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TAIWAN FUND INC
Form N-Q
July 30, 2009

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)

2 AVENUE DE LAFAYETTE,
P.O. Box 5049
BOSTON, MA 02206-5049
(Address of principal executive offices) (Zip code)

(Name and Address of Agent for Service)
The Taiwan Fund, Inc.
c/o State Street Bank and Trust Company
Attention: Elizabeth A. Watson,
Assistant Secretary
4 Copley Place, 5th Floor
Boston, MA 02116

Copy to:
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: (800) 636-9242

Date of fiscal year end: August 31

Date of reporting period: May 31, 2009

ITEM 1: SCHEDULE OF INVESTMENTS

THE TAIWAN FUND, INC.
Schedule of Investments/May 31, 2009 (Showing Percentage of Net Assets)
(unaudited)

| | US\$ VALUE (NOTE a) |
|--|---------------------------|
| SHARES | ----- |
| COMMON STOCKS - 86.1% | |
| BASIC INDUSTRIES -- 26.7% | |
| AUTOMOBILES, TIRES & ACCESSORIES -- 1.0% | |

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| | | |
|--------------------------------------|------------|--------------|
| Yulon Nissan Motor Co., Ltd. | 1,370,000 | \$ 2,399,779 |
| | | ----- |
| CEMENT -- 1.6% | | |
| Asia Cement Corp. | 3,500,000 | 3,936,633 |
| | | ----- |
| FOOD -- 3.9% | | |
| Great Wall Enterprise Co., Ltd. | 2,000,339 | 2,157,677 |
| Uni-President Enterprises Corp. | 3,500,000 | 3,877,476 |
| Wei Chuan Food Corp. * | 3,500,000 | 3,538,667 |
| | | ----- |
| | | 9,573,820 |
| | | ----- |
| GLASS -- 1.5% | | |
| Taiwan Glass Industrial Corp. | 5,500,000 | 3,794,502 |
| | | ----- |
| IRON & STEEL -- 2.8% | | |
| China Steel Corp. | 7,000,000 | 5,958,728 |
| Tung Ho Steel Enterprise Corp. | 1,000,000 | 1,044,852 |
| | | ----- |
| | | 7,003,580 |
| | | ----- |
| PAPER -- 0.2% | | |
| Kang Na Hsiung Enterprise Co., Ltd. | 1,000,000 | 588,497 |
| | | ----- |
| PETROLEUM SERVICES -- 2.0% | | |
| Formosa Petrochemical Corp. | 2,000,000 | 5,039,873 |
| | | ----- |
| PLASTICS -- 2.7% | | |
| Formosa Plastics Corp. | 2,000,000 | 3,872,098 |
| Nan Ya Plastics Corp. | 2,000,000 | 2,857,977 |
| | | ----- |
| | | 6,730,075 |
| | | ----- |
| RETAIL -- 4.3% | | |
| President Chain Store Corp. | 2,500,000 | 6,453,496 |
| Ruentex Industries, Ltd. | 4,000,000 | 4,179,407 |
| | | ----- |
| | | 10,632,903 |
| | | ----- |
| RUBBER -- 3.7% | | |
| Cheng Shin Rubber Industry Co., Ltd. | 4,000,000 | 6,736,221 |
| TSRC Corp. | 2,000,000 | 2,519,937 |
| | | ----- |
| | | 9,256,158 |
| | | ----- |
| TEXTILE -- 1.4% | | |
| Far Eastern Textile, Ltd. | 3,000,000 | 3,397,305 |
| | | ----- |
| TRANSPORTATION -- 1.6% | | |
| U-Ming Marine Transport Corp. | 800,000 | 1,659,471 |
| Yang Ming Marine Transport | 5,000,000 | 2,243,358 |
| | | ----- |
| | | 3,902,829 |
| | | ----- |
| TOTAL BASIC INDUSTRIES | | 66,255,954 |
| | | ----- |
| FINANCE -- 8.5% | | |
| FINANCIAL SERVICES -- 8.5% | | |
| Cathay Financial Holding Co., Ltd. | 4,000,622 | 6,479,089 |
| First Financial Holding Co., Ltd. | 8,000,500 | 5,372,103 |
| Fubon Financial Holding Co., Ltd. | 4,500,000 | 4,363,025 |
| SinoPac Financial Holdings Co., Ltd. | 10,000,000 | 3,134,555 |

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| | | |
|--------------------------------------|-----------|------------|
| Taishin Financial Holdings Co., Ltd. | 5,000,000 | 1,805,442 |
| | | ----- |
| TOTAL FINANCE | | 21,154,214 |
| | | ----- |

| | SHARES | US\$ VALUE (NOTE a) |
|---|------------|---------------------------|
| | ----- | ----- |
| TECHNOLOGY -- 50.9% | | |
| ELECTRONIC COMPONENTS -- 2.3% | | |
| Advanced Power Electronics Corp. | 1,000,000 | \$ 891,197 |
| Kinsus Interconnect Technology Corp. | 1,000,000 | 1,797,760 |
| Silitech Technology Corp. | 1,400,000 | 2,990,120 |
| | | ----- |
| | | 5,679,077 |
| | | ----- |
| ELECTRONICS DISTRIBUTION -- 3.0% | | |
| Synnex Technology International Corp. | 4,500,000 | 7,370,815 |
| | | ----- |
| IC DESIGN -- 8.7% | | |
| MediaTek, Inc. | 1,175,000 | 14,443,540 |
| Novatek Microelectronics Corp. Ltd. | 1,000,878 | 2,429,875 |
| Orise Technology Co., Ltd. | 600,000 | 1,004,902 |
| RichTek Technology Corp. | 525,000 | 3,654,292 |
| | | ----- |
| | | 21,532,609 |
| | | ----- |
| OPTOELECTRONICS -- 4.5% | | |
| Au Optronics Corp. | 4,000,695 | 4,130,955 |
| InnoLux Display Corp. | 1,600,924 | 2,226,205 |
| Largan Precision Co., Ltd. | 300,000 | 3,272,845 |
| Motech Industries, Inc. | 400,000 | 1,585,716 |
| | | ----- |
| | | 11,215,721 |
| | | ----- |
| OTHER ELECTRONIC -- 6.1% | | |
| Hon Hai Precision Industry Co., Ltd. | 4,000,874 | 15,122,924 |
| | | ----- |
| PC & PERIPHERALS -- 4.8% | | |
| Catcher Technology Co. Ltd. | 1,500,000 | 4,245,479 |
| Quanta Computer, Inc. | 3,000,000 | 4,794,026 |
| Quanta Storage, Inc. | 2,000,000 | 2,857,977 |
| | | ----- |
| | | 11,897,482 |
| | | ----- |
| SEMICONDUCTOR MANUFACTURING -- 8.5% | | |
| Siliconware Precision Industries Co. | 2,000,074 | 2,596,860 |
| Taiwan Semiconductor Manufacturing Co., Ltd. | 10,000,426 | 18,562,276 |
| | | ----- |
| | | 21,159,136 |
| | | ----- |
| TELECOMMUNICATIONS -- 13.0% | | |
| Chunghwa Telecom Co., Ltd. | 5,000,094 | 9,526,770 |
| Far EasTone Telecommunications Co., Ltd. | 4,300,000 | 4,955,363 |
| Gemtek Technology Corp. | 1,500,000 | 2,678,201 |
| HTC Corp. | 550,000 | 8,856,655 |

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| | | |
|--|-----------|---------------|
| Taiwan Mobile Co., Ltd. | 3,500,000 | 6,216,868 |
| | | ----- |
| | | 32,233,857 |
| | | ----- |
| TOTAL TECHNOLOGY | | 126,211,621 |
| | | ----- |
| TOTAL COMMON STOCKS | | |
| (Identified Cost -- \$164,440,495) | | 213,621,789 |
| | | ----- |
| TOTAL INVESTMENTS -- 86.1% | | |
| (Cost -- \$164,440,495) ** | | \$213,621,789 |
| | | ----- |
| OTHER ASSETS AND LIABILITIES, NET--13.9% | | 34,524,373 |
| | | ----- |
| NET ASSETS--100.0% | | \$248,146,162 |
| | | ===== |

See Notes to Schedule of Investments.

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NOTES TO SCHEDULE OF INVESTMENTS

US\$ United States Dollar

* Non-income producing

(a) 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). 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 may prescribe. Foreign securities may be valued at fair value according to procedures approved by the Board of Directors 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. The value of foreign securities may be adjusted if such movements in the U.S. market exceed a specified threshold. 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.

** At May 31, 2009, aggregate gross unrealized appreciation for all securities for which there was an excess of value over financial reporting cost was \$56,281,353 and aggregate gross unrealized depreciation for all securities for which there was an excess of financial reporting cost over value was \$7,100,059 and net appreciation for financial reporting purposes was \$49,181,294. At May 31, 2009, aggregate cost for financial reporting purposes was \$164,440,495.

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective September 1, 2008. In accordance with FAS 157, fair value is defined as the

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price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1 - quoted prices in active markets for identical investments
- Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of May 31, 2009 in valuing the Fund's investments carried at value:

| VALUATION INPUTS | INVESTMENTS IN SECURITIES |
|---|------------------------------|
| Level 1 - Quoted Prices | \$ 213,621,789 |
| Level 2 - Other Significant Observable Inputs | -- |
| Level 3 - Significant Unobservable Inputs | -- |
| TOTAL | \$ 213,621,789 |
| | ===== |

In March 2008, FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. SFAS 161 requires enhanced disclosures about fund derivative and hedging activities. There were no derivative instruments held by the Fund on May 31, 2009.

In April 2009, FASB issued FASB Staff Position No. 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP 157-4"). FSP 157-4 provides additional guidance for estimating fair value in accordance with SFAS 157, when the volume and level of activity for the asset or

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liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly. FSP 157-4 is effective for fiscal years and interim periods ending after June 15, 2009. Management is currently evaluating the impact the adoption of FSP 157-4 will have on the Fund's disclosures.

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 (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 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/ Andrew Chen

Andrew Chen
Principal Executive Officer
President of The Taiwan Fund, Inc.

Date: July 28, 2009

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/ Adelina Louie

Adelina Louie
Principal Financial Officer
Treasurer of The Taiwan Fund, Inc.

Date: July 28, 2009

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By: /s/ Andrew Chen

Andrew Chen
Principal Executive Officer
President of The Taiwan Fund, Inc.

Date: July 28, 2009