

TAIWAN FUND INC  
Form DEF 14A  
March 13, 2018

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

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**The Taiwan Fund, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
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- (5) Total fee paid:

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- (2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**THE TAIWAN FUND, INC.**

**c/o State Street Bank and Trust Company**

**P.O. Box 5049, One Lincoln Street,**

**Boston, Massachusetts 02111-5049**

**For questions about the Proxy Statement, please call (800) 967-7635**

March 13, 2018

Dear Stockholder:

The Annual Meeting of Stockholders of The Taiwan Fund, Inc. (the Fund) will be held at 9:00 a.m., Eastern Time on Tuesday, April 17, 2018, at the offices of Clifford Chance US LLP, 31 West 52<sup>nd</sup> Street, New York, New York 10019. A Notice and Proxy Statement regarding the Meeting, proxy card for your vote, and postage prepaid envelope in which to return your proxy card are enclosed.

At the Meeting you, as a stockholder of the Fund, will be asked by the Board of Directors to vote on three proposals: (1) the election of five Directors; (2) the approval of an amendment to the Fund's by-laws to remove a fundamental policy that restricts the Fund from investing more than 10% of the Fund's total assets (taken at current value) in a single issuer; and (3) the approval of an amendment to the Fund's by-laws to amend a fundamental policy to require the Fund to invest more than 25% of its total assets (taken at current value) in the semi-conductor industry.

The Board of Directors recommends that you vote FOR the proposals.

Anthony Kai Yiu Lo, a Director of the Fund since 2003, has chosen not to stand for re-election. The Board of Directors thanks him for his years of service to the Fund and wishes him well in retirement. The Board of Directors is pleased to announce that it has nominated Mr. Thomas G. Kamp and Mr. Warren J. Olsen to join the Board of Directors. Mr. Kamp has extensive asset management experience as a chief investment officer and a portfolio manager. He also has the chartered financial analyst (CFA) designation. Mr. Olsen is also an experienced executive in the investment management industry. In addition, Mr. Olsen has experience overseeing closed-end funds, including several in emerging markets. Through its nomination process, the Board has sought to rotate Board membership so as to add fresh outlooks and perspectives while ensuring appropriate levels of stability and continuity.

Respectfully,

Brian F. Link  
*Secretary*

**STOCKHOLDERS ARE STRONGLY URGED TO VOTE BY TELEPHONE, BY INTERNET OR BY SIGNING AND MAILING THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED FOR THAT PURPOSE TO ENSURE A QUORUM AT THE MEETING.**

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**THE TAIWAN FUND, INC.**

**Notice of the Annual Meeting of Stockholders**

April 17, 2018

To the Stockholders of The Taiwan Fund, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Meeting ) of The Taiwan Fund, Inc. (the Fund ) will be held at the offices of Clifford Chance US LLP, 31 West 52<sup>nd</sup> Street, New York, New York 10019, on April 17, 2018 at 9:00 a.m., local time, for the following purposes:

- (1) To elect five Directors to serve for the ensuing year;
- (2) To amend the Fund s by-laws to remove a fundamental policy that restricts the Fund from investing more than 10% of the Fund s total assets (taken at current value) in a single issuer;
- (3) To amend the Fund s by-laws to amend a fundamental policy to require the Fund to invest more than 25% of its total assets (taken at current value) in the semi-conductor industry; and
- (4) To transact such other business as may properly come before the Meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on February 23, 2018 as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting or any adjournments thereof.

You are cordially invited to attend the Meeting. Stockholders who do not expect to attend the Meeting in person are requested to vote by telephone, by Internet or by completing, dating and signing the enclosed form of proxy and returning it promptly in the envelope provided for that purpose. The enclosed proxy is being solicited by the Board of Directors of the Fund.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE MEETING ON APRIL 17, 2018:** This Notice and the Proxy Statement are available on the Internet at <https://www.proxy-direct.com/twn-29664>.

By order of the Board of Directors

BRIAN F. LINK  
*Secretary*

March 13, 2018

## PROXY STATEMENT

### THE TAIWAN FUND, INC.

#### INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of The Taiwan Fund, Inc. (the Fund or Corporation ) for use at the Annual Meeting of Stockholders (the Meeting ), to be held at the offices of Clifford Chance US LLP, 31 West 52<sup>nd</sup> Street, New York, New York 10019, on Tuesday, April 17, 2018 at 9:00 a.m., local time, and at any adjournments thereof.

This Proxy Statement and the form of proxy card are being mailed to stockholders on or about March 12, 2018. Any stockholder giving a proxy has the power to revoke it by executing a superseding proxy by phone, Internet or mail following the process described on the proxy card or by submitting a notice of revocation to the Fund prior to the date of the Meeting or in person at the Meeting. All properly executed proxies received in time for the Meeting will be voted as specified in the proxy or, if no specification is made, for the election of the directors, as described in this Proxy Statement.

The presence in person or by proxy of stockholders entitled to cast one third of the votes entitled to be cast thereat constitutes a quorum at all meetings of the stockholders. For purposes of determining the presence of a quorum for transacting business at the Meeting, executed proxies returned without marking a vote on Proposal 1, Proposal 2 or Proposal 3 will be treated as shares that are present for quorum purposes. Abstentions are included in the determination of the number of shares present at the Meeting for purposes of determining the presence of a quorum. **If a stockholder is present in person or by proxy at the Meeting but does not cast a vote, the stockholder's shares will count towards a quorum but will have no effect on Proposal 1 and will have the effect of a vote to disapprove Proposal 2 and Proposal 3.** In the event a quorum is not present at the Meeting, or in the event that a quorum is present at the Meeting but sufficient votes to approve any of the proposed items are not received, holders of a majority of the stock present in person or by proxy have power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the Meeting. The chairman of the Meeting also may adjourn the Meeting from time to time. Any adjournment may be made to a date not more than 120 days after the original record date without notice other than announcement at the Meeting. If a quorum is present, a stockholder vote may be taken on one or more of the Proposals in this Proxy Statement prior to any such adjournment if sufficient votes have been received for approval and it is otherwise appropriate. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the Meeting as originally notified. The Fund may set a subsequent record date and give notice of it to stockholders, in which case the meeting may be held not more than 120 days beyond the subsequent record date.

The Board of Directors has fixed the close of business on February 23, 2018 as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting and at any adjournments thereof. Stockholders on the record date will be entitled to one vote for each share held, with no shares having cumulative voting rights. As of the record date, the Fund had outstanding 8,172,205 shares of common stock.

Management of the Fund knows of no item of business other than those items mentioned in Proposal 1, Proposal 2 and Proposal 3 of the Notice of Meeting that will be eligible to be presented for consideration at the Meeting. If any other matter is properly presented, it is the intention of the persons named in the enclosed proxy to vote in accordance with their best judgment.

**The Fund will furnish, without charge, a copy of its annual report for its fiscal year ended August 31, 2017 to any stockholder requesting such report. Requests for the annual report should be made in writing to The Taiwan Fund, Inc., c/o State Street Bank and Trust Company, P.O. Box 5049, One Lincoln Street, Boston, Massachusetts 02111, Attention: Brian F. Link, or by accessing the Fund's website at [www.thetaiwanfund.com](http://www.thetaiwanfund.com) or by calling (877) 217-9502.**

### IMPORTANT INFORMATION

The Proxy Statement discusses important matters affecting the Fund. Please take the time to read the Proxy Statement, and then cast your vote. **You may obtain additional copies of the Notice of Meeting, Proxy Statement and form of proxy card by calling (800) 967-7635 or by accessing <https://www.proxy-direct.com/twn-29664>.**

There are multiple ways to vote. Choose the method that is most convenient for you. To vote by telephone or Internet, follow the instructions provided on the proxy card. To vote by mail, simply fill out the proxy card and return it in the enclosed postage-paid reply envelope. **Please do not return your proxy card if you vote by telephone or Internet.** To vote in person, attend the Meeting and cast your vote. The Meeting will be held at the offices of Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019. To obtain directions to the Meeting, go to: [www.cliffordchance.com](http://www.cliffordchance.com), click on *People & Places*. Next, select *Americas* then select *USA* and then *New York* from the menu under *Regions* to see a map of the location. You may also obtain directions by calling 1-212-878-8000.

### PROPOSAL 1 ELECTION OF DIRECTORS

Persons named in the accompanying form of proxy intend in the absence of contrary instruction to vote all proxies for the election of the five nominees listed below as Directors of the Fund to serve for the next year, or until their successors are elected and qualified. Each of the nominees for Director has consented to be named in this Proxy Statement and to serve as a director of the Fund if elected. The Board of Directors of the Fund has no reason to believe that any of the nominees named below will become unavailable for election as a Director, but if that should occur before the Annual Meeting for the Fund, the persons named as proxies in the proxy cards will vote for such persons as the Board of Directors of the Fund may recommend. None of the Directors is an interested person of the Fund (as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the 1940 Act ) (each an Independent Director )).

#### Information Concerning the Nominees

The following table sets forth certain information concerning each of the nominees as a director. Each nominee, with the exception of Messrs. Kamp and Olsen, is currently serving as a director of the Fund.



| Name (Age) and Address of Directors or Nominees for Director   | Position(s) Held with Fund         | Director Since | Principal Occupation(s) or Employment During Past Five Years   | Number of Funds in the Complex <sup>(1)</sup> Overseen by the Director or Nominee | Other Directorships/ Trusteeships in Publicly Held Companies |
|--|------------------------------------|----------------|--|---|--|
| William C. Kirby (67)<br>Harvard University<br>CGIS South Building<br>1730 Cambridge Street<br>Cambridge, MA 02138 | Chairman of the Board and 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); and Director, John K. Fairbank Center for Chinese Studies, Harvard University (2006-2014). | 1   | The China Fund, Inc. and Cabot Corporation.                  |
| Anthony S. Clark (65)<br>3307 N. Columbus St.<br>Arlington, VA 22207   | Director                           | 2017           | Managing Member, Innovation Capital Management, LLC (2016 to present); Chief Investment Officer of the Pennsylvania State Employees Retirement System (2010 to 2013); Deputy Chief Investment Officer of the Pension Benefit Guaranty Corporation (PBGC) (2009 to 2011).   | 1   | Director, Aberdeen Japan Equity Fund, Inc.                   |
| Thomas G. Kamp (56)<br>5821 Southwood Drive<br>Minneapolis, MN 55437   | Nominee for Director               | N/A            | President, Chief Investment Officer and Director, Cornerstone Capital Management LLC (2006-2016).  | N/A   | None.  |

| Name (Age) and Address of Directors or Nominees for Director  | Position(s) Held with Fund | Director Since | Principal Occupation(s) or Employment During Past Five Years   | Number of Funds in the Complex <sup>(1)</sup> Overseen by the Director or Nominee | Other Directorships/ Trusteeships in Publicly Held Companies   |
|---|----------------------------|----------------|--|---|--|
| Warren J. Olsen (61)<br>SCB Global Capital Management<br>300 S. Jackson Street<br>Suite 220<br>Denver, CO 80209 | Nominee for Director       | N/A            | Chairman and Chief Investment Officer, SCB Global Capital Management (2014-present); Vice Chairman and Chief Investment Officer, First Western Financial Inc. (2002-2014). | N/A   | Aetos Capital Multi-Strategy Arbitrage Fund, LLC; Aetos Capital Distressed Investment Strategies Fund, LLC; Aetos Capital Long/Short Strategies Fund, LLC. |
| Shelley E. Rigger (55)<br>Davidson College<br>Box 7018<br>Davidson,<br>NC 28035-7018                            | Director                   | 2016           | Brown Professor of East Asian Politics, Davidson College (1993-present).   | 1   | None.  |

(1) The term "Fund Complex" means two or more registered investment companies that share the same investment adviser or principal underwriter or hold themselves out to investors as related companies for the purposes of investment and investor services.

#### Leadership Structure and Board of Directors

The Board has general oversight responsibility with respect to the business and affairs of the Fund. The Board is responsible for overseeing the operations of the Fund in accordance with the laws of Maryland, the provisions of the 1940 Act, other applicable laws and the Fund's Articles of Incorporation. The Board is currently composed of four Independent Directors and one of the Independent Directors serves as Chairman of the Board.

Generally, the Board acts by majority vote of all of the Directors, including a majority vote of the Independent Directors if required by applicable law. The Fund's day-to-day operations are currently managed by JF International Management Inc. (the "Adviser") and other service providers who have been approved by the Board. The Board meets periodically throughout the year to oversee the Fund's activities, review contractual arrangements with service providers, oversee compliance with regulatory requirements and review performance. The Board has determined that its leadership structure is appropriate given the size of the Board, the fact that all of the Directors are not interested persons, and the nature of the Fund.

The existing Directors were selected to serve and continue, and Messrs. Kamp and Olsen were nominated, to serve on the Board, based upon their skills, experience,

judgment, analytical ability, diligence, ability to work effectively with other Directors and a commitment to the interests of stockholders and a demonstrated willingness to take an independent and questioning view of management. Each existing Director, other than Messrs. Kamp and Olsen, also has considerable familiarity with the Fund and State Street Bank and Trust Company (the Administrator), and its operations, as well as the special regulatory requirements governing registered investment companies and the special responsibilities of investment company directors, all as a result of their prior service as a Director of the Fund and, in several cases, as directors of other investment companies. In addition to those qualifications, the following is a brief summary of the specific experience, qualifications or skills that led to the conclusion that as of the date of this proxy statement, each person identified below should serve as a Director for the Fund. References to the qualifications, attributes and skills of the Directors are pursuant to requirements of the Securities and Exchange Commission (SEC), and do not constitute a holding out by the Board or any Director as having any special expertise and should not be considered to impose any greater responsibility or liability on any such person or on the Board by reason thereof than the normal responsibility and liability of an investment company board member or board. As required by rules the SEC has adopted under the 1940 Act, the Fund's Independent Directors select and nominate all candidates for Independent Director positions.

*William C. Kirby.* Mr. Kirby has served as a Director of the Fund since 2013. He is T. M. Chang Professor of China Studies at Harvard University and Spangler Family Professor of Business Administration at Harvard Business School. Mr. Kirby is a historian of modern China, whose work examines China's business, economic and political development in an international context. He has served the academic community for over 30 years. Mr. Kirby joined Harvard University in 1992, where he currently serves various positions including Chairman of the Harvard China Fund. He has also served as the Director of the John K. Fairbank Center for Chinese Studies, Dean of the Faculty of Arts and Sciences, Chair of the Council on East Asian Studies and the Director of the National Resource Center for East Asia for Harvard University. Prior to joining Harvard University, Mr. Kirby served as the Dean of the University College, Director of Asian Studies and Director of International Affairs at Washington University. Mr. Kirby has published numerous books and articles related to Chinese business and history.

*Anthony S. Clark.* Mr. Clark has served as a Director of the Fund since 2017. He is Managing Member of Innovation Capital Management, LLC since 2016. Mr. Clark served as Chief Investment Officer of the Pennsylvania State Employees Retirement System from 2010 to 2013 and Deputy Chief Investment Officer of the Pension Benefit Guaranty Corporation (PBGC) from 2009 to 2011. Prior to PBGC, Mr. Clark served as Director of Global Equities in the Investment Department of the Howard Hughes Medical Institute (1995 to 2008). Mr. Clark also serves as Director on the board of Aberdeen Japan Equity Fund, Inc.

*Thomas G. Kamp.* Mr. Kamp is a nominee for Director of the Fund. He served as President, Chief Investment Officer and Director of Cornerstone Capital Management

LLC from 2006 to 2016. Prior to that, Mr. Kamp was Senior Vice President, Portfolio Manager and manager of AllianceBernstein's and Alliance Capital's Minneapolis office.

*Warren J. Olsen.* Mr. Olsen is a nominee for Director of the Fund. He is Chairman and Chief Investment Officer at SCB Global Capital Management. Mr. Olsen served as Vice Chairman and Chief Investment Officer at First Western Financial Inc. between 2002 and 2014. He also served as President and CEO of IBJ Whitehall Asset Management from 1999 to 2002 and President of Morgan Stanley Funds from 1988 to 1997. Mr. Olsen also serves on the boards of Aetos Capital Multi-Strategy Arbitrage Fund, LLC, Aetos Capital Distressed Investment Strategies Fund, LLC and Aetos Capital Long/Short Strategies Fund, LLC.

*Shelley E. Rigger.* Ms. Rigger has served as a Director of the Fund since 2016. She has been the Brown Professor of East Asian Studies at Davidson College since 1993. Ms. Rigger has been a visiting Associate Professor at Fudan University's School of International Relations and Public Administration in Shanghai. She has also been a visiting Research Scholar at National Chengchi University in Taiwan for the Institute for International Relations. Ms. Rigger graduated magna cum laude from Princeton University's Woodrow Wilson School of Public and International Affairs. She also holds a Ph.D. from Harvard University's Department of Government with fields of specialization in comparative politics, Chinese politics, American politics and government and political anthropology. Ms. Rigger has published several books and numerous articles related to Taiwanese and Chinese history and business.

The Fund does not have a policy regarding Board member's attendance at the Annual Meeting of Stockholders. However, four of the five then Directors attended the 2017 Annual Meeting of Stockholders.

The Board of Directors of the Fund held four regular meetings and one special meeting during the fiscal year ended August 31, 2017. For the fiscal year ended August 31, 2017, each Director attended at least seventy-five percent of the aggregate number of meetings held during the fiscal year of the Board and of any committee on which he or she served.

**Audit Committee.** The Fund's Board of Directors has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), which is responsible for reviewing financial and accounting matters. The Fund's Audit Committee is composed of directors who are independent (as defined in the New York Stock Exchange, Inc. (NYSE) listing standards, as may be modified or supplemented) and not interested persons of the Fund (as defined in Section 2(a)(19) of the 1940 Act) and its actions are governed by the Fund's Audit Committee Charter, which is posted on the Fund's website ([www.thetaiwanfund.com](http://www.thetaiwanfund.com)). The current members of the Audit Committee are Messrs. Clark, Kirby and Lo and Ms. Rigger, with Mr. Lo serving as Chairman. The Audit Committee convened four times during the fiscal year ended August 31, 2017. The Fund's Board of Directors has designated Mr. Lo, an Independent Director, as an audit committee financial expert.

**Nominating Committee.** The Fund's Board of Directors has a Nominating Committee, which is responsible for recommending individuals to the Board for nomination as members of the Board and its Committees. The Fund's Nominating Committee is composed of directors who are independent as independence is defined in the NYSE's listing standards, as may be modified or supplemented, and are not interested persons of the Fund (as defined in Section 2(a)(19) of the 1940 Act) and its actions are governed by the Fund's Nominating Committee Charter, which is posted on the Fund's website ([www.thetaiwanfund.com](http://www.thetaiwanfund.com)). Currently, the Nominating Committee does not solicit recommendations for nominees from stockholders. The Nominating Committee believes that it is not necessary to have such a policy because the Board has had no difficulty identifying qualified candidates to serve as Directors. The Nominating Committee evaluates a candidate's qualifications for Board membership and the candidate's independence from the Fund's advisers and other principal service providers. The Nominating Committee does not have specific minimum qualifications that must be met by candidates recommended by the Nominating Committee and there is not a specific process for identifying such candidates. In nominating candidates, the Nominating Committee takes into consideration such factors as it deems appropriate. These factors may include judgment, skill, diversity, experience with businesses or other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, requirements of the NYSE and the SEC to maintain a minimum number of independent or non-interested directors, requirements of the SEC as to disclosure regarding persons designated as having financial expertise on the Fund's audit committee and the extent to which the candidate generally would be a desirable addition to the Board and any committees of the Board. The Committee believes the Board generally benefits from diversity of background, experience and views among its members, and considers this a factor in evaluating the composition of the Board, but has not adopted any specific policy in this regard. The current members of the Nominating Committee are Messrs. Clark, Kirby and Lo and Ms. Rigger, with Ms. Rigger serving as Chair. The Nominating Committee convened five times during the fiscal year ended August 31, 2017.

**Valuation Committee.** The Fund's Board of Directors has a Valuation Committee which is responsible for establishing and monitoring policies and procedures reasonably designed to ensure that the Fund's assets are valued appropriately, objectively and timely, reflecting current market conditions. The current Directors who are members of the Valuation Committee are Messrs. Clark, Kirby and Lo and Ms. Rigger, with Mr. Clark serving as Chairman. The Valuation Committee met one time during the fiscal year ended August 31, 2017.

**Share Repurchase Program Committee.** The Fund's Board of Directors has a Share Repurchase Program Committee which is responsible for overseeing and evaluating the Fund's program to repurchase its shares on the market. The current members of the Share Repurchase Program Committee are Messrs. Clark, Kirby and Lo and Ms. Rigger, with Mr. Kirby serving as Chairman. The Share Repurchase Program Committee met four times during the fiscal year ended August 31, 2017.

## **Risk Oversight**

The day-to-day operations of the Fund, including the management of risk, are performed by third party service providers, such as the Fund's Adviser and Administrator. The Directors are responsible for overseeing the Fund's service providers and thus have oversight responsibilities with respect to risk management performed by those service providers. Risk management seeks to identify and address risks, i.e., events or circumstances that could have material adverse effects on the business, operations, stockholder services, investment performance or reputation of the Fund. The Fund and its service providers employ a variety of processes, procedures and controls to identify certain of those possible events or circumstances, to lessen the probability of their occurrence and/or to mitigate the effects of such events or circumstances if they do occur.

Not all risks that may affect the Fund can be identified nor can controls be developed to eliminate or mitigate their occurrence or effects. It may not be practical or cost effective to eliminate or mitigate certain risks, the processes and controls employed to address certain risks may be limited in their effectiveness, and some risks are simply beyond the reasonable control of the Fund or the Adviser or other service providers. Moreover, it is necessary to bear certain risks (such as investment-related risks) to achieve the Fund's goals. As a result of the foregoing and other factors, the Fund's ability to manage risk is subject to substantial limitations.

Risk oversight forms part of the Board's general oversight of the Fund and is addressed as part of various Board and Committee activities. As part of its regular oversight of the Fund, the Board, directly or through a Committee, interacts with and reviews reports from, among others the Fund's Adviser, the Fund's Administrator, the Fund's chief compliance officer and its independent registered public accounting firm, as appropriate, regarding risks faced by the Fund. The Board is responsible for overseeing the nature, extent and quality of the services provided to the Fund by the Adviser and receives information about those services at its regular meetings. In addition, on an annual basis, in connection with its consideration of whether to renew the Advisory Agreement, the Board meets with the Adviser to review the services provided. Among other things, the Board regularly considers the Adviser's adherence to the Fund's investment restrictions and compliance with various Fund policies and procedures and with applicable securities regulations. The Board has appointed a chief compliance officer who oversees the implementation and testing of the Fund's compliance program and reports to the Board regarding compliance matters for the Fund and its service providers. The Board, with the assistance of the Adviser, reviews investment policies and risks in connection with its review of the Fund's performance. In addition, as part of the Board's oversight of the Fund's advisory and other service provider agreements, the Board may periodically consider risk management aspects of their operations and the functions for which they are responsible.

## **Stockholder Communications**

Stockholders may send communications to the Fund's Board of Directors by addressing the communication directly to the Board (or individual Board members)

and/or clearly indicating that the communication is for the Board (or individual Board members). The communication may be sent to either the Fund's office or directly to such Board member(s) at the address specified for each Director above. Other stockholder communications received by the Fund not directly addressed and sent to the Board will be reviewed and generally responded to by management, and will be forwarded to the Board only at management's discretion based on the matters contained therein.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act requires the Fund's officers and Directors, and beneficial owners of more than ten percent of a registered class of the Fund's equity securities, to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange, Inc. Section 30(h) of the 1940 Act extends the reporting requirements under Section 16(a) of the 1934 Act to the Fund's Adviser and the officers and directors of such Adviser. The Fund believes that its officers and Directors and the officers of the Adviser have complied with all applicable filing requirements for the fiscal year ended August 31, 2017.

### Officers of the Fund

The following table provides information concerning each of the officers of the Fund.

| Name, Address, and Age   | Position(s)<br>Held with<br>the Fund | Since | Principal Occupation(s) or Employment<br>During Past Five Years   |
|--|--------------------------------------|-------|---|
| Simon J. Crinage (52)<br>J.P. Morgan Asset Management<br>60 Victoria Embankment<br>London EC4Y 0JP<br>United Kingdom | President                            | 2014  | Head of J.P. Morgan Asset Management's<br>Closed-End Fund Business.   |
| Monique Labbe (44)<br>Foreside Fund Officer Services, LLC<br>Three Canal Plaza, Suite 100<br>Portland, ME 04101      | Treasurer                            | 2018  | Senior Director, Foreside Fund Officer<br>Services, LLC (2014-present);<br>Principal/Assistant Vice President, State<br>Street Global Advisers (2012-2014). |
| Brian F. Link (45)<br>State Street Bank and Trust Company<br>100 Summer Street<br>SUM0703<br>Boston, MA 02111        | Secretary                            | 2014  | Vice President and Managing Counsel, State<br>Street Bank and Trust Company<br>(2007-present).  |



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Patrick Keniston (54)

Foreside Fund Officer Services, LLC

Three Canal Plaza, Suite 100

Portland, ME 04101

Chief  
Compliance  
Officer

2015 Managing Director of Foreside Fund Officer  
Services LLC, (October 2008-present).

## Ownership of Securities

The following table sets forth information regarding the ownership of securities in the Fund by the nominees for Director and by a Director who is not a nominee. Each nominee, except Messrs. Kamp and Olsen, is also currently a Director of the Fund.

| Name of Director or<br>Nominee        | Dollar Range of Equity<br>Securities in the Fund | Aggregate Dollar Range of Equity<br>Securities in All Funds<br>Overseen or to be Overseen<br>by<br>Director or Nominee in<br>the Fund Complex <sup>(2)</sup> |
|---------------------------------------|--|--|
| <b>Current Directors and Nominees</b> |  |  |
| Anthony S. Clark                      | None   | None   |
| Thomas G. Kamp                        | None   | None   |
| William C. Kirby                      | \$10,001-\$50,000                                | \$10,001-\$50,000  |
| Anthony Kai Yiu Lo <sup>(1)</sup>     | None   | None   |
| Warren J. Olsen                       | None   | None   |
| Shelley E. Rigger                     | None   | None   |

(1) Mr. Lo has chosen not to stand for re-election.

(2) The term "Fund Complex" means two or more registered investment companies that share the same investment adviser or principal underwriter and hold themselves out to investors as related companies for the purposes of investment and investor services. The Fund is the only investment company in the Fund Complex.

No Director or nominee for election as Director who is not an interested person of the Fund, or any immediate family member of such person, owned securities in the Fund's Adviser, or a person directly or indirectly controlling, controlled by, or under common control with the Adviser during the period September 1, 2017 through March 13, 2018.

## Transactions with and Remuneration of Officers and Directors

The aggregate remuneration, including expenses relating to attendance at board meetings reimbursed by the Fund, paid in cash to Directors not affiliated with the Adviser, was \$301,172 during the fiscal year ended August 31, 2017. The Fund currently pays each Director that is not affiliated with the Fund's Adviser an annual fee of \$20,000 plus \$2,500 for each Board meeting and committee meeting attended and the Chairman an additional \$10,000 a year for his service as Chairman of the Board.

The following table sets forth the aggregate compensation from the Fund paid to each director during the fiscal year ended August 31, 2017, as well as the total compensation earned by each director from the Fund Complex.

| Name of Director                  | Aggregate<br>Compensation<br>From<br>Fund <sup>(6)</sup> | Pension or Retirement                                 | Estimated<br>Annual<br>Benefits<br>Upon Retirement | Total Compensation   |
|-----------------------------------|--|---|--|--|
|                                   |  | Benefits<br>Accrued<br>As Part of<br>Fund<br>Expenses |  | From Fund<br>and<br>Fund<br>Complex Paid<br>To<br>Directors <sup>(7)</sup> |
| Anthony S. Clark <sup>(1)</sup>   | \$ 27,500  |   |  | \$ 27,500  |
| Michael F. Holland <sup>(2)</sup> | \$ 52,500  |   |  | \$ 52,500  |
| Thomas G. Kamp <sup>(3)</sup>     | None   |   |  | None   |
| William C. Kirby                  | \$ 60,000  |   |  | \$ 60,000  |
| Anthony Kai Yiu Lo <sup>(4)</sup> | \$ 52,500  |   |  | \$ 52,500  |
| Warren J. Olsen <sup>(3)</sup>    | None   |   |  | None   |
| Joe O. Rogers <sup>(5)</sup>      | \$ 17,500  |   |  | \$ 17,500  |
| Shelley E. Rigger                 | \$ 52,500  |   |  | \$ 52,500  |

- (1) Mr. Clark was elected to the Board on April 18, 2017.
- (2) Mr. Holland resigned from the Board on July 18, 2017.
- (3) Messrs. Kamp and Olsen did not serve as Directors during the fiscal year ended August 31, 2017.
- (4) Mr. Lo has chosen not to stand for re-election.
- (5) Mr. Rogers resigned from the Board on October 13, 2016.
- (6) Includes compensation paid to Directors by the Fund. The Fund's Directors did not receive any pension or retirement benefits as compensation for their service as Directors of the Fund.
- (7) There is one fund in the Fund Complex overseen by the Directors.

#### Required Vote

Election of the listed nominees for Director requires the affirmative vote of the holders of a majority of the shares of common stock of the Fund cast at the Meeting. Pursuant to the Fund's By-Laws, any Director who is nominated for re-election at the Meeting and is not re-elected at the Meeting will be deemed to have tendered to the Board of Directors his or her resignation as a Director, with such resignation to take effect 30 days after the date of the Meeting unless the Board of Directors unanimously decides to reject that Director's tender of resignation, in which case the Director will continue in office until his or her death, resignation or removal or until his or her successor has been elected and has been qualified.

**THE BOARD OF DIRECTORS OF THE FUND RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE FIVE NOMINEES FOR DIRECTOR NAMED IN THIS PROXY STATEMENT.**

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**PROPOSAL 2 TO AMEND THE FUND S BY-LAWS TO REMOVE A FUNDAMENTAL POLICY THAT RESTRICTS THE FUND FROM INVESTING MORE THAN 10% OF THE FUND S TOTAL ASSETS (TAKEN AT CURRENT VALUE) IN A SINGLE ISSUER**

At a special meeting of the Fund s Board of Directors held on February 14, 2018, the Directors unanimously voted to approve, and to recommend that stockholders of the Fund approve, an amendment to the Fund s by-laws to remove a fundamental policy that restricts the Fund from investing more than 10% of the Fund s total assets (taken at current value) in a single issuer. The Fund s fundamental policies may not be changed without stockholder approval. It is not anticipated that the approval of the removal of this investment limitation will result in a material modification of the Fund s investment strategies other than permitting the Fund to invest a greater percentage of the Fund s assets than currently permitted in up to two issuers in which the Adviser has strong convictions.

The relevant text of the Fund s By-Laws is set out in Appendix A. It is proposed that ARTICLE XIII, Section 13.1(ii) of the by-laws be removed to permit the Fund to invest more than 10% of the Fund s total assets (taken at current value) in a single issuer.

**Rationale for Removal of Fundamental Policy**

The Board of Directors has discussed certain of the Fund s fundamental policies with the Fund s Adviser. The Adviser indicated that it believes that restricting the Fund from investing more than 10% of the Fund s total assets (taken at current value) in a single issuer negatively limits the Adviser s ability to invest in certain issuers that it has high conviction in. For example, one security in which the Adviser currently has a high conviction is Taiwan Semiconductor Manufacturing Company (TSMC), which currently constitutes almost 20% of the Fund s benchmark, the TAIEX Total Return Index (the TAIEX ). Because of the 10% limitation of the fundamental policy, the Fund has had to restrict its investment in TSMC to less than 10% of its total assets. The Adviser believes that the constraint of this fundamental policy has contributed to the Fund underperforming the TAIEX over certain periods of time because the index does not have this investment constraint. The Board considered the Adviser s rationale for recommending that this fundamental policy be removed and that it be permitted to invest in excess of 10% of the Fund s total assets (taken at current value) in a single issuer. The Board also considered the potential for increased risk in the Fund if the Fund invests in excess of 10% of total assets (taken at current value) in a single issuer, which include the potential for a less diverse portfolio of investments and individual risks being reflected to a greater extent. The Board concluded that the potential for improved performance by the Fund s portfolio from permitting the Adviser to invest a greater amount in certain issuers that it has high conviction in outweighs the potential increase in risk of a less diverse portfolio. The Board also noted that it will continue to monitor these risks like it does with other potential risks to the Fund.

## Required Vote

Approval of an amendment to the Fund's by-laws to remove the fundamental policy that restricts the Fund from investing in excess of 10% of its total assets (taken at current value) will require the affirmative vote of a majority of the Fund's outstanding shares of common stock. As defined in the 1940 Act, a majority of outstanding shares means the lesser of 67% of the voting securities present at the Meeting if a quorum is present, or 50% of the outstanding securities. For this purpose, both abstentions and broker non-votes will have the effect of a vote to disapprove the proposed amendment. The Fund will continue under its current fundamental policies if this Proposal is not approved by the stockholders.

**THE BOARD RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE PROPOSAL TO AMEND THE FUND'S BY-LAWS TO REMOVE THE FUND'S FUNDAMENTAL POLICY THAT RESTRICTS THE FUND FROM INVESTING MORE THAN 10% OF THE FUND'S TOTAL ASSETS (TAKEN AT CURRENT VALUE) IN A SINGLE ISSUER.**

**PROPOSAL 3 TO AMEND THE FUND'S BY-LAWS TO AMEND A FUNDAMENTAL POLICY TO REQUIRE THE FUND TO INVEST MORE THAN 25% OF ITS TOTAL ASSETS (TAKEN AT CURRENT VALUE) IN THE SEMI-CONDUCTOR INDUSTRY**

At a special meeting of the Fund's Board of Directors held on February 14, 2018, the existing Directors unanimously voted to approve, and to recommend that stockholders of the Fund approve, the amendment of the Fund's by-laws to remove a fundamental policy that restricts the Fund from investing more than 25% of its total assets (taken at current value) in a single industry except that the Fund will invest more than 25% of its total assets (taken at current value) in the semi-conductor industry.

The relevant text of the Fund's By-Laws is set out in Appendix A. It is proposed that ARTICLE XIII, Section 13.1(iv) be amended to add a requirement that the Fund invest more than 25% of its total assets (taken at current value) in the semi-conductor industry.

## Rationale for Replacement of Fundamental Policy

The Board of Directors has discussed with the Adviser changing the Fund's fundamental policy regarding investment in a single industry. The Adviser indicated that it believes that restricting the Fund from investing more than 25% of the Fund's total assets (taken at current value) in a single industry negatively limits the Adviser's ability to invest in the semi-conductor industry, an industry in which it has high conviction. The Adviser believes that the constraint on investing in a single industry has contributed to the Fund underperforming its benchmark index, the TAIEX, over certain periods of time because the index does not have this investment constraint. The Board considered the Adviser's rationale for recommending that this investment

limitation be amended to add a requirement that the Fund invest in excess of 25% of the Fund's total assets (taken at current value) in the semiconductor industry. The Board also considered the potential for increased risk if the Fund invests in excess of 25% of its total assets in the semi-conductor industry.

The Board also discussed with the Adviser the fact that if the Fund amends one of its fundamental policies to require the Fund invest in excess of 25% of its total assets in the semi-conductor industry, and thereby becomes concentrated in that industry, it must continue to do so unless stockholders approve removal of that amendment. The Adviser advised the Board that it believes that the semiconductor industry is likely to remain one of the larger components of the investment universe of the Fund for the foreseeable future. Should the semi-conductor industry cease to represent more than 25% of the investment universe of the Fund, the Fund reserves the right to propose to stockholders that the Fund no longer be required to invest more than 25% of its total assets in the semi-conductor industry.

### **Risk of Concentrating in Semi-Conductor Industry**

Companies in the semi-conductor industry face intense competition, both domestically and internationally, and such competition may have an adverse effect on profit margins. In addition, semi-conductor companies may have limited product lines, markets, financial resources or personnel. The products of semi-conductor companies may also face obsolescence due to rapid technological developments and frequent new product introduction, unpredictable changes in growth rates and competition for the services of qualified personnel. Capital equipment expenditures among semi-conductor companies could be substantial, and equipment generally suffers from rapid obsolescence. Companies in the semi-conductor industry are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights, would adversely affect the profitability of these companies.

### **Required Vote**

Approval of an amendment to the Fund's by-laws to amend a fundamental policy to require the Fund to invest more than 25% of its total assets (taken at market value) in the semi-conductor industry will require the affirmative vote of a majority of the Fund's outstanding shares of common stock. As defined in the 1940 Act, a majority of outstanding shares means the lesser of 67% of the voting securities present at the Meeting if a quorum is present, or 50% of the outstanding securities. For this purpose, both abstentions and broker non-votes will have the effect of a vote to disapprove the proposed amendment. The Fund will continue under its current investment limitation on investing in a single industry if this Proposal is not approved by the stockholders.

**THE BOARD RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE PROPOSAL TO AMEND THE FUND'S BY-LAWS TO REMOVE THE FUNDAMENTAL POLICY RESTRICTING THE FUND FROM INVESTING MORE THAN 25% OF ITS TOTAL ASSETS (TAKEN AT CURRENT VALUE) IN A SINGLE INDUSTRY AND TO REPLACE IT WITH A FUNDAMENTAL**

**POLICY REQUIRING THE FUND TO INVEST MORE THAN 25% OF ITS TOTAL ASSETS (TAKEN AT MARKET VALUE) IN THE SEMI-CONDUCTOR INDUSTRY.**

**GENERAL INFORMATION**

**Investment Adviser**

JF International Management Inc. acts as the Investment Adviser to the Fund pursuant to an Investment Advisory Agreement between the Investment Adviser and the Fund. The principal business address of the Investment Adviser is 21<sup>st</sup> Floor - Chater House, 8 Connaught Road, Central, Hong Kong.

**Fund Administration**

State Street Bank and Trust Company acts as Administrator to the Fund pursuant to an Administration Agreement between the Administrator and the Fund. The principal business address of the Administrator is State Street Financial Center, One Lincoln Street, Boston, Massachusetts 02111.

**Independent Registered Public Accounting Firm**

Tait Weller serves as the Fund's independent registered public accounting firm, auditing and reporting on the annual financial statements of the Fund and reviewing certain regulatory reports and the Fund's federal income tax returns. Tait Weller also performs other professional audit and certain allowable non-audit services, including tax services, when the Fund engages it to do so. Representatives of Tait Weller are not expected to be available at the Meeting.

The engagement of Tait Weller as the Fund's independent registered public accounting firm was approved by the Audit Committee of the Board of Directors and ratified by the full Board of Directors.

*Audit Fees.* For the fiscal years ended August 31, 2017 and August 31, 2016, Tait Weller billed the Fund aggregate fees of US\$53,000 and US\$53,000, 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.

*Audit-Related Fees.* For the fiscal years ended August 31, 2017 and August 31, 2016, Tait Weller billed the Fund aggregate fees of US\$7,100 and US\$7,100, 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 Fund's Audit Committee.

*Tax Fees.* For the fiscal years ended August 31, 2017 and August 31, 2016, 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.

*All Other Fees.* For the fiscal years ended August 31, 2017 and August 31, 2016, Tait Weller did not bill the Fund any fees for products and services other than those disclosed above.

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 Exchange Act. All of the audit and tax services described above for which Tait Weller billed the Fund fees for the fiscal years ended August 31, 2017 and August 31, 2016 were pre-approved by the Audit Committee. For the fiscal years ended August 31, 2017 and August 31, 2016, 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.

Tait Weller did not bill any non-audit fees for services rendered to the Fund's Adviser, or any entity controlling, controlled by, or under the common control with the Adviser that provides ongoing services to the Fund, for the fiscal years ended August 31, 2017 and August 31, 2016.

#### **Audit Committee Report**

The Audit Committee has reviewed and discussed the Fund's audited financial statements for the fiscal year ended August 31, 2017 with management of the Fund and with Tait Weller, and has discussed with Tait Weller the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Standard No. 16 (Communication with Audit Committees), as may be modified or supplemented. The Audit Committee has received the written disclosures and the letter on auditor independence from Tait Weller required by PCAOB Rule 3526 (Communications with Audit Committees Concerning Independence), as may be modified or supplemented, and has discussed with Tait Weller its independence. Based on the Audit Committee's review and discussions referred to in the two preceding sentences, the Audit Committee recommended to the Board of Directors that the audited financial statements of the Fund for the fiscal year ended August 31, 2017 be included in its annual report to stockholders and the Fund's annual report filed with the SEC.

Anthony Kai Yiu Lo, *Chairman of the Audit Committee*

Anthony S. Clark, *Member of the Audit Committee*

William C. Kirby, *Member of the Audit Committee*

Shelley E. Rigger, *Member of the Audit Committee*



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Set forth below is information with respect to persons who are registered as beneficial owners of more than 5% of the Fund's outstanding shares as of February 23, 2018.

| Title Of Class | Name and Address        | Shares    | Percent of Class |
|----------------|-------------------------|-----------|------------------|
| Common Stock   | CEDE & CO               | 8,143,008 | 99.64%           |
|                | Bowling Green STN       |           |                  |
|                | P. O. Box 20            |           |                  |
|                | New York, NY 10274-0020 |           |                  |

The shares held by Cede & Co. include the accounts set forth below. This information is based on publicly available information such as Schedule 13D and 13G disclosures filed with the SEC or other similar regulatory filings from foreign jurisdictions.

| Title Of Class | Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership                | Percent of Class |
|----------------|--------------------------------------|--|------------------|
| Common Stock   | City of London                       | Has shared power to vote and dispose of 3,508,359 shares | 42.93%           |
|                | 77 Gracechurch Street,               |  |                  |
|                | London England                       |  |                  |
|                | EC3V OAS                             |  |                  |
| Common Stock   | Lazard Asset Management LLC          | Has sole power to vote and dispose of 1,544,763 shares   | 18.90%           |
|                | 30 Rockefeller Plaza                 |  |                  |
|                | New York, New York 10112             |  |                  |

### MISCELLANEOUS

Proxies will be solicited by mail and may be solicited in person or by telephone or facsimile or other electronic means, by officers of the Fund or personnel of the Administrator. The Fund has retained AST Fund Solutions LLC to assist in the proxy solicitation. The total cost of proxy solicitation services, including legal and printing fees, is estimated at \$7,500, plus out-of-pocket expenses. The expenses connected with the solicitation of proxies including proxies solicited by the Fund's officers or agents in person, by telephone or by facsimile or other electronic means will be borne by the Fund. The Fund will reimburse banks, brokers, and other persons holding the Fund's shares registered in their names or in the names of their nominees for their expenses incurred in sending proxy material to and obtaining proxies from the beneficial owners of such shares.

In the event that sufficient votes in favor of any of the Proposals set forth in the Notice of this Meeting are not received by April 17, 2018, the persons named as attorneys in the enclosed proxy may propose one or more adjournments of the Meeting to permit further solicitation of proxies. Any such adjournment will require the affirmative vote of the holders of a majority of the shares present in person or by proxy at the session of the Meeting to be adjourned. The persons named as proxies in the enclosed proxy will

vote in favor of such adjournment those proxies which they are entitled to vote in favor of the Proposal or Proposals for which further solicitation of proxies is to be made. They will vote against any such adjournment those proxies required to be voted against such Proposals. The chairman of the Meeting also may adjourn the Meeting from time to time. Any adjournment may be made to a date not more than 120 days after the original record date without notice other than announcement at the Meeting. If a quorum is present, a stockholder vote may be taken on one or more of the Proposals in this Proxy Statement prior to any such adjournment if sufficient votes have been received for approval and it is otherwise appropriate. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the Meeting as originally notified. The costs of any such additional solicitation and of any adjourned session will be borne by the Fund.

### **STOCKHOLDER PROPOSALS**

In order to submit a stockholder proposal to be considered for inclusion in the Fund's proxy statement for the Fund's 2019 Annual Meeting of Stockholders, stockholder proposals must be received by the Fund (addressed to The Taiwan Fund, Inc., c/o Secretary of the Fund/State Street Bank and Trust Company, P.O. Box 5049, One Lincoln Street, Boston, Massachusetts 02111-5049) not later than November 5, 2018. Any stockholder who desires to bring a proposal at the Fund's 2019 Annual Meeting of Stockholders without including such proposal in the Fund's proxy statement, must deliver written notice thereof to the Secretary of the Fund (addressed to The Taiwan Fund, Inc., c/o Secretary off the Fund/State Street Bank and Trust Company, P.O. Box 5049, One Lincoln Street, Boston, Massachusetts 02111-5049), not before January 17, 2019 and not later than February 16, 2019.

By order of the Board of Directors,

Brian F. Link

Secretary

The Taiwan Fund, Inc.

c/o State Street Bank and Trust Company

P.O. Box 5049

One Lincoln Street,

March 13, 2018

Boston, Massachusetts 02111

**APPENDIX A**

**ARTICLE XIII**

**Fundamental Policies**

Section 13.1 The Corporation will not purchase any security (other than obligations of the U.S. government, its agencies or instrumentalities) if as a result: (i) as to 75% of the Corporation's total assets, more than 5% of the Corporation's total assets (taken at current value) would then be invested in securities of a single issuer, (ii) ~~as to the remaining 25% of the Corporation's total assets, more than 10% of the Corporation's total assets (taken at current value) would then be invested in securities of a single issuer (except that the Corporation may invest not more than 25% of its total assets~~ **would be invested** in obligations of the government of the Republic of China, its agencies or instrumentalities), (iii) more than 10% of the voting equity securities (at the time of such purchase) of any one issuer would be owned by the Corporation, and (iv) more than 25% of ~~the Corporation's~~ **its** total assets (taken at current value) would be invested in a single industry, **except that the Corporation shall invest more than 25% of its total assets (taken at current value) in the semi-conductor industry.**

[Proposed deletions in ~~strike through~~, proposed additions in **bold**.]



