

TAIWAN FUND INC  
Form 8-K  
January 27, 2004

Table of Contents

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**October 1, 2003**

Date of report (Date of earliest event reported)

**The Taiwan Fund, Inc.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**811-04893**  
(Commission  
File Number)

**042942862**  
(IRS Employer  
Identification Number)

**225 Franklin Street, Boston,  
Massachusetts**  
(Address of Principal Executive  
Offices)

**02110**  
(Zip Code)

**(212) 662-2789**

(Registrant's telephone number, including area code)

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**TABLE OF CONTENTS**

Item 9. Regulation FD Disclosure.  
SIGNATURES

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**Table of Contents**

**Item 9. Regulation FD Disclosure.**

Pursuant to Regulation FD Rules 100-103, The Taiwan Fund, Inc. (the Fund ) furnishes the October and November 2003 Monthly Reviews of the Fund 's performance by the Fund 's investment adviser.



**Table of Contents****THE TAIWAN FUND, INC. REVIEW**  
**October 2003**

HSBC Asset Management (Taiwan) Limited  
24/F No. 99, Tunhwa S. Rd., Sec. 2  
Taipei 106, Taiwan

Tel: (8862) 2325-7888  
Fax: (8862) 2706-5371

**Portfolio Review**

The Fund's performance was slightly below the market's in October, returning 6.90% in U.S. dollar terms compared to 7.10% for the TAIEX. While our performance was generally in line with the TAIEX, the Fund was ranked among the top-ten performers in October out of 95 local general equity funds.

Looking ahead, we expect that the market is likely to go through a short period of consolidation. Liquidity is still abundant, and economic recovery appears to be on track as indicated by rising export orders and better-than-expected corporate earnings. However, after a six-month rally, the market seems to have discounted a lot of good news, and thus concerns over a short-term correction have increased. Nevertheless, we believe downside risk is limited. The market should regain momentum by the end of the year, driven by anticipated positive factors such as the strengthening expectation on asset reflation, emerging demand from inventory restocking, and rising commodity prices.

On the sector level, we will continue to maintain a relatively balanced portfolio, as we believe that the market should follow a sector rotation in the near-term. Currently, we are somewhat underweight in the technology sector and overweight in non-technology sectors. We expect no major changes in our portfolio in November.

**Total Fund Sector Allocation**

As of 10/31/03	% of	% of
	Total Fund	TAIEX
Semiconductor	22.80	22.81
Banking	18.61	18.75
PC & Peripherals	13.50	15.08
Electronics	10.80	10.05
Plastics	8.00	7.15
Telecommunication	4.59	6.48
Steel	3.54	3.03
Transportation	3.09	2.56
Auto	2.50	1.55
Electricals	2.10	1.28
Textile	1.60	1.80
Chemical	0.92	1.30
Cement	0.70	0.90
Retail	0.55	0.74
Wire & Cable	0.60	0.64
Others	4.10	5.88
<b>Total</b>	<b>98.00</b>	<b>100.00</b>
Cash	2.00	
<b>Tech</b>	<b>51.69</b>	<b>54.90</b>
<b>Non-Tech</b>	<b>27.70</b>	<b>26.35</b>
<b>Financial</b>	<b>18.61</b>	<b>18.75</b>

Total Net Asset: US\$223.12Million

**Top 10 Holdings of Total Fund Portfolio**

As of 10/31/03

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	% of Total Portfolio
Taiwan Semiconductor Manufacturing Co.	8.66
Cathay Financial Holding Co. Ltd.	4.53
Au Optronics Corp.	3.58
MediaTek Inc.	3.36
Chinatrust Financial Holding Co. Ltd.	3.04
Hon Hai Precision Industry Co. Ltd.	2.98
China Steel Corp.	2.76
Formosa Chemical & Fibre Corp.	2.70
Advanced Semiconductor Engineering, Inc.	2.60
Chunghwa Telecom Co. Ltd.	2.54
<b>Total</b>	<b>36.75</b>

NAV: US\$13.63  
No. of Shares: 16.4Million

Price: US\$12.00

Discount: -11.96%

Returns in US\$ (%)\*

	The Taiwan Fund, Inc.	Taiwan Stock Exchange Index
<b>One Month</b>	<b>6.90</b>	<b>7.10</b>
<b>Fiscal Year to Date**</b>	<b>6.31</b>	<b>7.58</b>
<b>One Year</b>	<b>26.60</b>	<b>35.05</b>
<b>Three Years</b>	<b>-1.65</b>	<b>1.26</b>
<b>Five years</b>	<b>-2.75</b>	<b>4.28</b>
<b>Ten Years</b>	<b>2.87</b>	<b>1.47</b>
<b>Since Inception</b>	<b>10.22</b>	<b>11.32</b>

\* Returns for the Fund are historical total returns that reflect changes in net asset value per share during each period and assume that dividends and capital gains, if any, were reinvested. Returns for the Taiwan Stock Exchange Index are not total returns and reflect only changes in share prices but do not assume that cash dividends, if any, were reinvested, and thus are not strictly comparable to the Fund returns. Past performance is not indicative of future results of the Fund. Returns are annualized, except for periods of less than one year which are not annualized.

\*\* The Fund's fiscal year commences on September 1.

**Table of Contents****Premium/Discount of TWN****Market Data**

	<u>As of 09/30/03</u>	<u>As of 10/31/03</u>
TAIEX	5611.41	6045.12
% change in NTD terms	-0.70	7.73
% change in USD terms	0.45	7.10
NTD Daily avg. trading volume (In Billions)	83.44	104.61
USD Daily avg. trading volume (In Billions)	2.47	3.08
NTD Market Capitalization (In Billions)	11597.93	12633.73
USD Market Capitalization (In Billions)	343.34	371.80
FX Rate: (US\$/NT\$)	33.78	33.98

*Disclaimer: This report is based on information believed by us to be reliable. No representation is made that it is accurate or complete. The figures in the report are unaudited. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell any securities.*

*The daily NAV of the Fund is available at Lipper and CDA Weisenberger, or you may obtain it by calling toll free (800) 636-9242.*

**Lead Fund Manager: Alan Huang**  
**Deputy Fund Manager: Jovi Chen**



**Table of Contents****THE TAIWAN FUND, INC. REVIEW**  
**November 2003**

HSBC Asset Management (Taiwan) Limited  
24/F No. 99, Tunhwa S. Rd., Sec. 2  
Taipei 106, Taiwan

Tel: (8862) 2325-7888  
Fax: (8862) 2706-5371

**Portfolio Review**

The TAIEX corrected downward during the month of November with a decline of 4.52% in NT dollar terms. Foreign investors became net sellers as investors took profits after the market's recent strong performance. Political uncertainties have also resulted in more aggressive selling by local investors. The technology sector declined in November, driven by profit taking and concerns over product shipments due to component shortages. The banking sector also declined in November following October's rally. Buying interest was seen rotating into traditional non-tech sectors, such as retailing, tourism, chemicals, plastics, steel, food, construction, and transportation. The Fund underperformed the TAIEX in November, primarily due to the underperformance of some of our major holdings in the technology sector and in the banking sector.

Going forward, we believe the market is still likely to be range bound with limited upside. Foreign investors are likely to stay on the sidelines, and therefore domestic investors should dominate the market through the end of the year. Politics will continue to be a factor, but we believe the market is becoming more resilient to political shocks because of the increasingly positive economic outlook for next year. The consensus forecast for Taiwan's 2004 GDP growth has been revised upwards, and the corporate profit forecast is also being revised upwards. We believe over the longer-term, the market is still attractive for investors.

**Total Fund Sector Allocation**

As of 11/28/03	% of Total Fund	% of TAIEX
Semiconductor	22.70	22.63
Banking	18.10	18.34
PC & Peripherals	13.20	14.71
Electronics	10.70	10.47
Plastics	8.20	7.28
Telecommunication	6.00	6.64
Steel	3.60	3.08
Transportation	3.10	2.57
Auto	2.40	1.51
Textile	1.70	1.75
Electricals	1.60	1.33
Chemical	1.00	1.35
Cement	0.60	0.86
Wire & Cable	0.60	0.73
Retail	0.60	0.83
Others	3.90	5.94
<b>Total</b>	<b>98.00</b>	<b>100.00</b>
Cash	2.00	
<b>Tech</b>	<b>52.60</b>	<b>54.95</b>
<b>Non-Tech</b>	<b>27.30</b>	<b>26.71</b>
<b>Financial</b>	<b>18.10</b>	<b>18.34</b>

**Total Net Asset: US\$210.86Million**

**Top 10 Holdings of Total Fund Portfolio**

As of 11/30/03

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	<b>% of Total Portfolio</b>
Taiwan Semiconductor Manufacturing Co.	8.63
Cathay Financial Holding Co. Ltd.	4.20
Chunghwa Telecom. Co. Ltd.	3.82
Au Optronics Corp.	3.36
MediaTek, Inc.	3.05
Chinatrust Financial Holding Co. Ltd	3.03
China Steel Corp.	2.89
Advanced Semiconductor Engineering, Inc.	2.73
Formosa Chemical & Fibre Corp.	2.73
Hon Hai Precision Industry Co. Ltd.	2.72
<b>Total</b>	<b>37.16</b>

**NAV: US\$12.88**

**Price: US\$11.58**

**Discount: -10.09%**

**No. of Shares: 16.4Million**

### Returns in US\$ (%)\*

	<b>The Taiwan Fund, Inc.</b>	<b>Taiwan Stock Exchange Index</b>
<b>One Month</b>	<b>-5.50</b>	<b>-5.00</b>
<b>Fiscal Year to Date**</b>	<b>0.46</b>	<b>2.20</b>
<b>One Year</b>	<b>19.42</b>	<b>26.62</b>
<b>Three Years</b>	<b>-2.32</b>	<b>2.04</b>
<b>Five years</b>	<b>-4.78</b>	<b>-5.27</b>
<b>Ten Years</b>	<b>1.51</b>	<b>0.45</b>
<b>Since Inception</b>	<b>9.80</b>	<b>10.92</b>

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\*\* The Fund's fiscal year commences on September 1.

**Table of Contents****Premium/Discount of TWN****Market Data**

	As of 10/31/03	As of 11/28/03
TAIEX	6045.12	5771.77
% change in NTD terms	7.73	-4.52
% change in USD terms	7.10	-5.00
NTD Daily avg. trading volume (In Billions)	104.61	84.86
USD Daily avg. trading volume (In Billions)	3.08	2.48
NTD Market Capitalization (In Billions)	12633.73	12115.53
USD Market Capitalization (In Billions)	371.80	354.77
FX Rate: (US\$/NT\$)	33.98	34.15

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