

The Taiwan Fund, Inc.

Manager's Commentary

Market Review

The Taiwan Stock Exchange closed the month of June 2020 up 6.21% in Taiwan Dollar terms, with the technology sector up 8.09%, non-technology up 4.11%, financial sector up 2.82% and over-the-counter ("OTC") stocks up 8.60%. The top three outperforming sectors were networking, equipment engineering, and security monitoring. The bottom three underperforming sectors were handset, notebooks, and securities.

Fund Review

The Taiwan Fund, Inc. (the "Fund") outperformed the Taiwan TAIEX Total Return Index (the "benchmark"), as stock selection and sector allocation were both positive contributors. On the sector level, the Fund's overweight position in the semiconductors, retailing, technology hardware & equipment, and healthcare equipment & services sectors and underweight in the banks, materials and insurance sectors all helped. Stock selection in semiconductors helped the most. On the stock level, the best active contributors were Silergy Corp., Asmedia Technology, Inc., and Casetek Holdings Ltd.; the worst active detractors were Global Lighting Technologies, Inc., Accton Technology Corp., and Brave C&H Supply Co., Ltd.

Key Transactions

The Taiwan Semiconductor Manufacturing Company ("TSMC") has suffered from the issues arising from the US ban on tech exports to China (in particular Huawei), which may negatively impact TSMC's utilization rate from September 15th. Fortunately, Apple also announced the "Apple Silicon", which is a central processing unit (CPU) that will leverage TSMC's 5nm technology. This new chip will become the basis of Apple's iPhone, iPad and Apple Watch platforms from 4Q20. That will likely help TSMC reach their 2020 yearly guidance which is for year-over-year revenue growth rate above industry average (around 17%). This will minimize the downside risk from Huawei. We have recently topped up our position in TSMC.

The Chinese semiconductor industry in-sourcing trend is intact. Our core holdings reflecting this theme include Mediatek, Inc., Silergy Corp., Alchip Technologies and Asmedia Technology, Inc., all of which have benefited from the trend recently. Valuations could move a little bit higher and furthermore we believe that visibility is quite clear, along with improving prospects for earnings. Therefore, we will maintain these positions and continue to review the valuation risks going forward.

Lastly this month, the West Texas Intermediate ("WTI") oil price rebounded to \$40 per barrel and we started to trim the related positions.

Outlook

We foresee a healthy rotation into the smartphone space as it catches up with these recent positive developments. We will add more Apple-related names before the new product launches. Within the Apple supply chain, we will add where valuations are lower and trim where valuations are stretched. Among the 2020 Apple new products, we are more focused on the mini-LED Macbooks and iPads (whether with or without Apple Silicon on board). We believe that the mini-LED products will provide a high quality and innovative consumer experience. These will become the new signature products for Apple. Although we have joined the party in this flow-driven market so far, we remain alert. We are not going to chase high beta stocks at extreme valuations, rather than hold good quality names.

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)	\$192.8
Median Market Cap (in billions)	\$1.8
Distribution Frequency	Annual
Management Firm	Allianz Global Investors U.S. LLC
Portfolio Management	Corrina Xiao Lead Portfolio Manager

Performance (US\$ Returns) (as of 6/30/2020)¹

	Fund	Benchmark ²
One Month	10.29%	8.67%
Three Month	31.72%	23.40%
One Year	43.64%	18.96%
Three Year	12.75%	9.21%

Net Asset Value / Market Price

NAV / Market Price (as of 6/30/2020)	\$25.83 / \$21.21
--------------------------------------	-------------------

High / Low Ranges (52-Week)

High / Low NAV	\$26.00 / \$16.96
High / Low Market Price	\$22.37 / \$13.80
Premium/Discount to NAV (as of 6/30/2020)	-17.89%

Fund Data (Common Shares)

Shares Outstanding	7,466,650
Average Daily Volume	9,271
Expense Ratio	1.63%

Fund Manager



Corrina Xiao
Lead Portfolio
Manager

1. Allianz Global Investors U.S. LLC became the Investment Manager of the Fund on June 1, 2019

2. Taiwan TAIEX Total Return Index.

Average Annual Returns¹

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Inception
NAV	10.29%	31.72%	7.18%	43.64%	12.75%	10.54%	10.13%	9.02%
Market Price	10.18%	28.94%	3.06%	35.27%	9.97%	8.15%	9.30%	7.30%
Taiwan TAIEX Total Return Index	8.67%	23.40%	-0.77%	18.96%	9.21%	9.82%	9.72%	—
MSCI Taiwan Total Return Index	9.12%	21.39%	-1.76%	21.88%	8.57%	9.17%	9.61%	—
Taiwan TAIEX Price Index	8.08%	22.70%	-1.58%	14.01%	4.85%	5.44%	5.61%	—

Calendar Year Returns¹

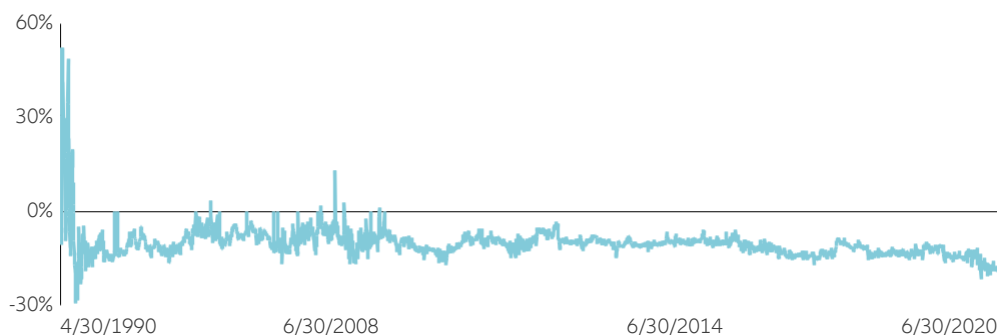
	2012	2013	2014	2015	2016	2017	2018	2019
NAV	12.23%	19.34%	-2.25%	-6.43%	11.17%	28.44%	-14.96%	47.11%
Market Price	12.77%	18.24%	-1.28%	-10.52%	10.05%	33.61%	-19.11%	46.75%
Taiwan TAIEX Total Return Index	17.76%	12.19%	5.05%	-10.40%	17.81%	29.45%	-7.86%	32.19%
MSCI Taiwan Total Return Index	16.68%	9.06%	9.36%	-11.72%	18.54%	27.53%	-8.94%	36.37%
Taiwan TAIEX Price Index	13.52%	8.98%	1.93%	-13.81%	13.11%	24.56%	-11.51%	26.46%

Past performance is not a guide to future returns.

Returns are expressed in US dollars and 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 ²
Information Technology	80.09%	52.81%
Consumer Discretionary	7.11%	6.93%
Health Care	2.22%	0.63%
Industrials	1.47%	5.08%
Materials	1.29%	9.05%
Consumer Staples	1.11%	3.11%
Financials	0.96%	13.87%
Energy	0.73%	2.41%
Communication Services	0.00%	4.50%
Real Estate	0.00%	1.44%
Utilities	0.00%	0.16%

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

Top 10 Holdings

TAIWAN SEMICONDUCTOR MANUFAC (Taiwan)	19.04%
SILERGY CORP (Taiwan)	4.87%
MEDIATEK INC (Taiwan)	4.59%
TAIWAN SURFACE MOUNTING TECH (Taiwan)	3.21%
ACCTON TECHNOLOGY CORP (Taiwan)	3.18%
GLOBAL LIGHTING TECHNOLOGIES (Taiwan)	3.17%
ASMEDIA TECHNOLOGY INC (Taiwan)	3.02%
PARADE TECHNOLOGIES LTD (Taiwan)	2.75%
ZHEN DING TECHNOLOGY HOLDING (Taiwan)	2.64%
LARGAN PRECISION CO LTD (Taiwan)	2.56%

Portfolio Characteristics

	Fund	Benchmark ²
P/E Ratio	19.88	17.25
P/B Ratio	2.79	1.74
Issues in Portfolio	52	918
Foreign Holdings (%)	94.97	100.00
Cash (%)	5.03	0.00
Yield (%)	2.42	3.56

Risk Statistics (3 Year)

Beta	1.07
R ²	0.89
Standard Deviation of NAV	20.75
Standard Deviation of Market Price	20.91

1. Allianz Global Investors U.S. LLC became the Investment Manager of the Fund on June 1, 2019

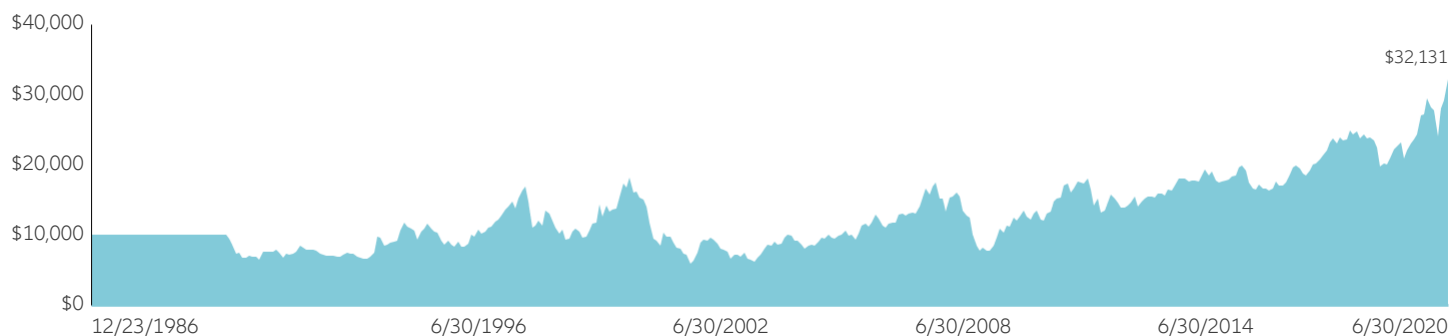
2. Taiwan TAIEX Total Return Index.

Distribution History (10 Year)

Declaration Date	Ex-dividend Date	Record Date	Payable Date	Distribution/Share	Income	Long-term Capital Gain	Short-term Capital Gain
12/16/2010	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	—
12/17/2019	12/27/2019	12/30/2019	1/10/2020	\$1.69910	\$1.46950	\$0.16450	\$0.06510

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

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					80.08
	TAIWAN SEMICONDUCTOR MANUFAC	2330	3,499,000	37,119,321	19.04
	SILERGY CORP	6415	146,000	9,500,924	4.87
	MEDIATEK INC	2454	456,000	8,948,601	4.59
	TAIWAN SURFACE MOUNTING TECH	6278	1,419,000	6,252,267	3.21
	ACCTON TECHNOLOGY CORP	2345	802,000	6,197,563	3.18
	GLOBAL LIGHTING TECHNOLOGIES	4935	1,436,000	6,181,159	3.17
	ASMEDIA TECHNOLOGY INC	5269	121,000	5,885,034	3.02
	PARADE TECHNOLOGIES LTD	4966	161,000	5,358,572	2.75
	ZHEN DING TECHNOLOGY HOLDING	4958	1,183,000	5,152,282	2.64
	LARGAN PRECISION CO LTD	3008	36,000	4,984,324	2.56
	DELTA ELECTRONICS INC	2308	822,000	4,666,576	2.39
	EPISTAR CORP	2448	3,687,000	4,604,923	2.36
	ELITE MATERIAL CO LTD	2383	777,000	4,200,427	2.15
	UNITED MICROELECTRONICS CORP	2303	7,293,000	3,930,204	2.02
	UNIMICRON TECHNOLOGY CORP	3037	2,124,000	3,606,650	1.85
	TXC CORP	3042	1,482,000	3,194,604	1.64
	TONG HSING ELECTRONIC INDUST	6271	649,573	3,082,249	1.58
	CASETEK HOLDINGS LTD	5264	1,380,000	3,077,632	1.58
	FITTECH CO LTD	6706	549,000	3,032,995	1.56
	CHAUN CHOUNG TECHNOLOGY CORP	6230	325,000	2,908,031	1.49
	JENTECH PRECISION INDUSTRIAL	3653	268,000	2,575,133	1.32
	BRAVE C+H SUPPLY CO LTD	6538	285,000	2,453,524	1.26
	YAGEO CORPORATION	2327	169,000	2,182,345	1.12
	SINO AMERICAN SILICON PRODUC	5483	635,000	2,042,451	1.05
	REALTEK SEMICONDUCTOR CORP	2379	190,000	1,925,469	0.99
	WIN SEMICONDUCTORS CORP	3105	172,000	1,743,056	0.89
	ALCHIP TECHNOLOGIES LTD	3661	88,000	1,491,298	0.77
	SPEED TECH CORP	5457	483,000	1,330,912	0.68
	INNOLUX CORP	3481	4,691,000	1,256,042	0.64
	AU OPTRONICS CORP	2409	3,932,000	1,234,060	0.63
	SITRONIX TECHNOLOGY CORP	8016	202,000	1,054,348	0.54
	M31 TECHNOLOGY CORP	6643	81,000	1,004,796	0.52
	MICRO STAR INTERNATIONAL CO	2377	253,000	921,809	0.47
	LOTES CO LTD	3533	70,000	897,999	0.46
	EMEMORY TECHNOLOGY INC	3529	45,000	742,005	0.38
	SIMPLO TECHNOLOGY CO LTD	6121	66,000	714,705	0.37
	ADVANCED CERAMIC X CORP	3152	48,000	668,644	0.34
Consumer Discretionary					7.10
	POYA INTERNATIONAL CO LTD	5904	218,000	4,300,225	2.21
	GIANT MANUFACTURING	9921	199,000	1,780,610	0.91
	GLOBAL PMX CO LTD	4551	288,000	1,664,289	0.85
	FULGENT SUN INTERNATIONAL	9802	440,000	1,558,406	0.80
	MAKALOT INDUSTRIAL CO LTD	1477	256,000	1,344,880	0.69
	YULON MOTOR COMPANY	2201	1,790,000	1,307,411	0.67
	MERIDA INDUSTRY CO LTD	9914	153,000	1,042,316	0.53
	ACTRON TECHNOLOGY CORP	8255	289,000	855,114	0.44
Health Care					2.22
	PEGAVISION CORP	6491	391,000	2,319,138	1.19
	UNIVERSAL VISION BIOTECHNOLO	3218	342,000	2,005,321	1.03
Industrials					1.47
	SHIN ZU SHING CO LTD	3376	568,000	2,868,444	1.47
Materials					1.29
	TAIWAN CEMENT	1101	1,732,000	2,509,549	1.29

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Market Value
Consumer Staples					1.11
	UNI PRESIDENT ENTERPRISES CO	1216	894,995	2,162,827	1.11
Financials					0.96
	MEGA FINANCIAL HOLDING CO LT	2886	1,793,000	1,877,805	0.96
Energy					0.73
	FORMOSA PETROCHEMICAL CORP	6505	472,000	1,415,784	0.73

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 or sector.

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 investment 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 to the per share net asset value of the Fund's shares. 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. 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.

©2020 Allianz Global Investors Distributors LLC, 1633 Broadway, New York, NY

FS-TWN-0620 | 1224829

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