b>		
<b>Trading and Consumers' Goods Industry — 2.0%</b>		
President Chain Store Corp. ....	399,000	<u>3,100,016</u>
TOTAL WHOLESALE AND RETAIL .....		<u>3,100,016</u>
TOTAL COMMON STOCKS (Cost — \$136,692,429) .....		<u>148,262,017</u>
TOTAL INVESTMENTS — 97.2% (Cost — \$136,692,429) .....		<u>148,262,017</u>
OTHER ASSETS AND LIABILITIES, NET — 2.8% .....		<u>4,310,827</u>
NET ASSETS—100.0% .....		<u><u>152,572,844</u></u>

**Legend:**

US \$ – United States dollar

\* Non-income producing

# FINANCIAL STATEMENTS

## STATEMENT OF ASSETS AND LIABILITIES

February 28, 2015 (unaudited)

<b>Assets:</b>	
Investments in securities, at value (cost \$136,692,429) (Notes 2 and 3) .....	\$ 148,262,017
Cash .....	443,714
Cash in New Taiwan dollars (cost \$3,480,055) .....	3,485,354
Receivable for securities sold .....	1,646,988
Prepaid expenses .....	12,576
Total assets .....	<u>153,850,649</u>
<b>Liabilities:</b>	
Payable for securities purchased .....	\$ 848,050
Accrued management fee (Note 4) .....	103,694
Other payables and accrued expenses .....	<u>326,061</u>
Total liabilities .....	<u>1,277,805</u>
<b>Net Assets</b> .....	<u>\$ 152,572,844</u>
<b>Net Assets consist of:</b>	
Paid in capital .....	\$ 151,529,770
Accumulated undistributed net investment loss .....	(1,407,099)
Accumulated net realized loss on investments in securities and foreign currency .....	(9,125,436)
Net unrealized appreciation on investment in securities and foreign currency .....	<u>11,575,609</u>
<b>Net Assets</b> .....	<u>\$ 152,572,844</u>
<b>Net Asset Value</b> , per share (\$152,572,844/8,224,330 shares outstanding) .....	<u>\$ 18.55</u>

## STATEMENT OF OPERATIONS

For the Six Months Ended February 28, 2015 (unaudited)

<b>Investment Income:</b>	
Dividends .....	\$ 140,634
	140,634
Less: Taiwan withholding tax (Note 2) ..	<u>(31,275)</u>
Total investment income .....	109,359
<b>Expenses:</b>	
Management fees (Note 4) .....	\$ 624,269
Directors' and officers' fees and expenses .....	184,637
Legal fees .....	169,495
Custodian fees .....	131,315
Administration and accounting fees ...	86,877
Taiwan stock dividend tax (Note 2) ....	72,060
Insurance fees .....	37,319
Shareholder communications .....	36,427
Audit fees .....	35,704
Compliance services fees .....	33,328
Delaware franchise tax .....	28,753
Transfer agent fees .....	11,002
Miscellaneous .....	<u>65,272</u>
Total expenses .....	<u>1,516,458</u>
<b>Net Investment Loss</b> .....	<u>(1,407,099)</u>
<b>Realized and Unrealized Gain (Loss) on:</b>	
Net realized loss on:	
Investments .....	(8,692,500)
Foreign currency transactions .....	<u>(238,480)</u>
	<u>(8,930,980)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments .....	(25,537)
Foreign currency translations .....	<u>2,078</u>
	<u>(23,459)</u>
Net realized and unrealized loss .....	<u>(8,954,439)</u>
<b>Net Decrease in Net Assets Resulting From Operations</b> .....	<u>\$ (10,361,538)</u>

## FINANCIAL STATEMENTS *(continued)*

### STATEMENTS OF CHANGES IN NET ASSETS

	<i>Six Months Ended February 28, 2015</i>	<i>Year Ended August 31, 2014</i>
	<i>(Unaudited)</i>	
<b>Increase/(Decrease) in Net Assets</b>		
Operations:		
Net investment income (loss) .....	\$ (1,407,099)	\$ 690,157
Net realized gain (loss) on investments and foreign currency transactions .....	(8,930,980)	32,677,057
Net change in unrealized appreciation (depreciation) on investments and foreign currency translations .....	<u>(23,459)</u>	<u>(7,522,789)</u>
Net increase (decrease) in net assets resulting from operations .....	<u>(10,361,538)</u>	<u>25,844,425</u>
Distributions to shareholders from:		
Net realized gains .....	<u>(21,648,222)</u>	<u>—</u>
Total distributions to shareholders .....	<u>(21,648,222)</u>	<u>—</u>
Capital stock transactions (Note 5):		
Reinvestment of distributions from net investment income and net realized gains .....	<u>48,552</u>	<u>—</u>
Total capital stock transactions .....	<u>48,552</u>	<u>—</u>
Increase (decrease) in net assets .....	<u>(31,961,208)</u>	<u>25,844,425</u>
<b>Net Assets</b>		
Beginning of period .....	<u>184,534,052</u>	<u>158,689,627</u>
End of period .....	<u>152,572,844</u>	<u>184,534,052</u>
Accumulated undistributed net investment (loss) included in end of period net assets .....	<u>\$ (1,407,099)</u>	<u>\$ —</u>

# FINANCIAL STATEMENTS *(continued)*

## FINANCIAL HIGHLIGHTS

Selected data for a share of common stock outstanding for the periods indicated

	Six Months Ended February 28, 2015	Year Ended August 31,				
	2014†	2013	2012	2011	2010^	
<i>(Unaudited)</i>						
<b>Selected Per Share Data</b>						
Net asset value, beginning of period	\$ 22.45	\$ 19.30	\$ 17.21	\$ 20.20	\$ 16.33	\$ 13.84
Income from Investment Operations:						
Net investment income (loss) <sup>(a)</sup>	(0.17)	0.08	0.13	0.02	0.14	0.16
Net realized and unrealized gain (loss) on investments and foreign currency transactions	(1.10)	3.07	1.96	(2.57)	3.81	2.40
Total from investment operations	(1.27)	3.15	2.09	(2.55)	3.95	2.56
Less Distributions to Shareholders from:						
Net investment income	—	—	—	—	(0.08)	(0.07)
Net realized gains	(2.63)	—	—	(0.56)	—	—
Total distributions to shareholders	(2.63)	—	—	(0.56)	(0.08)	(0.07)
Capital Share Transactions:						
Accretion (dilution) to net asset value, resulting from share repurchase program, tender offer or issuance of shares in stock dividend	—	—	—	0.12	—	—
Net asset value, end of period	\$ 18.55	\$ 22.45	\$ 19.30	\$ 17.21	\$ 20.20	\$ 16.33
Market value, end of period	\$ 16.87	\$ 20.24	\$ 17.33	\$ 15.58	\$ 18.09	\$ 14.67
<b>Total Return</b>						
Per share net asset value <sup>(b)</sup>	(3.61)%	16.32%	12.14%	(11.54)%	24.21%	18.56%
Per share market value <sup>(b)</sup>	(2.77)%	16.79%	11.23%	(10.58)%	23.82%	21.42%
<b>Ratio and Supplemental Data:</b>						
Net Assets, end of period (000s)	\$152,573	\$184,534	\$158,690	\$154,594	\$375,172	\$303,412
Ratio of expenses before fee waiver <sup>(c)</sup>	1.88% <sup>(d)</sup>	1.80%	1.96%	1.65%	1.43%	1.49%
Ratio of expenses after fee waiver	1.88% <sup>(d)</sup>	1.80%	1.96%	1.61%	1.43%	1.49%
Ratio of net investment income (loss)	(1.74)% <sup>(d)</sup>	0.40%	0.72%	0.12%	0.71%	1.03%
Portfolio turnover rate	36%	181%	14%	75%	54%	101%

<sup>(a)</sup> Based on average shares outstanding during the period.

<sup>(b)</sup> Total investment return at net asset value ("NAV") is based on changes in the NAV of Fund shares and assumes reinvestment of dividends and distributions, if any. Total investment return at market value is based on changes in the market price at which the Fund's shares traded on the stock exchange during the period and assumes reinvestment of dividends and distributions, if any, at actual prices pursuant to the Fund's dividend reinvestment program. Because the Fund's shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on share price and NAV. During the year ended August 31, 2012 the adviser reimbursed certain fund expenses. If the adviser had not reimbursed the Fund, the return would have been lower.

<sup>(c)</sup> Expense ratio includes 20% tax paid on stock dividends received by the Fund. For the years ended August 31, 2014, 2013, 2012, 2011 and 2010, the Fund's ratio of expenses before fee waiver and excluding taxes paid on stock dividends was 1.76%, 1.80%, 1.58%, 1.28% and 1.40%, respectively. For the six months ended February 28, 2015, the Fund's ratio of expenses before fee waiver and excluding taxes paid on stock dividends was 1.79% (annualized).

<sup>(d)</sup> Annualized.

† As of February 22, 2014, Allianz Global Investors U.S. LLC ("AllianzGI") succeeded Martin Currie Inc. as the Fund's investment adviser. As of July 22, 2014, JF International Management Inc. ("JFIMI") succeeded Allianz Global Investors U.S. LLC as the Fund's investment adviser. During the Interim Agreement period from July 22, 2014 through September 23, 2014, JFIMI did not charge an investment advisory fee (Note 4).

^ As of May 8, 2010, Martin Currie Inc. succeeded HSBC Global Asset Management (Taiwan) Limited ("HSBC") as the Fund's investment adviser.

# NOTES TO FINANCIAL STATEMENTS *(unaudited)*

## FEBRUARY 28, 2015

### 1. Organization

The Taiwan Fund, Inc. (the “Fund”), a Delaware corporation, is registered under the Investment Company Act of 1940, as amended (the “Act”), as a diversified closed-end management investment fund.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services - Investment Companies.”

The Fund concentrates its investments in the securities listed on the Taiwan Stock Exchange. Because of this concentration, the Fund may be subject to certain additional risks not typically associated with investing in securities of U.S. companies or the U.S. government, including (1) volatility of the Taiwan securities market, (2) restrictions on repatriation of capital invested in Taiwan, (3) fluctuations in the rate of exchange between the NT Dollar and the U.S. Dollar, and (4) political and economic risks. In addition, Republic of China accounting, auditing, financial and other reporting standards are not equivalent to U.S. standards and, therefore, certain material disclosures may not be made, and less information may be available to investors investing in Taiwan than in the United States. There is also generally less regulation by governmental agencies and self-regulatory organizations with respect to the securities industry in Taiwan than there is in the United States.

### 2. Significant Accounting Policies

The financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. Management has evaluated the impact of all events or transactions occurring after period end through the date these financial statements

were issued, and has determined that there were no subsequent events requiring recognition or disclosure. The following summarizes the significant accounting policies of the Fund:

**Security Valuation.** All securities, including those traded over-the-counter, for which market quotations are readily available are valued at the last sales price prior to the time of determination of the Fund’s net asset value per share or, if there were no sales on such date, at the closing price quoted for such securities (but if bid and asked quotations are available, at the mean between the last current bid and asked prices, rather than such quoted closing price). These securities are generally categorized as Level 1 securities in the fair value hierarchy. In certain instances where the price determined above may not represent fair market value, the value is determined in such manner as the Board of Directors (the “Board”) may prescribe. Foreign securities may be valued at fair value according to procedures approved by the Board if the closing price is not reflective of current market values due to trading or events occurring in the valuation time of the Fund. In addition, substantial changes in values in the U.S. markets subsequent to the close of a foreign market may also affect the values of securities traded in the foreign market. These securities may be categorized as Level 2 or Level 3 securities in the fair value hierarchy, depending on the valuation inputs. Short-term investments, having a maturity of 60 days or less are valued at amortized cost, which approximates market value, with accrued interest or discount earned included in interest receivable.

The Fund has adopted fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion in changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement.

# NOTES TO FINANCIAL STATEMENTS *(unaudited) (continued)*

## FEBRUARY 28, 2015

### 2. Significant Accounting Policies – *continued*

- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- Level 3 – model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund’s own assumptions that market participants would use to price the asset or liability based on the best available information.

Investments in Securities	Level 1	Leve 2	Level 3	Total
Common Stocks <sup>^</sup> . . . . .	\$148,262,017	\$ –	\$ –	\$148,262,017
Total . . . . .	<u>\$148,262,017</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$148,262,017</u>

<sup>^</sup> See schedule of investments for industry breakout.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Fund’s policy is to disclose transfers between Levels based on valuations at the end of the reporting period. As of February 28, 2015, there were no transfers between Levels 1, 2, or 3 based on the valuation input levels.

**Repurchase Agreements.** In connection with transactions in repurchase agreements, it is the Fund’s policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued

interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited. As of February 28, 2015, the Fund was not participating in any repurchase agreements.

**Foreign Currency Translation.** The financial accounting records of the Fund are maintained in U.S. dollars. Investment securities, other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the current exchange rate. Purchases and sales of securities, income receipts and expense payments are translated into U.S. dollars at the exchange rate on the dates of the transactions.

Reported net realized gains and losses on foreign currency transactions represent net gains and losses from disposition of foreign currencies, currency gains and losses realized between the trade dates and settlement dates of security transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are not segregated in the Statement of Operations from the effects of changes in market prices of those securities, but are included in realized and unrealized gain or loss on investments.

**Forward Foreign Currency Transactions.** A forward foreign currency contract (“Forward”) is an agreement between two parties to buy or sell currency at a set price on a future date. The Fund may enter into Forwards in order to hedge foreign currency risk or for other risk management purposes. Realized gains or losses on Forwards include net gains or losses on contracts that have matured or which the Fund has terminated by entering into an offsetting closing transaction. Unrealized appreciation or depreciation on Forwards, if any, is included in the Statement of Assets and Liabilities and is carried on a net basis. The portfolio could be exposed to risk of loss if the counterparty is unable to meet the terms of the contract or if the value of the currency changes unfavorably. As of February 28, 2015 the Fund had no open Forwards.



## NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

### FEBRUARY 28, 2015

#### 2. Significant Accounting Policies – continued

**Indemnification Obligations.** Under the Fund’s organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business the Fund enters into contracts that provide general indemnifications to other parties. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

**Taxes.** As a qualified Regulated Investment Company (“RIC”) under Subchapter M of the Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes all of its investment Company taxable income and net realized capital gains for its fiscal year. In addition to federal income tax for which the Fund is liable on undistributed amounts, the Fund is subject to federal excise tax on undistributed investment company taxable income and net realized capital gains. The Fund is organized in Delaware and as such is required to pay Delaware an annual franchise tax. Also, the Fund is currently subject to a Taiwan security transaction tax of 0.3% on sales of equities and 0.1% on sales of mutual fund shares based on the transaction amount.

The Fund’s functional currency for tax reporting purposes is the New Taiwan dollar.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund’s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for prior three fiscal years. The Fund identifies its major tax jurisdictions as U.S. Federal, Delaware and Taiwan where the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

**Investment Income.** Dividend income is recorded on the ex-dividend date; except, where the ex-dividend date may have passed, certain dividends from foreign securities are recorded as soon as the Fund is informed of the ex-dividend date.

Taiwanese companies typically declare dividends in the Fund’s third fiscal quarter of each year. As a result, the Fund receives substantially less dividend income in the first half of its year. Interest income, which includes accretion of original discount, is accrued as earned.

Dividend and interest income generated in Taiwan is subject to a 20% withholding tax. Stock dividends received (except those which have resulted from capitalization of capital surplus) are taxable at 20% of the par value of the stock dividends received.

**Distributions to Shareholders.** The Fund distributes to shareholders at least annually, substantially all of its taxable ordinary income and expects to distribute its taxable net realized gains. Certain foreign currency gains (losses) are taxable as ordinary income and, therefore, increase (decrease) taxable ordinary income available for distribution. Pursuant to the Dividend Reinvestment and Cash Purchase Plan (the “Plan”), stockholders may elect to have all cash distributions automatically reinvested in Fund shares. (See the summary of the Plan described later.) Unless the Board elects to make a distribution in shares of the Fund’s common stock, stockholders who do not participate in the Plan will receive all distributions in cash paid by check in U.S. dollars. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. No capital gain distributions shall be made until any capital loss carryforwards have been fully utilized or expired.

# NOTES TO FINANCIAL STATEMENTS *(unaudited) (continued)*

## FEBRUARY 28, 2015

### 2. Significant Accounting Policies – *continued*

Tax components of distributable earnings are determined in accordance with income tax regulations which may differ from the composition of net assets reported under GAAP. Accordingly, for the year ended August 31, 2014, the effects of certain differences were reclassified. The Fund decreased undistributed net investment loss by \$7,372,228, decreased accumulated net realized gain by \$1,963,121, and decreased paid in capital by \$5,409,107.

These differences are primarily due to differing treatments for foreign currency transactions and net operating loss. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to paid in capital.

*Security Transactions.* Security transactions are accounted for as of the trade date. Gains and losses on securities sold are determined on the basis of identified cost.

### 3. Purchases and Sales of Securities

For the period ended February 28, 2015, purchases and sales of securities, other than short-term securities, aggregated \$58,087,377 and \$83,146,663, respectively.

### 4. Management Fees and Other Service Providers

*Management Fee.* Effective July 22, 2014, the Fund entered into an Interim Investment Management Agreement (the “Interim Agreement”) with a new investment manager, JF International Management Inc. (“JFIMI”). Under the terms of the Interim Agreement, JFIMI provided its services without a fee. An Investment Management Agreement with JFIMI to replace the Interim Agreement was approved at a Special Meeting of Stockholders, which was held on September 22, 2014. Effective September 23, 2014, JFIMI receives a fee for its services, computed daily and payable monthly in U.S. dollars, at the annual rate of 0.90% per

annum of the value of the Fund’s average daily net assets up to and including \$150 million of net assets; 0.80% per annum of the value of the Fund’s average daily net assets on the next \$150 million of net assets; and 0.70% per annum of the value of the Fund’s average daily net assets in excess thereof.

For the period September 1, 2014 through February 28, 2015, the management fee was equivalent to an annual rate of 0.77% of weighted average net assets.

*Administration Fees.* State Street Bank and Trust Company (“State Street”) provides, or arranges for the provision of certain administrative and accounting services for the Fund, including maintaining the books and records of the Fund, and preparing certain reports and other documents required by federal and/or state laws and regulations. The Fund pays State Street a fee at the annual rate of 0.11% of the Fund’s average daily net assets up to \$150 million, 0.08% of the next \$150 million, and 0.05% of those assets in excess of \$300 million, subject to certain minimum requirements. The Fund also pays State Street \$130,000 per year for certain legal administrative services, including corporate secretarial services and preparing regulatory filings. State Street also serves as custodian (the “Custodian”) to the Fund. For this service, the Fund pays State Street asset-based fees that vary according to the number of positions and transactions plus out of pocket fees.

*Director’s and Officer’s Fees and Expenses.* The Fund pays each of its directors who is not a director, officer or employee of the investment adviser an annual fee of \$20,000 plus \$2,500 for each Board meeting or Committee meeting attended in person or by telephone. The Fund also pays the Chairman of the Board an annual fee of \$10,000. In addition, the Fund will reimburse each of the directors for travel and out-of-pocket expenses incurred in connection with Board meetings.

# NOTES TO FINANCIAL STATEMENTS *(unaudited) (continued)*

## FEBRUARY 28, 2015

### 4. Management Fees and Other Service Providers – *continued*

*Other Service Providers.* Pursuant to a Compliance Services Agreement, Foreside Compliance Services, LLC (“FCS”) provides the Fund with a Chief Compliance Officer. FCS is paid customary fees for its services. Foreside Management Services, LLC (“FMS”) provides the Fund with a Treasurer. FMS is paid customary fees for its services. Neither FCS, FMS, nor their employees that serve as officers of the Fund, have a role in determining the investment policies or which securities are purchased or sold by the Fund.

*General.* Certain officers of the Fund may also be employees of the aforementioned companies that provide services to the Fund, and during their terms of office, receive no compensation from the Fund.

### 5. Fund Shares

At February 28, 2015, there were 100,000,000 shares of \$0.01 par value capital stock authorized, of which 8,224,330 were issued and outstanding.

For the period ended February 28, 2015, the Fund did not repurchase any shares of its common stock.

	For the Period Ended February 28, 2015	For the Year Ended August 31, 2014
Shares outstanding at beginning of year .....	8,221,259	8,221,259
Shares issued .....	3,071	—
Shares outstanding at end of period .....	<u>8,224,330</u>	<u>8,221,259</u>

### 6. Discount Management Policy

On July 17, 2014 and September 11, 2014, the Fund’s Board of Directors approved a Discount Management Policy which authorized management to make open market purchases in an aggregate amount up to 10% of the Fund’s outstanding shares when the Fund’s shares trade at a discount of more than 9% of net asset value and management reasonably believes that such repurchases may enhance shareholder value. Any repurchases will be disclosed in the Fund’s stockholder reports for the relevant fiscal periods and updated in the Fund’s monthly reports when repurchases are made. As of February 28, 2015, no repurchases have been made by the Fund.

The Board committed to regularly reviewing the effectiveness of the Policy and commencing one year after implementation of the Policy, formally review the Policy and in consultation with stockholders consider other actions that, in its judgment, may be effective in addressing the discount.

Also, with adoption of the Discount Management Policy the Board determined not to implement the previously announced Managed Distribution Policy at this time.

### 7. Federal Tax Information

As of August 31, 2014, the tax components of accumulated net earnings (losses) were \$11,405,123 of Unrealized Appreciation and \$21,647,711 of Undistributed Capital Gains. The amount of capital loss carryover utilized in the current year was \$8,676,568.

During the period ended February 28, 2015, the Fund distributed long term capital gains in the amount of \$21,648,222 to shareholders of record.

At February 28, 2015, the aggregate cost basis of the Fund’s investment securities for income tax purposes was \$136,886,374. Net unrealized appreciation of the Fund’s investment securities was \$11,375,643 of which \$16,383,340 related to appreciated investment securities and \$(5,007,697) related to depreciated investment securities.

## OTHER INFORMATION *(unaudited)*

*Federal Tax Information.* The Fund has made an election under Internal Revenue Code Section 853 to pass through foreign taxes paid by the Fund to its shareholders. For the year ended August 31, 2014, the total amount of foreign source income, for information reporting purposes, was \$4,710,215.

### Privacy Policy

#### Privacy Notice

The Taiwan Fund, Inc. collects non-public personal information about its shareholders from the following sources:

- Information it receives from shareholders on applications or other forms;
- Information about shareholder transactions with the Fund, its affiliates, or others; and
- Information it receives from a consumer reporting agency.

**The Fund's policy is to not disclose nonpublic personal information about its shareholders to nonaffiliated third parties (other than disclosures permitted by law).**

The Fund restricts access to nonpublic personal information about its shareholders to those agents of the Fund who need to know that information to provide products or services to shareholders. The Fund maintains physical, electronic, and procedural safeguards that comply with federal standards to guard its shareholders' nonpublic personal information.

### Proxy Voting Policies and Procedures

A description of the policies and procedures that are used by the Fund's investment adviser to vote proxies relating to the Fund's portfolio securities is available (1) without charge, upon request, by calling 1-877-864-5056; and (2) as an exhibit to the Fund's annual report on Form N-CSR which is available on the website of the Securities and Exchange Commission (the "Commission") at <http://www.sec.gov>. Information regarding how the investment adviser voted these proxies during the most recent 12-month period ended June 30 is available without charge, upon request, by calling the same number or by accessing the Commission's website.

### Quarterly Portfolio of Investments

The Fund files with the Securities and Exchange Commission its complete schedule of portfolio holdings on Form N-Q for the first and third quarters of each fiscal year. The Fund's Form N-Q's are available on the Commission's website at <http://www.sec.gov>. Additionally, the Portfolio of Investments may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The most recent Form N-Q is available without charge, upon request, by calling 1-877-864-5056.

## OTHER INFORMATION *(unaudited) (continued)*

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### **Certifications**

The Fund's chief executive officer has certified to the New York Stock Exchange that, as of June 6, 2014, he was not aware of any violation by the Fund of applicable New York Stock Exchange corporate governance listing standards. The Fund also has included the certifications of the Fund's chief executive officer and chief financial officer required by Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 in the Fund's Form N-CSR filed with the Securities and Exchange Commission, for the period of this report.

## SUMMARY OF DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

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### What is the Dividend Reinvestment and Cash Purchase Plan?

The Dividend Reinvestment and Cash Purchase Plan (the “Plan”) offers shareholders of the Fund, a prompt and simple way to reinvest their dividends and capital gains distributions in shares of the Fund. The Fund will distribute to shareholders, at least annually, substantially all of its net income and expects to distribute annually its net realized capital gains. Computershare Trust Company, N.A. (the “Plan Administrator”), acts as Plan Administrator for shareholders in administering the Plan. The Plan also allows you to make optional cash investments in Fund shares through the Plan Administrator.

### Who Can Participate in the Plan?

If you own shares in your own name, you can elect to participate directly in the Plan. If you own shares that are held in the name of a brokerage firm, bank, or other nominee, you should contact your nominee to arrange for them to participate on your behalf.

### What Does the Plan Offer?

The Plan has two components; reinvestment of dividends and capital gains distributions, and a voluntary cash purchase feature.

#### Reinvestment of dividends and capital gains distributions

If you choose to participate in the Plan, your dividends and capital gains distributions will be promptly invested for you, automatically increasing your holdings in the Fund. If the Fund declares a dividend or capital gains distribution payable in cash, you will automatically receive shares purchased by the Plan Administrator on the open market. You will be charged a per share fee (currently \$0.05) incurred with respect to the Plan Administrator’s open market purchases.

If a distribution is declared which is payable in shares or cash at the option of the shareholder and if on the valuation date (generally the payable date) the market price of shares is equal to or exceeds their net asset value, the Fund will issue new shares to you at the greater of the following: (a) net asset value per share or (b) 95% of the market price per share. If the market price per share on the valuation date is less than the net asset value per share, the Fund will issue new shares to you at the market price per share on the valuation date.

All reinvestments are in full and fractional shares, carried to three decimal places. In the case of foreign (non-U.S.) shareholders, reinvestment will be made net of applicable withholding tax.

The Plan will not operate if a distribution is declared in shares only, subject to an election by the shareholders to receive cash.

## SUMMARY OF DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN *(continued)*

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### Voluntary cash purchase option

Plan participants have the option of making investments in Fund shares through the Plan Administrator. You may invest any amount from \$100 to \$3,000 semi-annually. The Plan Administrator will purchase shares for you on the New York Stock Exchange or otherwise on the open market on or about February 15 and August 15. If you hold shares in your own name, you should deal directly with the Plan Administrator. Checks in U.S. dollars and drawn in U.S. banks should be made payable to "Computershare". The Plan Administrator will not accept cash, traveler's checks, money orders, or third party checks. We suggest you send your check, along with a completed transaction form which is attached to each statement you receive, to the following address to be received at least two business days before the investment date:

Computershare, c/o The Taiwan Fund, Inc. at P.O. Box 43078, Providence, RI 02940-3078. The Plan Administrator will return any cash payments received more than thirty days prior to February 15 or August 15, and you will not receive interest on uninvested cash payments. If you own shares that are held in the name of a brokerage firm, bank, or other nominee, you should contact your nominee to arrange for them to participate in the cash purchase option on your behalf.

If your check is returned unpaid for any reason, the Plan Administrator will consider the request for investment of such funds null and void, and shall immediately remove these shares from your account. The Plan Administrator shall be entitled to sell shares to satisfy any uncollected amount plus any applicable fees. If the net proceeds of the sale are insufficient to satisfy the balance of any uncollected amounts, the Plan Administrator shall be entitled to sell such additional shares from your account as may be necessary to satisfy the uncollected balance.

### **Is There a Cost to Participate?**

For purchases from the reinvestment of dividends and capital gains distributions, you will pay a pro rata portion of brokerage commissions payable with respect to purchases of shares by the Plan Administrator on the open market. You will also be charged a per share fee (currently \$0.05) incurred with respect to the Plan Administrator's open market purchases in connection with the reinvestment of dividends and capital gains distributions. Brokerage charges for purchasing shares through the Plan are expected to be less than the usual brokerage charges for individual transactions, because the Plan Administrator will purchase stock for all participants in blocks, resulting in lower commissions for each individual participant. The Plan Administrator's transaction fees for handling capital gains distributions or income dividends will be paid by the Fund.

For purchases from voluntary cash payments, participants are charged a service fee (currently \$0.75 per investment) and a per fee (currently \$0.05) for each voluntary cash investment. Per share fees include any brokerage commissions the Plan Administrator is required to pay.

Brokerage commissions and service fees, if any, will be deducted from amounts to be invested.

## SUMMARY OF DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN *(continued)*

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### **What Are the Tax Implications for Participants?**

You will receive tax information annually for your personal records and to help you prepare your federal income tax return. The automatic reinvestment of dividends and capital gains distributions does not relieve you of any income tax which may be payable on dividends or distributions. For further information as to the tax consequences of participating in the Plan, you should consult with your tax advisors.

If the Fund issues shares upon reinvestment of a dividend or capital gains distribution, for U.S. federal income tax purposes, the amount reportable in respect of the reinvested amount of the dividend or distribution will be the fair market value of the shares received as of the payment date, which will be reportable as ordinary dividend income and/or long term capital gains. The shares will have a tax basis equal to such fair market value, and the holding period for the shares will begin on the day after the payment date. State, local and foreign taxes may also be applicable.

### **Once Enrolled in the Plan, May I Withdraw From It?**

You may withdraw from the Plan without penalty at any time by calling the Plan Administrator at 1-800-426-5523, by accessing your Plan account at the Plan Administrator's web site, [www.computershare.com/investor](http://www.computershare.com/investor) or by written notice to the Plan Administrator.

If you withdraw, you will receive, without charge, stock certificates issued in your name for all full shares, and a check for any fractional share (valued at the market value of the shares at the time of withdrawal or termination) less any applicable fees. You may also request that the Plan Administrator sell your shares and send you the proceeds, less a transaction fee of \$2.50 and a per share fee of \$0.15 for any request for withdrawal or termination. The per share fee includes any brokerage commissions the Plan Administrator is required to pay. Alternatively, you may also request that the Plan Administrator move your whole shares to the Direct Management System, which would allow you to maintain ownership of those whole shares in book entry form on the records of the Fund.

All sale requests having an anticipated market value of \$100,000.00 or more are expected to be submitted in written form. In addition, all sale requests within thirty (30) days of an address change are expected to be submitted in written form.



## SUMMARY OF DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN *(concluded)*

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### **Whom Should I Contact for Additional Information?**

If you hold shares in your own name, please address all notices, correspondence, questions, or other communications regarding the Plan to: Computershare, c/o The Taiwan Fund, Inc. at P.O. Box 43078, Providence, RI 02940-3078, by telephone at 1-800-426-5523 or through the Internet at [www.computershare.com/investor](http://www.computershare.com/investor). If your shares are not held in your name, you should contact your brokerage firm, bank, or other nominee for more information and to arrange for them to participate in the Plan on your behalf.

*Either the Fund or the Plan Administrator may amend or terminate the Plan. Except in the case of amendments necessary or appropriate to comply with applicable law, rules or policies or a regulatory authority, participants will be mailed written notice at least 30 days before the effective date of any amendment. In the case of termination, participants will be mailed written notice at least 30 days before the record date of any dividend or capital gains distribution by the Fund.*

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### UNITED STATES ADDRESS

The Taiwan Fund, Inc.  
c/o State Street Bank and Trust Company  
One Lincoln Street  
P.O. Box 5049  
Boston, MA  
1-877-864-5056  
[www.thetaiwanfund.com](http://www.thetaiwanfund.com)

### INVESTMENT ADVISER

JF International Management Inc.  
P.O. Box 3151  
Road Town, Tortola  
British Virgin Islands

### DIRECTORS AND OFFICERS

Joe O. Rogers, Chairman of the Board and  
Independent Director  
Michael F. Holland, Director  
M. Christopher Canavan, Jr., Director  
Anthony Kai Yiu Lo, Director  
William Kirby, Director  
Simon Crinage, President  
William C. Cox, Treasurer  
Patrick Keniston, Chief Compliance Officer  
(effective April 21, 2015)  
Brian F. Link, Secretary

### ADMINISTRATOR AND ACCOUNTING AGENT

State Street Bank and Trust Company  
Boston, MA

### CUSTODIAN

State Street Bank and Trust Company  
Boston, MA

### TRANSFER AGENT, DIVIDEND PAYING AGENT AND REGISTRAR

Computershare Trust Company, N.A.  
Canton, MA

### LEGAL COUNSEL

Clifford Chance US LLP  
New York, NY

Lee and Li  
Taipei, Taiwan

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Tait, Weller & Baker LLP  
Philadelphia, PA

### SHAREHOLDER AGENT

AST Fund Solutions, LLC  
New York, NY

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that from time to time the Fund may purchase shares of its common stock in the open market at prevailing market prices.