

TAIWAN FUND INC
Form N-Q
February 01, 2017

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT
COMPANY

Investment Company Act file number: 811-04893

THE TAIWAN FUND, INC.

(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 02111-5049

(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 Summer Street
SUM0703
Boston, MA 02111

Leonard B. Mackey, Jr., Esq.
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019

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

Date of fiscal year end: August 31

Date of reporting period: November 30, 2016

ITEM 1. SCHEDULE OF INVESTMENTS

THE TAIWAN FUND, INC.

Schedule of Investments/November 30, 2016 (Showing Percentage of Net Assets) (unaudited)

| | SHARES | US \$ VALUE (NOTE 2) |
|---|-----------|----------------------------|
| COMMON STOCKS – 97.6% | | |
| CONSUMER DISCRETIONARY — 12.8% | | |
| Auto Components Industry — 0.9% | | |
| Macauto Industrial Co., Ltd. | 263,000 | 1,423,384 |
| Auto Parts & Equipment Industry — 0.6% | | |
| Tung Thih Electronic Co., Ltd. | 105,000 | 905,939 |
| Healthcare Industry — 0.9% | | |
| Nan Liu Enterprise Co., Ltd. | 303,000 | 1,354,673 |
| Household Appliances Industry — 1.3% | | |
| Basso Industry Corp. | 896,000 | 2,080,256 |
| Leisure Time Industry — 1.5% | | |
| Giant Manufacturing Co., Ltd. | 140,000 | 834,562 |
| KMC Kuei Meng International, Inc. | 248,298 | 802,394 |
| Merida Industry Co., Ltd. | 147,000 | 643,381 |
| | | 2,280,337 |
| Multiline Retail Industry — 1.4% | | |
| Poya International Co., Ltd. | 154,352 | 1,932,245 |
| Taiwan FamilyMart Co., Ltd. | 41,000 | 277,853 |
| | | 2,210,098 |
| Textile Industry — 6.2% | | |
| Eclat Textile Co., Ltd. | 244,356 | 2,529,962 |
| Taiwan Paiho Ltd. | 1,711,000 | 5,201,766 |
| Toung Loong Textile Manufacturing Co., Ltd. | 819,000 | 1,976,002 |
| | | 9,707,730 |
| TOTAL CONSUMER DISCRETIONARY | | 19,962,417 |
| ELECTRONICS — 23.0% | | |
| Communications and Internet Industry — 3.4% | | |
| Wistron NeWeb Corp. | 1,786,090 | 5,284,356 |
| Computer and Peripheral Equipment Industry — 3.2% | | |
| Advantech Co., Ltd. | 253,000 | 2,036,034 |
| Inventec Corp. | 1,582,000 | 1,069,623 |
| Mitac Holdings Corp. | 1,886,000 | 1,920,142 |
| | | 5,025,799 |

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| | | |
|--|-----------|------------|
| Electronic Parts/Components Industry — 1.4% | | |
| King Slide Works Co., Ltd. | 189,000 | 2,161,406 |
| Optoelectronics Industry — 5.3% | | |
| Largan Precision Co., Ltd. | 71,000 | 8,219,810 |
| Semiconductor Industry — 9.7% | | |
| Taiwan Semiconductor Manufacturing Co., Ltd. | 2,615,000 | 15,014,119 |
| TOTAL ELECTRONICS | | 35,705,490 |

US \$
SHARES VALUE
(NOTE 2)

| | | |
|--|-----------|------------|
| FINANCE — 14.4% | | |
| Diversified Finance Services Industry — 0.7% | | |
| E. Sun Financial Holding Co., Ltd. | 1,897,100 | 1,101,131 |
| Financial and Insurance Industry — 13.7% | | |
| Cathay Financial Holding Co., Ltd. | 4,674,600 | 6,878,510 |
| China Life Insurance Co., Ltd. | 4,626,000 | 4,934,709 |
| Fubon Financial Holding Co., Ltd. | 4,330,000 | 6,717,865 |
| Yuanta Financial Holding Co., Ltd. | 7,736,000 | 2,803,338 |
| | | 21,334,422 |
| TOTAL FINANCE | | 22,435,553 |
| FOODS — 2.5% | | |
| Food Industry — 1.4% | | |
| Uni-President Enterprises Corp. | 1,307,995 | 2,236,555 |
| Food Products Industry — 1.1% | | |
| Grape King Bio Ltd. | 217,000 | 1,627,177 |
| TOTAL FOODS | | 3,863,732 |
| INDUSTRIALS — 9.0% | | |
| Airlines Industry — 0.4% | | |
| Aerospace Industrial Development Corp. | 434,000 | 551,470 |
| Building Material and Construction Industry — 2.5% | | |
| Nien Made Enterprise Co., Ltd. | 348,000 | 3,897,844 |
| Electrical Components & Equipment Industry — 1.0% | | |
| Bizlink Holding, Inc. | 52,000 | 250,431 |
| Voltronic Power Technology Corp. | 97,818 | 1,281,305 |
| | | 1,531,736 |
| Electrical Components Industry — 2.4% | | |
| Delta Electronics, Inc. | 755,155 | 3,790,820 |
| Machinery Industry — 2.7% | | |

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| | | |
|---------------------------------|---------|------------|
| Airtac International Group | 371,000 | 2,811,047 |
| Iron Force Industrial Co., Ltd. | 263,976 | 1,441,089 |
| | | 4,252,136 |
| TOTAL INDUSTRIALS | | 14,024,006 |

INFORMATION TECHNOLOGY — 29.4%

Computer and Peripheral Equipment Industry — 1.0%

| | | |
|--|-----------|-----------|
| Chunghwa Precision Test Tech Co., Ltd. | 20,000 | 740,439 |
| Innolux Corp. | 2,057,000 | 709,911 |
| | | 1,450,350 |

Electrical Components Industry — 1.8%

| | | |
|------------------------------|-----------|-----------|
| Au Optronics Corp. | 3,537,000 | 1,270,626 |
| Sinbon Electronics Co., Ltd. | 702,815 | 1,470,767 |
| | | 2,741,393 |

Electronic Parts/Components Industry — 6.4%

| | | |
|--------------------------------------|-----------|-----------|
| Hon Hai Precision Industry Co., Ltd. | 3,885,259 | 9,995,646 |
|--------------------------------------|-----------|-----------|

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THE TAIWAN FUND, INC.

Schedule of Investments/November 30, 2016 (Showing Percentage of Net Assets) (unaudited) (continued)

| | SHARES | US \$ VALUE (NOTE 2) |
|--|-----------|----------------------------|
| INFORMATION TECHNOLOGY —(continued) | | |
| Semiconductor Equipment Industry — 2.5% | | |
| Silergy Corp. | 252,000 | 3,846,453 |
| Semiconductor Industry — 11.6% | | |
| Advanced Semiconductor Engineering, Inc. | 2,003,000 | 2,152,378 |
| ASPEED Technology, Inc. | 230,164 | 3,368,729 |
| Epistar Corp. * | 1,341,000 | 986,617 |
| Himax Technologies, Inc. ADR | 295,000 | 2,174,150 |
| MediaTek, Inc. | 416,000 | 2,890,974 |
| Parade Technologies Ltd. | 114,000 | 1,203,558 |
| Powertech Technology, Inc. | 611,000 | 1,570,009 |
| Realtek Semiconductor Corp. | 802,000 | 2,491,074 |
| Silicon Motion Technology Corp. ADR | 27,000 | 1,241,730 |
| | | 18,079,219 |
| Technology Hardware Industry — 6.1% | | |
| Ennoconn Corp. | 311,490 | 4,397,782 |
| Micro-Star International Co., Ltd. | 1,074,000 | 2,864,180 |
| Primax Electronics Ltd. | 1,580,000 | 2,270,385 |
| | | 9,532,347 |
| TOTAL INFORMATION TECHNOLOGY | | 45,645,408 |
| MATERIALS — 2.9% | | |
| Building Material and Construction Industry — 0.9% | | |
| Taiwan Cement Corp. | 1,242,000 | 1,435,940 |
| Plastic Industry — 2.0% | | |
| Formosa Chemicals & Fibre Corp. | 323,000 | 1,012,384 |
| Formosa Plastics Corp. | 101,000 | 287,729 |
| Nan Ya Plastics Corp. | 870,000 | 1,831,550 |
| | | 3,131,663 |
| TOTAL MATERIALS | | 4,567,603 |
| TEXTILES — 0.5% | | |
| Textile Industry — 0.5% | | |
| Far Eastern New Century Corp. | 1,073,000 | 791,124 |
| TOTAL TEXTILES | | 791,124 |
| WHOLESALE AND RETAIL — 3.1% | | |
| Oil Gas and Electricity Industry General Industry — 1.9% | | |
| Formosa Petrochemical Corp. | 863,000 | 2,910,693 |

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| | | |
|--|---------|-------------|
| Trading and Consumers' Goods Industry — 1.2% | | |
| President Chain Store Corp. | 244,000 | 1,833,464 |
| TOTAL WHOLESALE AND RETAIL | | 4,744,157 |
| TOTAL COMMON STOCKS (Cost — \$128,138,864) | | 151,739,490 |
| TOTAL INVESTMENTS — 97.6% (Cost — \$128,138,864) | | 151,739,490 |
| OTHER ASSETS AND LIABILITIES, NET—2.4% | | 3,790,853 |
| NET ASSETS—100.0% | | 155,530,343 |

Legend:

US \$ – United States dollar

* Non-income producing

ADR – American Depositary Receipt

Notes to Schedule of Investments (unaudited)
November 30, 2016

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 additional certain 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. Basis of Presentation. The preparation of the Schedule of Investments is in accordance with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts and disclosures in the Schedule of Investments during the reporting period. Management believes the estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the Schedule of Investments may differ from the value the Fund ultimately realizes upon the sale of the securities.

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.

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• 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 [^] | \$151,739,490 | \$ | —\$ | —\$151,739,490 |
| Total | \$151,739,490 | \$ | —\$ | —\$151,739,490 |

[^]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.

Notes to Schedule of Investments (unaudited) (continued)
November 30, 2016

The Fund's policy is to disclose transfers between Levels based on valuations at the end of the reporting period. As of November 30, 2016, there were no transfers between Levels 1, 2, or 3 based on the valuation input levels.

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.

Security Transactions. Security transactions are accounted for as of the trade date.

3. Tax Basis of Investments. Cost of investments for federal income tax purposes is substantially the same as for financial statement purposes. At November 30, 2016, the aggregate cost basis of the Fund's investment securities for financial reporting purposes was \$128,138,864. Net unrealized appreciation of the Fund's investment securities was \$23,600,626, of which \$27,048,678 was related to appreciated investment securities and \$3,448,052 was related to depreciated investment securities.

ITEM 2. 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-Q that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended, (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 last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS

The certifications required by Rule 30a-2(a) of the 1940 Act (17 CFR 270.30a-2(a)), are attached as exhibits to this filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, and the Investment Company Act of 1940, as amended, 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 J. Crinage
Simon J. Crinage
President of The Taiwan Fund, Inc.

Date: January 23, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, and the Investment Company Act of 1940, as amended, 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 J. Crinage
Simon J. Crinage
President of The Taiwan Fund, Inc.

Date: January 23, 2017

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

Date: January 23, 2017