

The Taiwan Fund, Inc.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed at 10730.83, up 2.21% in June 2019 with the technology sector up 4.46%, non-technology up 0.95%, financial sector up 2.07% and over-the-counter ("OTC") stocks up 2.72%. The top three outperforming sectors were thin-film-transistor panels, insurance and notebook & smartphone components. The bottom three underperforming sectors were shipping, petrochemical and automotive.

Fund Review

The Taiwan Fund, Inc. (the "Fund") focuses on long term growth trends and tries to enhance performance by adding stocks with high dividend play. In terms of portfolio allocation, the Fund favors 5G, Artificial Intelligence, Big Data, high speed transmission themes, and beneficiaries from the ban on Huawei in technology sector. The Fund is also interested in such themes as E-bikes, sports & leisure, cement and food-related stocks in the non-technology sector.

Outlook

The macroeconomic outlook continues to be uncertain. Although the United States and China avoided an overblown trade war for now, they are miles away from resolving a final trade deal. Therefore, we are still cautious on any development in the US-China negotiations. We also are paying attention to beneficiaries from the previous ban on Huawei and whether the sentiment reverses. The experience during the past twelve months told us allocations based on fundamental analysis could be the better strategy to surmount short term market turbulence in the long run.

In Brief

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)	\$149.7
Median Market Cap (in billions)	\$1.9
Distribution Frequency	Annual
Management Firm	Allianz Global Investors U.S. LLC
Portfolio Management	Corrina Xiao Lead Portfolio Manager
Net Asset Value / Market Price	
NAV / Market Price (as of 6/30/2019)	\$19.44 / \$16.95
High / Low Ranges (52-Week)	
High / Low NAV	\$23.87 / \$17.20
High / Low Market Price	\$20.53 / \$14.76
Premium/Discount to NAV (as of 6/30/2019)	-12.81%
Fund Data (Common Shares)	
Shares Outstanding	7,699,974
Average Daily Volume	5,410
Expense Ratio	1.74%

Fund Manager



Corrina Xiao
Lead Portfolio
Manager

Average Annual Returns

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Inception
NAV	5.59%	-2.80%	9.77%	-6.93%	8.11%	2.67%	7.90%	8.10%
Market Price	6.00%	-5.36%	11.81%	-6.24%	8.45%	2.06%	7.10%	6.54%
Taiwan TAIEX Total Return Index	5.08%	1.08%	10.27%	1.27%	13.13%	5.96%	9.78%	—
MSCI Taiwan Total Return Index (Net)	5.20%	0.86%	9.92%	1.10%	11.74%	5.55%	9.02%	—
Taiwan TAIEX Price Index	4.03%	0.07%	9.17%	-2.80%	8.75%	1.89%	5.83%	—

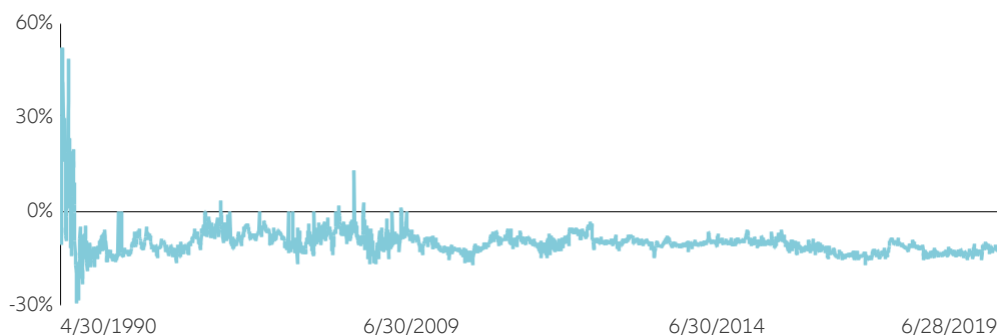
Calendar Year Returns

	2011	2012	2013	2014	2015	2016	2017	2018
NAV	-20.58%	12.23%	19.34%	-2.25%	-6.43%	11.17%	28.44%	-14.96%
Market Price	-21.80%	12.77%	18.24%	-1.28%	-10.52%	10.05%	33.61%	-19.11%
Taiwan TAIEX Total Return Index	-21.02%	17.76%	12.19%	5.05%	-10.40%	17.81%	29.45%	-7.86%
MSCI Taiwan Total Return Index (Net)	-20.89%	16.68%	9.06%	9.36%	-11.72%	18.54%	27.53%	-8.94%
Taiwan TAIEX Price Index	-24.10%	13.52%	8.98%	1.93%	-13.81%	13.11%	24.56%	-11.51%

Past performance is not a guide to future returns.
Returns are annualized, except for periods of less than one year.

Source: IDS GmbH-Analysis and Reporting Services, a subsidiary of Allianz SE. Inception date is August 29, 1984. 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. Market price performance does not include the deduction of expenses and would be lower had expenses been deducted. NAV and market price returns do not reflect broker sales charges or commissions, which would reduce returns. It is not possible to invest directly in an index.

Premium/Discount



Sector Breakdown

	Fund	Benchmark ¹
Information Technology	56.27%	45.57%
Financials	11.09%	15.26%
Materials	8.63%	11.80%
Consumer Discretionary	6.10%	7.43%
Industrials	4.65%	5.78%
Consumer Staples	4.31%	3.61%
Energy	1.88%	3.28%
Health Care	1.70%	0.46%
Communication Services	0.00%	5.04%
Real Estate	0.00%	1.60%
Utilities	0.00%	0.15%

Source: IDS GmbH - Analysis and Reporting Services, a subsidiary of Allianz SE.

Top 10 Holdings

TAIWAN SEMIC CO LTD (Taiwan)	17.61%
FORMOSA PLASTICS CORP (Taiwan)	4.62%
MEDIATEK INC (Taiwan)	4.59%
FUBON FINANCIAL HOLDING CO LTD (Taiwan)	3.62%
CTBC FINANCIAL HOLDING CO LTD (Taiwan)	3.60%
DELTA ELECTRONICS INC (Taiwan)	3.58%
ASE TECHNOLOGY HOLDING CO LTD (Taiwan)	3.23%
CHROMA ATE INC (Taiwan)	3.17%
GLOBALWAFERS CO LTD (Taiwan)	2.84%
TAIWAN CEMENT CORP (Taiwan)	2.79%

Portfolio Characteristics

P/E Ratio	15.53
P/B Ratio	2.35
Issues in Portfolio	46
Foreign Holdings (%)	94.64
Cash (%)	5.36
Yield (%)	3.80

Risk Statistics (3 Year)

Beta	1.08
R ²	0.86
Standard Deviation of NAV	14.76
Standard Deviation of Market Price	16.26

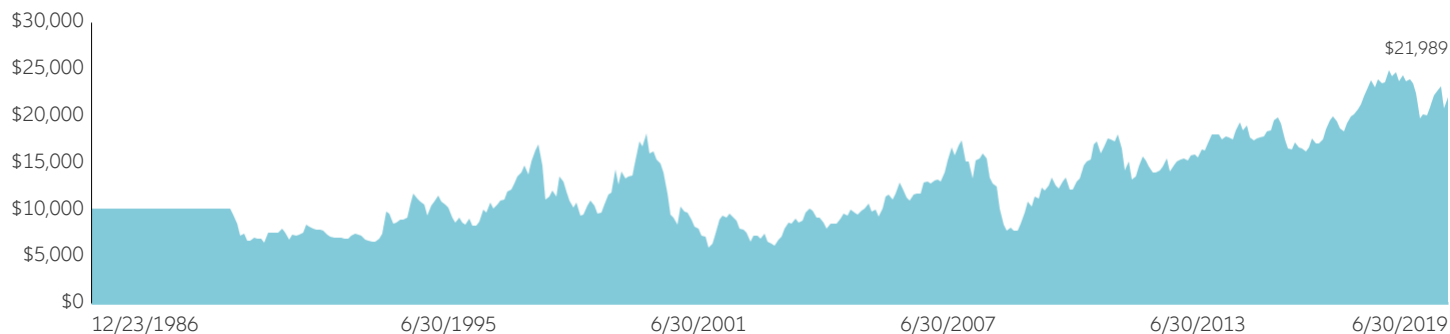
1. Taiwan TAIEX Total Return Index.

Distribution History (10 Year)

Declaration Date	Ex-dividend Date	Record Date	Payable Date	Distribution/Share	Income	Long-term Capital Gain	Short-term Capital Gain
12/19/2009	12/29/2009	12/31/2009	1/8/2010	\$0.07067	\$0.07067	—	—
12/16/2010	12/28/2010	12/30/2010	1/6/2011	\$0.08148	\$0.08148	—	—
12/16/2011	12/28/2011	12/30/2011	1/9/2012	\$0.56052	—	\$0.56052	—
12/16/2014	12/26/2014	12/30/2014	1/9/2015	\$2.63320	—	\$2.63320	—
12/19/2017	12/28/2017	12/29/2017	1/9/2018	\$0.66000	\$0.66000	—	—
12/10/2018	12/20/2018	12/21/2018	1/4/2019	\$1.70780	—	\$1.70780	—

Distribution/Share includes Income, Long-term Capital gains and Short-term Capital gains.

The Taiwan Fund NAV Performance of \$10,000 since inception (with dividends reinvested at NAV price)



Past performance is not a guide to future returns.

Index Description

Taiwan TAIEX Total Return Index

The TAIEX (Taiwan Capitalization Weighted Stock Index) Total Return Index is a stock market index for companies traded on the Taiwan Stock Exchange (TWSE). The returns assume reinvestment of dividends (net of foreign withholding taxes).

MSCI Taiwan Total Return Index (Net)

The MSCI Taiwan Total Return Index is designed to measure the performance of the large and mid cap segments of the Taiwan market. The index covers approximately 85% of the free float-adjusted market capitalization in Taiwan.

Taiwan TAIEX Price Index

The TAIEX (Taiwan Capitalization Weighted Stock Index) Price Index is a stock market index for companies traded on the Taiwan Stock Exchange (TWSE). The returns, unlike Fund returns, do not reflect any fees or expenses.

It is not possible to invest directly in an index.

Portfolio in Full

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Market Value	
Information Technology					56.26	
	TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	2330	239.00	3,474,000	26,732,111	17.61
	MEDIATEK INC	2454	314.00	690,000	6,975,644	4.59
	DELTA ELECTRONICS INC	2308	157.50	1,072,000	5,436,018	3.58
	ASE TECHNOLOGY HOLDING CO LTD	3711	61.50	2,475,000	4,900,675	3.23
	CHROMA ATE INC	2360	138.00	1,083,000	4,811,861	3.17
	GLOBALWAFERS CO LTD	6488	314.50	426,000	4,313,559	2.84
	MERRY ELECTRONICS CO LTD	2439	169.00	574,896	3,128,107	2.06
	ACCTON TECHNOLOGY CORP	2345	131.50	711,000	3,010,238	1.98
	NOVATEK MICROELECTRONICS CORP	3034	173.00	501,000	2,790,547	1.84
	ADVANCED WIRELESS SEMICONDUCTOR CO	8086	64.50	1,232,000	2,558,444	1.69
	WISTRON NEWEB CORP	6285	73.20	1,051,440	2,477,999	1.63
	SILERGY CORP	6415	608.00	120,000	2,349,040	1.55
	WIWYNN CORP	6669	353.50	190,000	2,162,462	1.42
	INVENTEC CORP	2356	24.70	2,540,000	2,019,929	1.33
	LARGAN PRECISION CO LTD	3008	3,855.00	15,000	1,861,749	1.23
	CHIPBOND TECHNOLOGY CORP	6147	60.50	911,000	1,774,513	1.17
	RICHWAVE TECHNOLOGY CORP	4968	88.90	516,000	1,476,920	0.97
	UNIMICRON TECHNOLOGY CORP	3037	35.25	1,159,000	1,315,371	0.87
	PHISON ELECTRONICS CORP	8299	283.00	134,000	1,220,947	0.80
	KINGPAK TECHNOLOGY INC	6238	147.00	251,000	1,187,946	0.78
	PARADE TECHNOLOGIES LTD	4966	528.00	68,000	1,155,975	0.76
	ASPEED TECHNOLOGY INC	5274	592.00	40,164	765,534	0.50
	PIXART IMAGING INC	3227	123.00	188,000	744,507	0.49
	GLOBAL LIGHTING TECHNOLOGIES	4935	45.50	177,000	259,293	0.17
Financials					11.09	
	FUBON FINANCIAL HOLDING CO LTD	2881	45.85	3,725,000	5,498,841	3.62
	CTBC FINANCIAL HOLDING CO LTD	2891	21.35	7,954,000	5,467,503	3.60
	CHAILEASE HOLDING CO LTD	5871	128.50	924,900	3,826,515	2.52
	CHINA LIFE INSURANCE CO LTD, TAIWAN	2823	24.85	2,560,000	2,048,198	1.35
Materials					8.63	
	FORMOSA PLASTICS CORP	1301	114.50	1,903,000	7,015,358	4.62
	TAIWAN CEMENT CORP	1101	46.05	2,857,100	4,236,045	2.79
	YEONG GUAN ENERGY TECHNOLOGY GROUP CO LTD	1589	58.90	975,000	1,848,951	1.22
Consumer Discretionary					6.09	
	NIEN MADE ENTERPRISE CO LTD	8464	233.50	378,000	2,841,739	1.87
	POYA INTERNATIONAL CO LTD	5904	420.00	126,000	1,703,827	1.12
	GIANT MANUFACTURING CO LTD	9921	243.00	210,000	1,642,976	1.08
	GLOBAL PMX CO LTD	4551	124.50	349,000	1,398,944	0.92
	GOURMET MASTER CO LTD	2723	173.50	152,000	849,080	0.56
	MAKALOT INDUSTRIAL CO LTD	1477	210.00	121,000	818,107	0.54
Industrials					4.65	
	BIZLINK HOLDING INC	3665	215.00	379,000	2,623,513	1.73
	HIWIN TECHNOLOGIES CORP	2049	260.00	302,476	2,532,036	1.67
	AIRTAC INTERNATIONAL GROUP	1590	348.00	170,000	1,904,731	1.25
Consumer Staples					4.31	
	UNI-PRESIDENT ENTERPRISES CORP	1216	82.70	1,037,995	2,763,798	1.82
	PRESIDENT CHAIN STORE CORP	2912	300.50	175,000	1,693,121	1.12
	GREAT WALL ENTERPRISE CO LTD	1210	39.95	814,000	1,047,000	0.69
	CHAROEN POKPHAND ENTERPRISE	1215	69.20	466,000	1,038,240	0.68
Energy					1.88	
	FORMOSA PETROCHEMICAL CORP	6505	110.50	804,000	2,860,381	1.88
Health Care					1.70	
	GINKO INTERNATIONAL CO LTD	8406	195.00	411,000	2,580,370	1.70

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Market Value
--------	------------------------------	-----------	---------	------------	----------------------

Source: State Street Bank and Trust Company, IDS GmbH - Analysis and Reporting Services, a subsidiary of Allianz SE.

Note: Cash (including for these purposes cash equivalents) is not included.

Important Information:

The Fund Seeks long-term capital appreciation primarily through investments in equity securities listed in Taiwan. An investment in the Fund involves risk, including loss of principal. Investing in non-U.S. securities entails additional risks, including political and economic risk and the risk of currency fluctuations, as well as lower liquidity. These risks, which can result in greater price volatility, will generally be enhanced in less diversified funds that concentrate investments in a particular geographic region.

The information contained herein has been obtained from sources believed to be reliable but Allianz Global Investors U.S. LLC and its affiliates do not warrant the information to be accurate, complete or reliable. The opinions expressed herein are subject to change at any time and without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Investors should consider the investment objectives, risks, charges and expenses of any mutual fund carefully before investing. This and other information is contained in the fund's annual and semiannual reports, proxy statement and other fund information, which may be obtained by contacting your financial advisor or visiting the fund's website at www.thetaiwanfund.com. This information is unaudited and is intended for informational purposes only. It is presented only to provide information on the Fund's holdings, performance and strategies. The Fund is a closed-end exchange traded management investment company. This material is presented only to provide information and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering by a closed-end fund, its shares can be purchased and sold on the open market through a stock exchange, where shares may trade at a premium or a discount. The market price of holdings is subject to change daily.

P/E is a ratio of security price to earnings per share. Typically, an undervalued security is characterized by a low P/E ratio, while an overvalued security is characterized by a high P/E ratio. P/B is a ratio of the current stock price to the book value. This is used to identify undervalued stocks. Beta measures the market related volatility of a portfolio, where the overall market is represented by the Taiwan TAIEX Total Return Index. The beta of the market is 1 by definition. A beta greater than 1 indicates that a portfolio's market risk is greater than the overall market's, while a beta less than 1 indicates a lower market risk. It is important to note that having a low market risk does not necessarily imply low volatility. A portfolio may have a low beta while experiencing volatility due to factors independent of the market. R-Squared measures the percentage of a portfolio's movements that are explained by movements in the overall market, represented by the Taiwan TAIEX Total Return Index. The measures of alpha and beta are most relevant when there is a close correlation between the two, as indicated by a high R-Squared value. Standard deviation is an absolute measure of volatility measuring dispersion about an average which, for an index, depicts how widely the returns varied over a certain period of time. The greater the degree of dispersion, the greater the risk.

©2019 Allianz Global Investors Distributors LLC, 1633 Broadway, New York, NY

FS-TWN-0619 | 903866

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED