

TAIWAN FUND INC  
Form N-CSR  
November 06, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-04893

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THE TAIWAN FUND, INC.

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(Exact name of registrant as specified in charter)

C/O STATE STREET BANK AND TRUST COMPANY,  
ONE LINCOLN STREET, P.O. BOX 5049,  
BOSTON, MA 02111

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(Address of principal executive offices)(Zip code)

(Name and Address of Agent for Service) Copy to:

State Street Bank and Trust Company  
Attention: Brian F. Link  
Secretary  
100 Huntington Avenue  
Boston, Massachusetts 02116

Leonard B. Mackey, Jr., Esq.  
Clifford Chance US LLP  
31 West 52<sup>nd</sup> Street  
New York, New York 10019-6131

Registrant's telephone number, including area code: 1-877-864-5056

Date of fiscal year end: August 31

Date of reporting period: August 31, 2015

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Item 1. Report to Stockholders.

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Chairman's Statement

Dear Stockholders,

In the year to August 31, 2015 Taiwan equities fell mainly because of the country's close trading ties with China which suffered an economic downturn in the period. Adding to the negative sentiment was a combination of local issues such as increased capital gains tax rates, surprise election results and concerns regarding weakening demand for technology goods.

The Fund's net asset value decreased by 13.0%, an outperformance of 4.5% when compared to its benchmark, the TAIEX Total Return Index, which decreased by 17.5% over the same period. As detailed in the Report of the Investment Manager, factors that contributed to the Fund's outperformance included overweight positions in electronic parts and components supplying server-related companies and the textiles and electric and machinery sectors, which benefitted from growth in outsourcing sports wear and auto-parts.

The appointment of JF International Management Inc. ('JFIMI') as the Fund's Investment Adviser was approved by stockholders on September 22, 2014. The Board is pleased with JFIMI's progress to date and is confident in its ability to steer the Fund through what are currently volatile and uncertain economic and market conditions.

The Fund paid a dividend of \$2.63 per share on January 9, 2015 to stockholders of record at December 30, 2014.

Following nomination by the Board of two new Directors, Mr. Chih Cheung and Mr. Lawrence Kudlow, stockholders of the Fund elected both individuals as Directors at the Annual General Meeting on April 21, 2015. It is with regret that the Board accepts the resignation of Mr. Kudlow effective October 23, 2015.

Note

<sup>1</sup> Total investment return at net asset value ("NAV") is based on changes in the NAV of Fund shares and assumes investment of dividends and distributions.

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During the financial year the Fund's shares have traded at an average discount of 9.5%. The discount at 31 August 2015 was 12.1%. On occasions when the discount at which the Fund's shares trade has exceeded 9.0% for sustained periods of trading, the Board's Share Repurchase Committee has considered implementing repurchases under its Discount Management Policy (the 'Policy'). To date no buybacks under the Policy have been undertaken due to the prevailing market conditions, in particular the extreme levels of volatility, leading to the conclusion that share repurchases would not have any material effect on the share price and therefore would not enhance shareholder value.

The Board will undertake a review of the effectiveness of the Discount Management Policy and will consider any adjustments at its next meeting.

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

Sincerely,

Joe O. Rogers  
Chairman

October 26, 2015

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Report of the Investment Manager

Fiscal Year 2015

Market Review

Taiwan equities underperformed regional markets in Asia for the 12 months ended August 31, 2015. During this period the TAIEX Total Return Index (TAIEX) lost 17.5% in USD terms.

The second half of the calendar year 2014 started with increased volatility in the TAIEX. There were a number of factors affecting sentiment such as concerns over capital gains tax on large retail investors, an edible oil scandal, the ruling Kuomintang (KMT) party's loss of key seats in an election coupled with concerns over the Ebola outbreak. Nevertheless, given Taiwan's high exposure to developed markets (US and the technology supply chain), the TAIEX recovered on the back of earnings upgrades and ample liquidity in the beginning of calendar year 2015.

The TAIEX finished the first half of the Fund's financial year (six months ended February 28, 2015) down 2.9% in USD terms. The transportation sector led performance with earnings improvement expectations due to lower oil prices and gradual US demand recovery. Within the technology sector semiconductors outperformed. Meanwhile, the tourism, pulps & paper and downstream technology sectors lagged. Companies issued positive forward guidance given decent fourth quarter 2014 (4Q14) results, and the TAIEX ended the first half of the Fund's financial year on a high note with gains in January and February 2015.

However, in the second half of the Fund's financial year, the market corrected sharply along with a sell-off in the regional markets. The TAIEX lost 15.1% in USD terms for the second half of the Fund's financial year (six months ended August 31, 2015), with falls of -7.5% in July and -7.6% in August. Weak technology demand and relatively high inventory levels not only led to a disappointing results season in the second quarter of 2015 (2Q15), but also a weaker outlook for the technology sector in the third quarter of 2015 (3Q15). In addition, Taiwan's economic numbers were uninspiring. 2Q15 Gross Domestic Product (GDP) growth unexpectedly dropped to a three-year low of +0.5% year-on-year (after adjustment in August) due to weak exports, which was the slowest rate in three years. Apple related stocks were the main bright spots, with the group's earnings momentum

continuing. Other companies in the technology sector suffered from slower than expected reductions in inventory and fear of a further slowdown in the Chinese economy. On the contrary to the first half of the Fund's financial year, the transportation sector fell on disappointing demand recovery during the period.

The Taiwan government also lowered its forecast for 2015 GDP growth from 3.3% to 1.6%. The weakness in Taiwan's 2Q15 GDP was mainly a result of the poor performance of the export and manufacturing sectors. On the domestic front, GDP expenditure data showed decent growth in private consumption. Meanwhile, fixed investment growth rebounded in 2Q15, which may indicate some potential moderate recovery for the economy going into the second half of 2015 (2H15).

#### Portfolio activity

The Fund's overweight positions in the textiles and electric & machinery sectors were the major contributors to performance for the 12 months ending August 31, 2015. These key holdings in the portfolio gained market share thanks to the increasing global trend of outsourcing manufacturing, particularly for sportswear and auto parts. In the textile sector Taiwan producers are in a sweet spot for the secular growth trend of "Athleisure" with an expansion of the market for functional sportswear to casual and fashion segments. Taiwan's years of accumulated expertise in high end nylon put it in a very good position against competitors. Continued innovation such as hybrid yarns (mixing nylon with cashmere for example) and increasing adoption of high end functional apparel helped drive margins and earnings growth. Additionally, the Fund's underweight position in Mediatek (a smartphone chipset design company) contributed as the stock price continued to decline due to loss of market share. Selected Apple related companies also helped the performance, including smartphone camera lens and casing makers. Meanwhile, an underweight position in the telecom sector was a detractor, as the market preferred defensive names amid volatility. The Fund exited its positions in bicycle manufacturing, notebook original design manufacturing and financial leasing due to the weaker economic outlook in China. Additions were made to companies with higher conviction during the market correction, including flexible

printed circuit board and server related names. The Fund remains overweight in the consumer discretionary and technology sectors and underweight in the materials and telecommunications sectors.

#### Market Outlook

While poor 2Q15 results for the technology sector were generally expected, the weak guidance for the coming quarter disappointed. The technology sector has seen major sell-offs on global smartphone demand slowdown and lackluster demand for personal computers, note books and liquid crystal display televisions, on top of concerns about competition from China. However, we believe that the current TAIEX level has already priced in expectations for slower growth, after correcting by more than 20% from its peak in April 2015. Value is emerging with the TAIEX trading at a 1.5 Price to Book Value, and we could be approaching the late stage of the inventory correction by the fourth quarter of 2015 (4Q15).

Aside from the technology sector, consumption related sectors should also see decent growth in 2H15, due to market gains and changes in global outsourcing trends as referred to above. Net interest margins have stabilized and credit cost remains muted for the Taiwan financials sector. In short, we maintain a constructive view given Taiwan's muted performance year-to-date and relatively attractive valuation.

JF International Management, Inc.

**About The Portfolio Managers** *(unaudited)*

**Shumin Huang**

*Portfolio Manager, JPMAM Emerging Market & Asia Pacific Equities Team*

**Shumin Huang, Managing Director**, is an Investment Manager and the Head of Research for Greater China equities within the Emerging Markets and Asia Pacific (EMAP) Equities team. Based in Hong Kong, 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 has had a branch in Hong Kong since 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\$ 1.8 trillion (as at June 30, 2015).



**Portfolio Snapshot\*** (unaudited)

Top Ten Equity Holdings		Top Ten Equity Holdings	
Holdings as of August 31, 2015	%	Holdings as of August 31, 2014	%
Taiwan Semiconductor Manufacturing Co., Ltd.	8.9	Taiwan Semiconductor Manufacturing Co., Ltd.	9.3
Hon Hai Precision Industry Co., Ltd.	5.9	Hon Hai Precision Industry Co., Ltd.	6.9
Largan Precision Co., Ltd.	4.3	Delta Electronics Inc.	3.5
Cathay Financial Holding Co., Ltd.	3.9	Fubon Financial Holding Co., Ltd.	3.5
Catcher Technology Co., Ltd.	3.6	Cathay Financial Holding Co., Ltd.	3.4
Fubon Financial Holding Co., Ltd.	3.5	MediaTek, Inc.	3.4
Pegatron Corp.	3.4	Advanced Semiconductor Engineering, Inc.	2.9
Eclat Textile Co., Ltd.	3.2	President Chain Store Corp.	2.4
Uni-President Enterprises Corp.	2.9	Nan Ya Plastics Corp.	2.1
Advanced Semiconductor Engineering, Inc.	2.9	Advantech Co., Ltd.	2.1

Top Ten Industry Weightings		Top Ten Industry Weightings	
Weightings as of August 31, 2015	%	Weightings as of August 31, 2014	%
Semiconductor	18.4	Semiconductor	20.8
Financial and Insurance	10.7	Financial and Insurance	11.4
Textile	9.9	Electronic Parts/Components	8.7
Electrical Components	9.4	Electrical Components	8.3
Electronic Parts/Components	8.1	Computer and Peripheral Equipment	7.1
Technology Hardware	5.7	Diversified Finance Services	5.1
Optoelectronics	4.3	Machinery	4.0
Auto Components	4.3	Technology Hardware	4.0
Diversified Finance Services	3.6	Communications and Internet	3.3
Plastic	3.2	Food Products	2.6

\*Percentages based on net assets.

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**Industry Allocation** (*unaudited*)

Fund holdings are subject to change and percentages shown above are based on net assets as of August 31, 2015. The pie chart illustrates the allocation of the investments by industry. A complete list of holdings as of August 31, 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.

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Schedule of Investments/August 31, 2015  
(Showing Percentage of Net Assets)

	Shares	US \$ Value (Note 2)
<b>COMMON STOCKS – 95.8%</b>		
<b>CONSUMER DISCRETIONARY — 15.3%</b>		
Auto Components Industry — 4.3%		
Cub Elecparts, Inc. *	163,804	1,701,677
Hota Industrial Manufacturing Co., Ltd.	1,101,933	3,322,462
Macauto Industrial Co., Ltd.	193,000	851,226
		5,875,365
Auto Parts & Equipment Industry — 1.7%		
Tung Thih Electronic Co., Ltd.	405,000	2,271,714
Hotels, Restaurants and Leisure Industry — 0.1%		
TTFB Co., Ltd.	19,500	131,854
Leisure Time Industry — 0.5%		
KMC Kuei Meng International, Inc.	171,000	706,894
Multiline Retail Industry — 1.4%		
Poya Co., Ltd.	139,824	1,353,718
Taiwan FamilyMart Co., Ltd.	98,000	638,554
		1,992,272
Textile Industry — 7.3%		
Eclat Textile Co., Ltd.	292,000	4,393,103
Pou Chen Corp.	977,000	1,579,487
Taiwan Paiho Ltd.	979,000	2,247,704
Toung Loong Textile Manufacturing Co., Ltd.	508,000	1,858,004
		10,078,298
<b>TOTAL CONSUMER DISCRETIONARY</b>		<b>21,056,397</b>
<b>ELECTRONICS — 16.7%</b>		
Communications and Internet Industry — 0.5%		
Wistron NeWeb Corp.	390,670	733,647
Electronic Parts/Components Industry — 2.2%		
King Slide Works Co., Ltd.	237,000	3,008,391
Optoelectronics Industry — 4.3%		
Largan Precision Co., Ltd.	63,800	5,921,933
		US \$ Value (Note 2)
	Shares	
<b>ELECTRONICS — (continued)</b>		
Semiconductor Industry — 9.7%		

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CHIPBOND Technology Corp.	765,000	1,114,488
Taiwan Semiconductor Manufacturing Co., Ltd.	3,081,000	12,215,669
		13,330,157
TOTAL ELECTRONICS		22,994,128
FINANCE — 14.3%		
Diversified Finance Services Industry — 3.6%		
China Development Financial Holding Corp.	7,952,000	2,294,974
E. Sun Financial Holding Co., Ltd.	2,049,052	1,231,220
Mega Financial Holding Co., Ltd.	1,917,000	1,437,632
		4,963,826
Financial and Insurance Industry — 10.7%		
Cathay Financial Holding Co., Ltd.	3,687,600	5,315,602
China Life Insurance Co., Ltd.	2,511,620	1,918,298
CTBC Financial Holding Co., Ltd.	4,476,634	2,696,768
Fubon Financial Holding Co., Ltd.	2,816,000	4,838,161
		14,768,829
TOTAL FINANCE		19,732,655
FOODS — 3.0%		
Food Industry — 3.0%		
Uni-President Enterprises Corp.	2,274,995	4,055,499
TOTAL FOODS		4,055,499
INDUSTRIALS — 11.2%		
Airlines Industry — 1.0%		
China Airlines Ltd. *	1,821,000	654,835
Eva Airways Corp. *	1,321,961	798,393
		1,453,228
Building Material and Construction Industry — 0.5%		
Sunspring Metal Corp. *	540,000	629,856
Electrical Components & Equipment Industry — 1.3%		
Bizlink Holding, Inc.	271,999	1,145,312
Voltronic Power Technology Corp.	53,350	682,944
		1,828,256

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

**Schedule of Investments/August 31, 2015**  
**(Showing Percentage of Net Assets) (concluded)**

	Shares	US \$ Value (Note 2)
<b>INDUSTRIALS — (continued)</b>		
Electrical Components Industry — 5.8%		
Cheng Uei Precision Industry Co., Ltd.	351,000	488,159
Delta Electronics, Inc.	567,000	2,840,577
Pegatron Corp.	1,799,000	4,655,637
		7,984,373
Machinery Industry — 1.9%		
Iron Force Industrial Co., Ltd.	504,976	1,986,628
Sumeeko Industries Co., Ltd.	181,450	585,574
		2,572,202
Research & Consulting Services Industry — 0.7%		
Sporton International, Inc.	164,650	936,202
<b>TOTAL INDUSTRIALS</b>		<b>15,404,117</b>
INFORMATION TECHNOLOGY — 25.3%		
Computer and Peripheral Equipment Industry — 0.6%		
Axiomtek Co., Ltd.	161,000	252,367
Posiflex Technology, Inc.	136,195	573,479
		825,846
Electrical Components Industry — 3.6%		
Flexium Interconnect, Inc.	1,010,502	2,879,073
Zhen Ding Technology Holding Ltd.	717,000	2,034,027
		4,913,100
Electronic Parts/Components Industry — 5.9%		
Hon Hai Precision Industry Co., Ltd. *	2,844,640	8,087,325
Semiconductor Equipment Industry — 0.8%		
Gigasolar Materials Corp.	78,000	1,119,560
Semiconductor Industry — 8.7%		
Advanced Semiconductor Engineering, Inc.	3,846,000	3,971,773
ASPEED Technology, Inc.	185,164	1,639,022
Hermes Microvision, Inc.	13,000	551,389
MediaTek, Inc.	251,000	1,936,348
Radiant Opto-Electronics Corp.	640,000	1,864,765
RichTek Technology Corp.	207,000	1,072,028
Silicon Motion Technology Corp.	38,000	961,400
		11,996,725
Technology Hardware Industry — 5.7%		
Catcher Technology Co., Ltd.	485,000	4,948,980
Ennoconn Corp.	354,000	2,959,429
		7,908,409
<b>TOTAL INFORMATION TECHNOLOGY</b>		<b>34,850,965</b>

	Shares	US \$ Value (Note 2)
MATERIALS — 5.3%		
Metals & Mining Industry — 2.0%		
Yeong Guan Energy Technology Group Co., Ltd.	501,160	2,772,584
Plastic Industry — 3.3%		
Formosa Chemicals & Fibre Corp.	607,000	1,298,476
Formosa Plastics Corp.	526,000	1,159,153
Nan Ya Plastics Corp.	1,103,000	2,010,324
		4,467,953
TOTAL MATERIALS		7,240,537
TEXTILES — 2.6%		
Textile Industry — 2.6%		
Makalot Industrial Co., Ltd.	422,677	3,559,549
TOTAL TEXTILES		3,559,549
WHOLESALE AND RETAIL — 2.1%		
Oil Gas and Electricity Industry General Industry — 1.0%		
Formosa Petrochemical Corp.	626,000	1,402,613
Trading and Consumers' Goods Industry — 1.1%		
President Chain Store Corp.	232,000	1,550,897
TOTAL WHOLESALE AND RETAIL		2,953,510
TOTAL COMMON STOCKS (Cost — \$128,790,111)		131,847,357
TOTAL INVESTMENTS — 95.8% (Cost — \$128,790,111)		131,847,357
OTHER ASSETS AND LIABILITIES, NET—4.2%		5,794,892
NET ASSETS—100.0%		137,642,249

Legend:

US \$ – United States dollar

\*Non-income producing

The accompanying notes are an integral part of the financial statements. 11





## Financial Statements

## STATEMENT OF ASSETS AND LIABILITIES

August 31, 2015

**Assets:**

Investments in securities, at value (cost \$128,790,111) (Notes 2 and 3)	\$ 131,847,357
Cash	333,280
Cash in New Taiwan dollars (cost \$4,939,085)	4,918,975
Receivable for securities sold	1,151,400
Dividend receivable	849,692
Prepaid expenses	33,507
Total assets	139,134,211

**Liabilities:**

Payable for securities purchased	\$ 1,188,725
Accrued management fee (Note 4)	100,469
Accrued directors' and officers' fees and expenses	1,384
Other payables and accrued expenses	201,384
Total liabilities	1,491,962

Net Assets	\$ 137,642,249
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## Net Assets Consist of:

Paid in capital	\$ 193,910,480
Accumulated undistributed net investment income	(47,110,252 )
Accumulated net realized loss on investments in securities and foreign currency	(12,183,159 )
Net unrealized appreciation on investment in securities and foreign currency	3,025,180

Net Assets	\$ 137,642,249
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<b>Net Asset Value</b> , per share (\$137,642,249/8,224,330 shares outstanding)	\$ 16.74
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## STATEMENT OF OPERATIONS

For the Year Ended August 31, 2015

## Investment Income:

Dividends	\$ 4,358,920
	4,358,920
Less: Taiwan withholding tax (Note 2)	(834,602 )
Total investment income	3,524,318

## Expenses:

Management fees (Note 4)	\$ 1,319,588
Directors' and officers' fees and expenses	363,459
Custodian fees	267,631
Legal fees	224,234
Administration and accounting fees	171,305
Taiwan stock dividend tax (Note 2)	89,253

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Stockholder communications	86,904	
Insurance fees	75,256	
Audit fees	72,700	
Compliance services fees	68,250	
Delaware franchise tax	64,778	
Transfer agent fees	23,665	
Miscellaneous	118,796	
Total expenses		2,945,819
Net Investment Income		578,499
Realized and Unrealized Loss on:		
Net realized loss on:		
Investments	(17,008,239)	
Foreign currency transactions	(288,506 )	
		(17,296,745)
Net change in unrealized appreciation (depreciation) on:		
Investments	(8,537,879 )	
Foreign currency translations	(36,009 )	
		(8,573,888 )
Net realized and unrealized loss		(25,870,633)
Net Decrease in Net Assets Resulting From Operations		\$(25,292,134)

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

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**Financial Statements** *(continued)*

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended August 31, 2015	Year Ended August 31, 2014
Increase/(Decrease) in Net Assets		
Operations:		
Net investment income	\$578,499	\$690,157
Net realized gain (loss) on investments and foreign currency transactions	(17,296,745 )	32,677,057
Net change in unrealized appreciation (depreciation) on investments and foreign currency translations	(8,573,888 )	(7,522,789 )
Net increase (decrease) in net assets resulting from operations	(25,292,134 )	25,844,425
Distributions to stockholders from:		
Net realized gains	(21,648,222 )	—
Total distributions to stockholders	(21,648,222 )	—
Capital stock transactions (Note 5):		
Reinvestment of distributions from net investment income and net realized gains	48,553	—
Total capital stock transactions	48,553	—
Increase (decrease) in net assets	(46,891,803 )	25,844,425
Net Assets		
Beginning of year	184,534,052	158,689,627
End of year	137,642,249	184,534,052
Accumulated undistributed net investment income (loss) included in end of period net assets	\$(47,110,252 )	\$—

The accompanying notes are an integral part of the financial statements. 13

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**Financial Statements** (continued)

## FINANCIAL HIGHLIGHTS

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

	Year Ended August 31,				
	2015	2014†	2013	2012	2011
<b>Selected Per Share Data</b>					
Net asset value, beginning of year	\$22.45	\$19.30	\$17.21	\$20.20	\$16.33
Income from Investment Operations:					
Net investment income <sup>(a)</sup>	0.07	0.08	0.13	0.02	0.14
Net realized and unrealized gain (loss) on investments and foreign currency transactions	(3.15 )	3.07	1.96	(2.57 )	3.81
Total from investment operations	(3.08 )	3.15	2.09	(2.55 )	3.95
Less Distributions to stockholders from:					
Net investment income	—	—	—	—	(0.08 )
Net realized gains	(2.63 )	—	—	(0.56 )	—
Total distributions to stockholders	(2.63 )	—	—	(0.56 )	(0.08 )
<b>Capital Share Transactions:</b>					
Accretion (dilution) to net asset value, resulting from share repurchase program, tender offer or issuance of shares in stock dividend	0.00	(d) —	—	0.12	—
Net asset value, end of year	\$16.74	\$22.45	\$19.30	\$17.21	\$20.20
Market value, end of year	\$14.72	\$20.24	\$17.33	\$15.58	\$18.09
<b>Total Return</b>					
Per share net asset value <sup>(b)</sup>	(13.02 %)	16.32 %	12.14 %	(11.54 %)	24.21 %
Per share market value <sup>(b)</sup>	(15.16 %)	16.79 %	11.23 %	(10.58 %)	23.82 %
<b>Ratio and Supplemental Data:</b>					
Net Assets, end of year (000s)	\$137,642	\$184,534	\$158,690	\$154,594	\$375,172
Ratio of expenses before fee waiver <sup>(c)</sup>	1.86 %	1.80 %	1.96 %	1.65 %	1.43 %
Ratio of expenses after fee waiver	1.86 %	1.80 %	1.96 %	1.61 %	1.43 %
Ratio of net investment income	0.37 %	0.40 %	0.72 %	0.12 %	0.71 %
Portfolio turnover rate	92 %	181 %	14 %	75 %	54 %

<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.

Expense ratio includes 20% tax paid on stock dividends received by the Fund. For the years ended August 31, 2015, (c)2014, 2013, 2012 and 2011, the Fund's ratio of expenses before fee waiver and excluding taxes paid on stock dividends was 1.80%, 1.76%, 1.80%, 1.58% and 1.28%, respectively.

(d) Amount represents less than \$0.005 per share.

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.

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

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Notes To Financial Statements  
August 31, 2015

## 1. Organization

The Taiwan Fund, Inc. (the “Fund”), a Delaware corporation, is registered under the Investment Company Act of 1940, as amended, 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 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 year 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** *(continued)*  
**August 31, 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.

		Level	Level	
Investments in Securities	Level 1	2	3	Total
Common Stocks <sup>^</sup>	\$ 131,847,357	\$ —	\$ —	—\$ 131,847,357
Total	\$ 131,847,357	\$ —	\$ —	—\$ 131,847,357

<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 August 31, 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 August 31, 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 August 31, 2015 the Fund had no open Forwards.

**Notes To Financial Statements** *(continued)*  
**August 31, 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 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 stockholders.* The Fund distributes to stockholders 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** *(continued)*  
**August 31, 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. Book and tax basis differences, if any, are primarily due to differing treatments for foreign currency transactions, net operating loss, post October capital and late year ordinary loss deferrals and wash sales.

Permanent book and tax basis differences relating to stockholder distributions will result in reclassifications between components of net assets. Accordingly, for the year ended August 31, 2015, the effects of certain differences were reclassified. The Fund decreased undistributed net investment income by \$47,688,751, decreased accumulated net realized loss by \$5,308,042, and increased paid in capital by \$42,380,709.

*Security Transactions.* Security transactions are accounted 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 year ended August 31, 2015, purchases and sales of securities, other than short-term securities, aggregated \$144,231,140 and \$168,860,329, 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 August 31, 2015, the management fee was equivalent to an annual rate of 0.83% 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. 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** *(continued)*  
**August 31, 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. 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 August 31, 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 year ended August 31, 2015, the Fund did not repurchase any shares of its common stock.

	For the Year Ended August 31, 2015	For the Year Ended August 31, 2014
Shares outstanding at beginning of year	8,221,259	8,221,259
Shares issued from reinvestment of distributions	3,071	—
Shares outstanding at end of year	8,224,330	8,221,259

**6. Discount Management Policy**

The Board has approved a Discount Management Policy (the “Policy”) which authorizes 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 stockholder 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. For the year ended August 31, 2015, the Fund did not make any purchases under the Policy.

The Board will undertake a review of the effectiveness of the Discount Management Policy and will consider any adjustments at its next meeting.

**Notes To Financial Statements** *(continued)*  
**August 31, 2015**

7. Federal Tax Information

The tax character of distributions paid by the Fund during the year ended August 31, 2015 is as follows:

	Year Ended August 31, 2015
Capital Gains	\$21,648,222
Total	\$21,648,222

As of August 31, 2015, the tax components of accumulated net earnings (losses) were \$2,360,734 of Unrealized Appreciation and \$(56,233,503) of post October capital and late-year ordinary losses and \$2,395,462 of capital loss carryover. The capital loss will be carried over, and the carryover retains its original short term character and has no expiration date.

The difference between book basis and tax basis unrealized appreciation and depreciation is attributable primarily to the tax deferral of losses on wash sales. At August 31, 2015, the aggregate cost basis of the Fund's investment securities for income tax purposes was \$129,454,557. Net unrealized appreciation of the Fund's investment securities was \$2,392,800 of which \$9,560,679 related to appreciated investment securities and \$(7,167,879) related to depreciated investment securities.



Report of Independent Registered Public Accounting Firm

To the Shareholders and  
The Board of Directors of  
The Taiwan Fund, Inc.

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Taiwan Fund, Inc. (the "Fund"), as of August 31, 2015 and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 2015, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Taiwan Fund, Inc. as of August 31, 2015, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania  
October 23, 2015



**Other Information** *(unaudited)*

Results of Annual Stockholder Meeting held on April 22, 2015

1.) Election of Directors – the stockholders of the Fund elected the following Directors to serve for a one year term expiring on the date of which the annual meeting of stockholders is held in 2016.

Director	Votes Cast for	Votes Against/Withheld
Joe O. Rogers	4,350,321	2,786,717
M. Christopher Canavan, Jr.	4,321,650	2,815,388
Michael F. Holland	6,942,512	194,526
William C. Kirby	7,001,039	135,999
Anthony Kai Yiu Lo	4,040,705	3,096,334
Lawrence A. Kudlow <sup>1</sup>	6,985,267	151,771
Chih T. Cheung	6,994,792	142,246

<sup>1</sup>Effective October 23, 2015, Mr. Kudlow resigned from the Board.

2.) Removal of Investment Limitation – the stockholders of the Fund approved the removal of the Fund’s investment limitation that restricted the Fund’s equity investment to securities listed and traded on the Taiwan stock exchange or traded in the over-the-counter market in Taiwan.

For	Against	Abstain	Non-votes
6,329,053	29,604	1,179	777,203

*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 stockholders. For the year ended August 31, 2015, the total amount of foreign taxes paid that will be passed through to its stockholders and foreign source income, for information reporting purposes, will be \$835,882 (representing taxes withheld plus taxes on stock dividends) and \$4,385,506, respectively.

In addition, for the year ended August 31, 2015, the Fund paid distributions of \$21,648,222 which were designated as long-term capital gains dividends.



**Other Information** *(unaudited) (continued)*

Privacy Policy

Privacy Notice

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

Information it receives from stockholders on applications or other forms;

Information about stockholder 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 stockholders to nonaffiliated third parties (other than disclosures permitted by law).

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

Certifications

The Fund's chief executive officer has certified to the New York Stock Exchange that, as of May 11, 2015, 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

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

The Dividend Reinvestment and Cash Purchase Plan (the “Plan”) offers stockholders 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 stockholders, 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 stockholders 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

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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 stockholder 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.) stockholders, 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 stockholders to receive cash.

**Summary of Dividend Reinvestment and  
Cash Purchase Plan** *(continued)*

Voluntary cash purchase option

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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.

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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)*

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)*

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.

**Directors and Officers** (*unaudited*)

The following table sets forth certain information concerning each of the directors and officers of the Fund.

Directors serve from the time of election and qualifications at the Fund's annual meeting of stockholders until their next succeeding election or until their respective successors have been elected and qualified. All Officers serve for one year or until their respective successors are chosen and qualified.

Name, Address and (Age)	Present Office  with the Fund	Since	Principal Occupation or Employment During Past Five Years	Directorships in Publicly-Held Companies (Directors Only)
<b>Directors Considered Independent Persons</b>				
Joe O. Rogers, Ph.D. (66) 2477 Foxwood Drive Chapel Hill, NC 27514	Chairman of the Board (since January 2012) and Director	1986	President, Rogers International LLC (2010-present); Visiting Professor, Fudan University School of Management (2010-11).	Chairman of the Board, Director and Member of the Audit Committee, The China Fund, Inc. (1992-present).
M. Christopher Canavan, Jr. (76) 73 Brook Street Wellesley, MA 02482	Director	2003	Retired; Independent Consultant (2000-2010); Partner, PricewaterhouseCoopers (1972-1999).	
Anthony Kai Yiu Lo (66) 2/F Hong Villa 12 Bowen Street Hong Kong	Director	2003	Chairman, Shanghai-Century Capital Ltd. (January 2009-present); Chairman and Co-CEO, Shanghai Century Acquisition Inc. (January 2006-March 2009).	Independent Non-Executive Director and Chairman of the Audit Committee, Mecox Lane Limited (October 2010-July 2014); Director, Bosera China Fund plc (October 2010-present).
Michael F. Holland (71)	Director	2007	Chairman, Holland & Company LLC (1995-present).	Director, The Holland Balanced Fund, Inc., The China Fund, Inc., Reaves

375 Park  
Avenue, Suite  
2108  
New York,  
New York  
10152

Utility Income Fund and  
Blackstone/GSO Loan Funds; Trustee  
and Co-Chairman, State Street Master  
Funds; State Street Institutional  
Investment Trust and Trustee SSgA  
Funds.

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**Directors and Officers** *(unaudited) (continued)*

Name, Address and (Age)	Present Office with the Fund	Since	Principal Occupation or Employment During Past Five Years	Directorships in Publicly-Held Companies (Directors Only)
Directors Considered Independent Persons — (continued)				
William C. Kirby (65) Harvard University CGIS South Building 1730 Cambridge Street Cambridge, MA 02138	Director	2013	T.M. Chang Professor of China Studies (2006-present); Spangler Family Professor of Business Administration (2006-present); Chairman, Harvard China Fund (2006-present); Harvard University Distinguished Service Professor (2006-present); Director, John K. Fairbank Center for Chinese Studies, Harvard University (2006-2014); Dean of the Faculty of Arts and Sciences Harvard University (2002-2006).	Director, The China Fund, Inc., Cabot Corporation.
Chih T. Cheung (44)	Director	2015	Managing Partner, C2 Capital Limited (investment firm) (2009-present).	None.

**Directors and Officers** (unaudited) (continued)

Name, Address and (Age)	Present Office with the Fund	Since	Principal Occupation or Employment During Past Five Years	Directorships in Publicly-Held Companies (Directors Only)
<b>Officers</b>				
Simon J. Crinage (50) J.P. Morgan Asset Management 60 Victoria Embankment London, EC4Y 0JP	President	2014	Managing Director, J.P. Morgan Asset Management	Director of JPMorgan China Region Fund, Inc., Director of the Association of Investment Companies Limited and JF International Management, Inc.
Patrick J. Keniston (51) Foreside Compliance Services, LLC. Three Canal Plaza, Suite 100 Portland, ME 04101	Chief Compliance Officer	2015	Director of Foreside Compliance Services LLC, (October 2008-present); Counsel, Citi Fund Services (March 2005-October 2008).	
Brian F. Link (42) State Street Bank and Trust Company 4 Copley Place Boston, MA 02116	Secretary	2014	Vice President and Managing Counsel, State Street Bank and Trust Company (2004-present)	
William C. Cox (49) Foreside Financial Group, LLC Three Canal Plaza, Suite 100 Portland, ME 04101	Treasurer	2013	Fund Principal Financial Officer, Foreside Financial Group, LLC. (2013-Present); Vice President, State Street Corporation (1997-2012).	



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)

ADMINISTRATOR AND  
ACCOUNTING AGENT

State Street Bank and Trust Company  
Boston, MA

CUSTODIAN

State Street Bank and Trust Company  
Boston, MA

INVESTMENT ADVISER

JF International Management Inc.  
21st Floor, Chater House  
8 Connaught Road Central  
Hong Kong

TRANSFER AGENT, DIVIDEND  
PAYING AGENT AND REGISTRAR

Computershare Trust Company, N.A.  
Canton, MA

DIRECTORS AND OFFICERS

Joe O. Rogers, Chairman of the Board, Member, Share Repurchase  
Program Committee, Valuation Committee and Independent Director

LEGAL COUNSEL

Clifford Chance US LLP  
New York, NY

Michael F. Holland, Chairman, Valuation Committee, Member, Audit  
Committee and Independent Director

M. Christopher Canavan, Jr., Chairman, Audit Committee and  
Independent Director

Lee and Li  
Taipei, Taiwan

Anthony Kai Yiu Lo, Chairman, Nominating Committee, Member,  
Audit Committee and Independent Director

William Kirby, Chairman, Share Repurchase Committee, Member,  
Nominating Committee and Independent Director

INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM

Chih T. Cheung, Member, Audit Committee, Nominating Committee  
and Independent Director

Tait, Weller & Baker LLP  
Philadelphia, PA

Simon J. Crinage, President

William C. Cox, Treasurer

STOCKHOLDER AGENT

Patrick J. Keniston, Chief Compliance Officer

Brian F. Link, Secretary

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.

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Item 2. Code of Ethics.

- (a) The Taiwan Fund, Inc. (the “Fund”) has adopted a Code of Ethics that applies to the Fund’s principal executive officer and principal financial officer.
- (b) No information needs to be disclosed pursuant to this paragraph.
- (c) There have been no amendments to the Fund’s Code of Ethics during the reporting period for Form N-CSR.
- (d) There have been no waivers granted by the Fund to individuals covered by the Fund’s Code of Ethics during the reporting period for Form N-CSR.
- (e) Not applicable.
- (f) A copy of the Fund’s Code of Ethics is attached as exhibit 12(a)(1) to this Form N-CSR.

Item 3. Audit Committee Financial Expert.

- (a)
  - (1) The Board of Directors of the “Fund” has determined that the Fund has one member serving on the Fund’s Audit Committee that possesses the attributes identified in Instruction 2(b) of Item 3 to Form N-CSR to qualify as “audit committee financial expert.”
  - (2) The name of the audit committee financial expert is M. Christopher Canavan, Jr. Mr. Canavan has been deemed to be “independent” as that term is defined in Item 3(a)(2) of Form N-CSR.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees

For the fiscal years ended August 31, 2015, and August 31, 2014, Tait, Weller & Baker LLP (“Tait Weller”), the Fund’s independent registered public accounting firm, billed the Fund aggregate fees of US\$52,500 and US\$52,000, respectively, for professional services rendered for the audit of the Fund’s annual financial statements and review of financial statements included in the Fund’s annual report to stockholders.

(b) Audit-Related Fees

For the fiscal years ended August 31, 2015, and August 31, 2014, Tait Weller billed the Fund aggregate fees of US\$7,000 and US\$6,800, respectively, for assurances and related services that are reasonably related to the performance of the audit or review of the Fund’s financial statements and are not reported under the section Audit Fees above. Audit-Related Fees represent procedures applied to the semi-annual financial statement amounts (reading the semi-annual report and valuation and existence procedures on investments) as requested by the registrant’s audit committee.

(c) Tax Fees

For the fiscal years ended August 31, 2015, and August 31, 2014, Tait Weller billed the Fund aggregate fees of US\$13,200 and US\$13,200, respectively, for professional services rendered for tax compliance, tax advice, and tax planning. The nature of the services comprising the Tax Fees was the review of the Fund’s income tax returns and tax distribution requirements.

(d) All Other Fees

For the fiscal years ended August 31, 2015, and August 31, 2014, Tait Weller did not bill the Fund any fees for products and services other than those disclosed above.

(e) The Fund's Audit Committee Charter requires that the Audit Committee pre-approve all audit and non-audit services to be provided to the Fund by the Fund's independent registered public accounting firm; provided, however, that the pre-approval requirement with respect to non-auditing services to the Fund may be waived consistent with the exceptions provided for in the Securities Exchange Act of 1934, as amended (the "1934 Act"). All of the audit and tax services described above for which Tait Weller billed the Fund for the fiscal years ended August 31, 2015, and August 31, 2014, were pre-approved by the Audit Committee.

For the fiscal years ended August 31, 2015, and August 31, 2014, the Fund's Audit Committee did not waive the pre-approval requirement of any non-audit services to be provided to the Fund by Tait Weller.

(f) Not applicable.

(g) For the fiscal years ended August 31, 2015, and August 31, 2014, Tait Weller did not bill the Fund any non-audit fees. For the fiscal years ended August 31, 2015, and August 31, 2014, Tait Weller did not provide any services to JF International Management Inc. ("JFIMI" or the "Investment Adviser").

(h) Tait Weller notified the Fund's Audit Committee of all non-audit services that were rendered by Tait Weller to the Fund's Investment Adviser and any entity controlling, controlled by, or under common control with the Investment Adviser that provides ongoing services to the Fund that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X, allowing the Fund's Audit Committee to consider whether such services were compatible with maintaining Tait Weller's independence.

Item 5. Audit Committee of Listed Registrants.

(a) The Fund has a separately-designated audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Fund's audit committee are M. Christopher Canavan, Jr., Anthony K.Y. Lo, Michael F. Holland and Chih T. Cheung.

(b) Not applicable.

Item 6. Schedule of Investments.

(a) Schedule of Investments is included as part of Item 1.

(b) Not applicable.

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Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Investment Companies.

The registrant has delegated to its investment adviser the voting of proxies relating to the registrant's portfolio securities. The policies and procedures used by the investment adviser to determine how to vote proxies relating to the registrant's portfolio securities, including the procedures used when a vote presents a conflict of interest involving the investment adviser or any of its affiliates, are contained in the investment adviser's Proxy Voting Guidelines, which are attached hereto as Exhibit 12(a)(4).

Item 8. Portfolio Managers of Closed-End Management Investment Company.

(a)(1) As of August 31, 2015, the portfolio manager of the registrant is:

Shumin Huang  
Fund Portfolio manager

Investment experience:

Ms. Huang joined JP Morgan Asset Management ("JPMAM"), the brand name of the global group of asset management companies belonging to JP Morgan Chase & Co., which includes JFIMI, in 2006. Prior to her appointment, Ms. Huang worked as a managing director of the Global Investment Research team of Goldman Sachs from 1997.

Conflicts of Interest:

Responsibility for managing the client portfolios of the Investment Adviser and the Investment Adviser's participating affiliates is organized according to the mandates of each account. The Fund's portfolio manager manages other accounts with similar objectives, approach and philosophy to the Fund. The portfolio holdings, relative position sizes and industry and sector exposures tend to be similar across these similar portfolios, which minimizes the potential for conflicts of interest.

Compensation:

JPMAM's portfolio managers participate in a competitive compensation program that is designed to attract and retain outstanding people and closely link their performance to client investment objectives. The total compensation program includes a base salary fixed from year to year and a variable performance bonus consisting of cash incentives and restricted stock and, in some cases, mandatory deferred compensation. These elements reflect individual performance and the performance of the Investment Adviser's business as a whole.

Each portfolio manager's performance is formally evaluated annually based on a variety of factors including the aggregate size and blended performance of the portfolios that he or she manages. Individual contribution relative to client goals carries the highest impact. The compensation is primarily driven by meeting or exceeding clients' risk and return objectives, relative performance to competitors or competitive indices and compliance with firm policies and regulatory requirements. In evaluating the portfolio manager's performance with respect to the mutual funds (including the Fund) he or she manages, the funds' pre-tax performance is compared to the appropriate market peer group and to each fund's benchmark index listed in the fund's prospectus over one, three and five year periods (or such shorter time as the portfolio manager has managed the fund). Investment performance is generally more heavily weighted to the long-term.



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Stock awards are granted as the annual performance bonus and comprise from 0% to 35% of each portfolio manager's total award. As the level of incentive compensation increases, the percentage of compensation awarded in restricted stock also increases.

Ownership of Securities: The following table sets forth, the portfolio manager and the aggregate dollar range of the registrant's equity securities beneficially owned as of August 31, 2015.

Portfolio Manager	Dollar Range of Fund Shares Beneficially Owned
Shumin Huang	\$0

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

During the six month period ended August 31, 2015, the Fund did not purchase any of its equity securities.

Item 10. Submission of Matters to a Vote of Security Holders.

There have been no material changes to the procedures by which stockholders may recommend nominees to the registrant's Board of Directors during the period covered by this Form N-CSR filing.

Item 11. Controls and Procedures.

(a) The registrant's principal executive and principal financial officers have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this Form N-CSR based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the 1934 Act (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits

- (a) (1) Code of Ethics is attached hereto in response to Item 2(f).
  - (a) (2) The certifications required by Rule 30a-2 of the 1940 Act are attached hereto.
  - (a) (3) Not applicable.
  - (a) (4) Proxy voting policies and procedures of the Fund's investment adviser are attached hereto in response to Item 7.
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(b) The certifications required by Rule 30a-2(b) of the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE TAIWAN FUND, INC.

By: /s/ Simon Crinage  
Simon Crinage  
President of The Taiwan Fund, Inc.

Date: November 6, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Simon Crinage  
Simon Crinage  
President of The Taiwan Fund, Inc.

Date: November 6, 2015

By: /s/ William Cox  
William Cox  
Treasurer of The Taiwan Fund, Inc.

Date: November 6, 2015