

THE TAIWAN FUND, INC.

Manager's Commentary

Market Review

Taiwan's stock market delivered a solid performance in December, primarily driven by the continuing global boom in artificial intelligence ("AI"). The TAIEX Total Return Index, (the "Benchmark") increased by 4.87% in December 2025 in U.S. dollar terms, outperforming regional peers. During the month, the three best performing industry groups were Commercial & Professional Services, Insurance and Semiconductors & Semiconductor Equipment. The three poorest performing industry groups were Health Care Equipment & Services, Energy and Consumer Discretionary Distribution & Retail. Note that we do not have any holdings in those three industry groups.

Fund Review (Attribution Reports)

The Taiwan Fund, Inc. (the "Fund") increased by 2.28% in December 2025, underperforming the Benchmark in U.S. dollar terms. The Fund's underperformance was driven by asset allocation as well as by stock selection. Regarding asset allocation, having no exposure to either the Banks or Insurance industry groups contributed to relative underperformance as those industry groups performed well in December. As to stock selection, relative underperformance was driven by eMemory Technology Inc., Bizlink Holding Inc., Parade Technologies Ltd., Advanced Energy Solution Holding Co. Ltd. and Jentech Precision Industrial Co. Ltd. It should also be noted that relative underperformance was also driven by the U.S. Investment Company Act of 1940 (the 1940 Act") diversified fund limitation of no more than 25% of assets (at time of purchase) limit in securities positions over 5% and U.S. Internal Revenue Code limitation of no more than 25% (at time of purchase) limit in any one security. Taiwan Semiconductor Manufacturing Co., Ltd. ("TSMC"), which performed well in the December, represents 31.12% of the portfolio on December 31, 2025 while it was 43.10% of the Benchmark, contributing to relative underperformance. Also, since the Fund's position in TSMC is usually at 25% or more of assets, its purchases of any other security cannot exceed 5% of assets.

On the other hand, the Fund's outperformance was mainly driven by the stock selection in Technology Hardware & Equipment and Consumer Services industry groups. For the whole portfolio at the stock level, the best positive contributors to relative performance were Hon Precision Inc., Elite Material Co. Ltd., Accton Technology Corporation and Ezconn Corporation.

Key Transactions

The Fund's total securities holdings represented 98.1% of net assets as of December 31, 2025. This represented an increase from the 95.2% held as of November 30, 2025.

¹Taiwan TAIEX Total Return Index.

²One year ended August 31, 2025.

Fund Data

Description	Seeks long-term capital appreciation primarily through investments in equity securities listed in Taiwan.
Inception Date	December 23, 1986
Total Fund Net Assets (millions)	\$372.9
Median Market Cap (in billions)	\$5.72
Distribution Frequency	Annual
Management Firm	Nomura Asset Management U.S.A. Inc.

Fund Manager



Sky Chen
Lead Portfolio Manager

Performance (US\$ Returns as of 12/31/2025)

	Fund	Benchmark ¹
One Month	2.28%	4.87%
Three Month	10.39%	8.97%
One Year	46.19%	35.09%
Three Year (Annualized)	43.95%	29.93%

Net Asset Value/Market Price (as of 12/31/2025)

NAV/Market Price	\$62.82 / \$53.38
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High/Low Ranges (52-Week)

High/Low NAV	\$68.69 / \$33.32
High/Low Market Price	\$59.71 / \$27.66
Premium/Discount to NAV (as of 12/31/2025)	-15.03%

Fund Data (Common Shares)

Shares Outstanding	5,934,927
Average Daily Volume	18,522
Expense Ratio ²	1.32%

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NOMURA ASSET MANAGEMENT
Nomura Asset Management U.S.A. Inc.

THE TAIWAN FUND, INC.

Manager's Commentary (continued)

The major changes in the portfolio were in the Capital Goods and Technology Hardware & Equipment industry groups. In the Technology Hardware & Equipment industry group, the Fund increased its holdings in Gold Circuit Electronics Ltd. due to strong orders from AWS (Amazon Web Services) and Google.

Meanwhile, the Fund eliminated its position in Shin Zu Shing Co. Ltd. in the Capital Goods industry group as its core personal computer (PC) and notebook hinge businesses continue to weaken, with no clear signs of near-term recovery. Also, the Fund reduced its holdings in Dynapack International Technology Corporation within the Technology Hardware & Equipment industry group, as limited battery cell supply has prompted cloud service providers (CSPs) to seek additional partner manufacturers, creating potential downside risk to the company's outlook.

Outlook and Strategy

The Federal Open Market Committee (FOMC)'s dot plot (a quarterly chart from the Federal Reserve Board (the Fed) showing projections for the federal funds interest rate) suggests a 25 basis point reduction in the policy rate in both 2026 and 2027, with the 2026 rate cut potentially taking place in June. With the appointment of a new Federal Reserve Chair, there is also the possibility of a more aggressive easing cycle. With the prospect of more favorable economic conditions, these factors could serve as a positive catalyst for equities.

Taiwan remains at the core of the global AI server supply chain and will continue to benefit from the strong outlook for AI development. Market demand for AI remains constructive, as AI applications become increasingly embedded in everyday life. They are fundamentally reshaping how we live and work in this evolving, competitive landscape. Companies with strong cash flows are better positioned to withstand volatility and emerge stronger over time.

Looking ahead, the semiconductor and AI supply chains still hold long-term investment value. We maintain an optimistic outlook on trends of high computing power, high power consumption, and high transmission. Key focus areas include advanced semiconductor processes, packaging and testing, Application Specific Integrated Circuits (ASICs), AI servers, heat dissipation modules, Battery Backup Units (BBUs), power management, Copper Clad Laminate (CCLs), Printed Circuit Board (PCBs), memory and sliding rails.

THE TAIWAN FUND, INC.

Returns (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	2.28	10.39	46.19	46.19	43.95	24.14	22.28	11.53
Market Price	6.40	8.43	51.83	51.83	45.22	24.39	21.94	10.11
Taiwan TAIEX Total Return Index	4.87	8.97	35.09	35.09	29.93	15.69	17.97	—
Taiwan TAIEX Price Index	4.72	8.81	31.19	31.19	26.08	11.95	13.76	—
MSCI Taiwan Index (net)	5.81	10.40	39.06	39.06	34.57	16.64	19.04	—

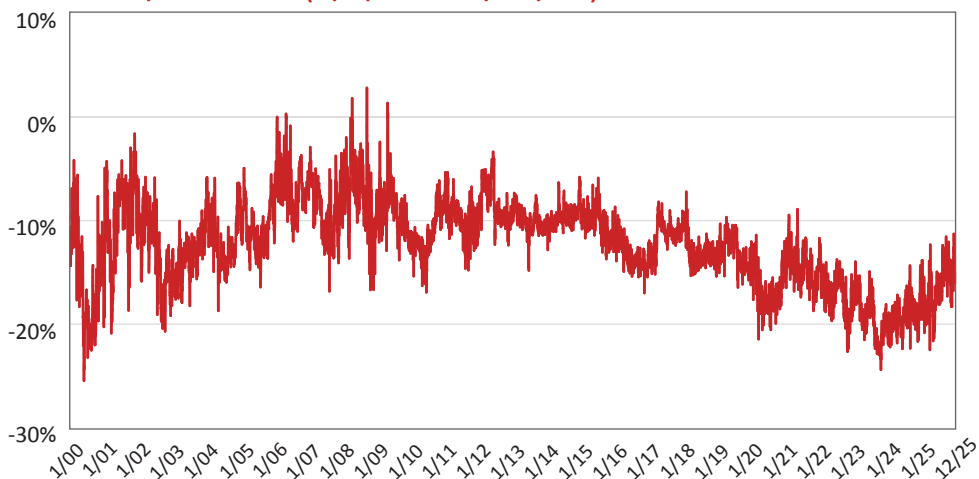
Calendar Year Returns (%)

	2018	2019	2020	2021	2022	2023	2024	2025
NAV	-14.96	47.11	41.97	55.09	-36.27	58.11	29.05	46.19
Market Price	-19.11	46.75	39.81	58.26	-38.54	51.74	32.93	51.83
Taiwan TAIEX Total Return Index	-7.86	32.19	35.62	29.04	-26.80	31.68	23.32	35.09
Taiwan TAIEX Price Index	-11.51	26.46	31.01	25.59	-30.15	27.02	20.26	31.19
MSCI Taiwan Index (net)	-8.93	36.37	40.99	26.13	-29.76	30.42	34.38	39.06

Past performance is not indicative of future results.

Returns are expressed in US dollars and are annualized except for periods of less than one year. Source: Nomura Asset Management U.S.A. Inc., utilizing data from State Street Bank & Trust Company. Returns for the Fund are historical returns that reflect changes in net asset value and market price per share during each period and assume that dividends and capital gains, if any, were reinvested. Net asset value is total assets less total liabilities divided by the number of shares outstanding. NAV performance includes the deduction of management fees and other expenses. NAV and market price returns do not reflect broker sales charges or commissions, which would reduce returns. Expense Ratio: 1.32% for the year ended August 31, 2025.

Premium/Discount (1/3/00 - 12/31/25)



Past performance is not indicative of future results.

Sector Breakdown (%)

	Fund	Benchmark
Information Technology	81.66	72.88
Industrials	9.66	5.84
Consumer Discretionary	5.12	2.76
Materials	1.65	3.20
Financials	0	9.81
Communication Services	0	1.89
Consumer Staples	0	1.19
Health Care	0	0.99
Real Estate	0	0.83
Energy	0	0.49
Utilities	0	0.12
N/A	0	0

Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co. Ltd.	31.12
Bizlink Holding, Inc.	5.26
WinWay Technology Co. Ltd.	4.97
Delta Electronics, Inc.	4.96
Elite Material Co. Ltd.	4.96
Hon Precision, Inc.	4.91
Jentech Precision Industrial Co. Ltd.	4.57
King Slide Works Co. Ltd.	4.55
Advanced Energy Solution Holding Co. Ltd.	4.40
MPI Corp.	3.63

Holdings and sector weightings are subject to change. Source: State Street Bank & Trust Company, Bloomberg L.P. as of 12/31/2025.

THE TAIWAN FUND, INC.

Portfolio Characteristics

	Fund
Number of Issues	30
Foreign Holdings (%)	98.1
Cash and Other Assets less Liabilities (%)	1.9

As of 12/31/2025.

Distribution History (10 Year)

Ex-dividend Date	Record Date	Payable Date	Distribution/Share	Income	Long-term Capital Gain	Short-term Capital Gain
12/26/14	12/30/14	1/9/15	2.633200	0.000000	2.633200	0.000000
12/28/17	12/29/17	1/9/18	0.660000	0.660000	0.000000	0.000000
12/20/18	12/21/18	1/4/19	1.707800	0.000000	1.707800	0.000000
12/27/19	12/30/19	1/10/20	1.699100	1.469500	0.164500	0.065100
12/28/20	12/29/20	1/8/21	3.312200	0.375900	0.615600	2.320700
12/27/21	12/28/21	1/10/22	2.922700	0.478000	2.444700	0.000000
12/27/23	12/28/23	1/10/24	0.436500	0.000000	0.436500	0.000000
12/27/24	12/27/24	1/10/25	7.398400	0.000000	7.398400	0.000000
12/29/25	12/29/25	1/06/26	6.200200	0.037800	6.087300	0.075100

Distribution/Share includes income, long-term capital gains, and short-term capital gains.

THE TAIWAN FUND, INC.

All Portfolio Holdings

As of December 31, 2025

Sector	Company (exchange ticker)	Price TWD	Holding	Value US\$	% of Fund
INFORMATION TECHNOLOGY					81.66
Taiwan Semiconductor Manufacturing Co. Ltd.	2330-TW	1,550.00	2,352,000	116,026,161	31.12
WinWay Technology Co. Ltd.	6515-TW	2,840.00	205,000	18,529,304	4.97
Delta Electronics, Inc.	2308-TW	963.00	604,000	18,511,863	4.96
Elite Material Co. Ltd.	2383-TW	1,645.00	353,000	18,481,087	4.96
Hon Precision, Inc.	7769-TW	3,425.00	168,000	18,312,885	4.91
Jentech Precision Industrial Co. Ltd.	3653-TW	2,745.00	195,000	17,035,852	4.57
King Slide Works Co. Ltd.	2059-TW	3,750.00	142,000	16,947,534	4.55
MPI Corp.	6223-TW	2,250.00	189,000	13,534,158	3.63
eMemory Technology, Inc.	3529-TW	1,730.00	200,000	11,011,919	2.95
Accton Technology Corp.	2345-TW	1,185.00	224,000	8,447,988	2.27
Asia Vital Components Co. Ltd.	3017-TW	1,510.00	159,000	7,641,190	2.05
EZconn Corp.	6442-TW	1,360.00	166,000	7,185,118	1.93
MediaTek, Inc.	2454-TW	1,430.00	129,000	5,871,008	1.57
Wiiwynn Corp.	6669-TW	4,485.00	40,000	5,709,648	1.53
Fositek Corp.	9805-TW	1,625.00	106,000	5,482,090	1.47
Parade Technologies Ltd.	4966-TW	584.00	261,000	4,851,100	1.30
Gold Circuit Electronics Ltd.	2368-TW	687.00	199,000	4,351,077	1.17
Alchip Technologies Ltd.	3661-TW	3,510.00	26,000	2,904,473	0.78
LandMark Optoelectronics Corp.	3081-TW	613.00	117,000	2,282,618	0.61
E Ink Holdings, Inc.	8069-TW	198.00	187,000	1,178,403	0.32
Lotes Co. Ltd.	3533-TW	1,295.00	4,000	164,860	0.04
INDUSTRIALS					9.66
Bizlink Holding, Inc.	3665-TW	1,520.00	405,317	19,607,640	5.26
Advanced Energy Solution Holding Co. Ltd.	6781-TW	1,330.00	388,000	16,423,672	4.40
CONSUMER DISCRETIONARY					5.12
Nien Made Enterprise Co. Ltd.	8464-TW	361.00	799,000	9,179,962	2.46
Merida Industry Co. Ltd.	9914-TW	82.70	1,562,000	4,111,246	1.10
Fulgent Sun International Holding Co. Ltd.	9802-TW	102.00	1,234,899	4,008,838	1.08
Gourmet Master Co. Ltd.	2723-TW	70.80	461,000	1,038,774	0.28
Giant Manufacturing Co. Ltd.	9921-TW	92.60	230,000	677,838	0.18
KMC Kuei Meng International, Inc.	5306-TW	90.70	20,000	57,733	0.02
MATERIALS					1.65
Century Iron & Steel Industrial Co. Ltd.	9958-TW	139.50	1,388,000	6,162,410	1.65

THE TAIWAN FUND, INC.

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Index Descriptions

The Taiwan TAIEX Total Return Index is a stock market index for companies traded on the Taiwan Stock Exchange (TWSE). The index is calculated on a total return basis with net dividends reinvested. The MSCI Taiwan Index (net) is a free float-adjusted market capitalization-weighted index that measures the performance of the large and mid-cap segments of the Taiwan market. The index is calculated on a total return basis with net dividends reinvested. The Taiwan TAIEX Price Index is a stock market index for companies traded on the Taiwan Stock Exchange (TWSE). The index is calculated on a price return basis. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

Important Information:

- Nomura Asset Management U.S.A. Inc. (NAM-USA) became the Investment Manager of the Fund on September 17, 2022. Portfolio holdings are subject to change daily. It should not be assumed that any of the securities transactions or holdings discussed here were or will prove to be profitable, or that the investment recommendations or decisions NAM-USA makes in the future will be profitable or will equal the investment performance of the securities discussed herein. Investing in the Fund involves certain considerations in addition to the risks normally associated with making investments in securities. The value of the shares issued by the Fund, and the income from them, may go down as well as up and there can be no assurance that upon sale, or otherwise, investors will receive back the amount originally invested. There can be no assurance that you will receive comparable performance returns. Movements in foreign exchange rates may have a separate effect, unfavorable as well as favorable, on the gain or loss otherwise experienced on an investment. Past performance is not a guide to future returns. Accordingly, the Fund is only suitable for investment by investors who are able and willing to withstand the total loss of their investment. In particular, prospective investors should consider the following risks:
- Discretionary investment is not risk free. The past operating performance does not guarantee a minimum return for the discretionary investment fund. Apart from exercising the duty of care of a prudent adviser, NAM-USA will not be responsible for the profit or loss of the Fund, nor guarantee a minimum return.
- It should be noted that investment in the Fund is only suitable for sophisticated investors who are aware of the risk of investing in Taiwan and should be regarded as long term. Funds that invest in one country carry a higher degree of risk than those with portfolios diversified across a number of markets.
- Investment in the securities of smaller and unquoted companies can involve greater risk than is customarily associated with investment in larger, more established, companies. In particular, smaller companies often have limited product lines, markets, or financial resources and their management may be dependent on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing, and disposing of such stock. Proper information for determining their value, or the risks to which they are exposed, may not be available.
- Investments within emerging markets, such as Taiwan, can be of higher risk. Many emerging markets, and the companies quoted on their stock exchanges, are exposed to the risks of political, social, and religious instability, expropriation of assets or nationalization, rapid rates of inflation, high interest rates, currency depreciation, and fluctuations and changes in taxation which may affect the Fund's income and the value of its investments.
- The marketability of quoted shares may be limited due to foreign investment restrictions, wide dealing spreads, exchange controls, foreign ownership restrictions, the restricted opening of stock exchanges, and a narrow range of investors. Trading volume may be lower than on more developed stock markets, and equities are less liquid. Volatility of prices can also be greater than in more developed stock markets. The infrastructure for clearing, settlement, and registration on the primary and secondary markets may be undeveloped. Under certain circumstances, there may be delays in settling transactions in some of the markets.

Forward P/E Ratio: Per share stock price divided by projected future 12-months earnings per share. **P/B Ratio:** A ratio used to compare a stock's market value to its book value. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **R-Squared:** A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. **Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

The Fund is a closed-end fund whose shares of common stock trade on the NYSE. Vision 4 Fund Distributors, LLC ("Vision 4") is a member of FINRA and has filed this material with FINRA on behalf of the Fund. Vision 4 does not serve as a distributor or as an underwriter to the Fund. Unlike open-end funds, shares are not continually offered. Vision 4 is contracted by NAM-USA to promote the Fund and provide secondary market support services.

NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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