

TAIWAN FUND INC  
Form 8-K  
March 26, 2002

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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

**February 1, 2002**  
Date of Report (Date of Earliest Event Reported)

**The Taiwan Fund, Inc.**

(Exact Name of Registrant as Specified in Its 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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**Item 9. Regulation FD Disclosure.**

Pursuant to Regulation FD Rules 100-103, The Taiwan Fund, Inc. (the Fund ) furnishes the February 2002 Monthly Review on the Fund by the Fund's investment adviser.



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

HSBC Asset Management (Taiwan) Limited  
 24/F No. 99, Tunhwa S. Rd., Sec. 2 Tel:  
 (8862) 2325-7888 Taipei, Taiwan, R.O.C Fax:  
 (8862) 2706-5371

*February 2002*

**Portfolio Review**

Taiwan GDP fell by 1.9% during the fourth quarter of 2001, as compared to 4.2% during the third quarter of 2001. This led to a decline in GDP of 1.9% for the year as a whole, which is lower than the original forecast for a decline of 2.7%. On an adjusted quarter to quarter basis, GDP rose by 1.7%. The better-than-expected fourth quarter of 2001, GDP report bodes well for the outlook for growth this year.,

In February, the Taiwan stock market entered into the consolidation stage with a range between 5,500 to 6,000 for the TAIEX. Average total daily turnover, an indication of investor sentiment, dwindled to two-thirds of the level of volume traded in January. Capital flow continues its rotation among sectors. Pulp and paper was the best performing sector, up 4.8% for the month. The technology sector moved in line with the index, down 3.08%.

The Fund's investment strategy continues to focus on cyclical and outsourcing plays. The most encouraging guidance came from UMC this month. The company guided a 20% sequential quarter to quarter growth, indicating a broad-based recovery. Given prospects of an improving business environment, we have increased UMC weighting in the Fund's active portfolio. For outsourcing plays, Accton (networking), Realtek (IC design), Quanta (notebook), Austek (motherboard) and Beng (communication) remains our top holdings.

**Core & Active Portfolio Asset Allocation**

As of 02/28/02

	<b>% of Core Portfolio</b>	<b>% of Active Portfolio</b>	<b>% of TAIEX</b>
Semiconductor	24.43	17.58	22.54
Electronics	20.48	32.72	18.97
Banking	14.58	0	14.97
PC & Peripherals	13.31	19.37	15.83
Telecommunication	7.18	10.59	6.32
Plastics	6.32	0.01	4.15
Retail	3.86	0	0.83
Textile	3.79	0	2.98
Auto	1.68	0	0.66
Steel	1.60	0	1.96
Rubber	1.28	0	0.41
*C. S. & Software	0.81	0.76	0.67
Chemical	0.68	0	1.08
Transportation	0	0	1.67

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Electricals  
 0 0 1.07  
 Others  
 0 0.19 5.89  
**Total**  
**100.00 81.22 100.00**  
 Cash  
 18.78

**Total Active Portfolio Net Asset:**  
**US\$94.85M**  
**Total Core Portfolio Net Asset:**  
**US\$135.25M**

**Top 10 Holdings of Active Portfolio**

As of 02/28/02

	<b>% of Active Portfolio</b>
AU Optronics Corp.	8.68
Taiwan Semiconductor Mfg. 5.99	
Benq Corp. 4.86	
Accton Technology Corp. 4.77	
Asustek Computer Inc. 4.18	
Realtek Semiconductor Corp. 4.11	
United Micro Electronics 3.78	
Mediatek Incorporation 3.72	
Phoenix Precision Technology 3.05	
ProMos Technologies Inc. 2.96	

**Total**  
**46.10**

**Total Fund Asset Allocation**

As of 02/28/02

	<b>% of Total Fund</b>	<b>% of TAIEX</b>
Electronics	24.89	18.97
Semiconductor 21.41 22.54		
PC & Peripherals 16.84 15.83		
Banking 7.72 14.97		

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Telecommunication

7.62 6.32

Plastics

3.70 4.15

Textile

3.04 1.61

Auto

0.98 0.66

Steel

0.93 1.96

Retail

0.88 0.83

\*C. S. & Software

0.80 0.67

Rubber

0.75 0.41

Chemical

0.40 1.08

Transportation

0 1.67

Electricals

0 1.07

Others

2.21 7.26

**Total**

**92.17 100.00**

Cash

7.83

**Total Net Asset: US\$230.10M**

(\*)=Computer Service & Software

### Top 10 Holdings of Total Fund Portfolio

As of 02/28/02

	<b>% of Total Portfolio</b>
Taiwan Semiconductor Mfg.	8.17
United Micro Electronics	
7.32	
AU Optronics Corp.	
5.66	
Asustek Computer Inc.	
3.39	
Quanta Computer Inc.	
3.08	
Realtek Semiconductor Corp.	
2.69	
Mediatek Incorporation	
2.66	
Benq Corp.	
2.60	
Chinatrust Commercial Bank	
2.52	
ProMos Technologies Inc.	
2.42	



**Total**  
**40.51**

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**Premium/Discount of TWN**

**NAV: US\$13.74**  
**No. of Shares: 16.4M**

**Price: US\$12.34**

**Prem.: -10.19%**

**Performance Comparison**

**Total Returns**

(Return in US\$) As of 02/28/02 Unit: %

	Last 1 Mth	Last 3 Mth	Last 6 Mth	2001	2000	1999	1998
<b>TWN</b>	<b>-2.28</b>	<b>23.78</b>	<b>27.81</b>	<b>6.57</b>	<b>-45.08</b>	<b>47.29</b>	<b>-15.31</b>
ROC	-2.80	23.06	20.39	-6.57	-39.94	35.86	-18.42
Taipei	0.12	26.39	18.19	-15.69	-50.94	13.87	-11.90
Formosa	-2.06	27.21	21.82	9.35	-51.04	19.57	-13.85
Formosa Growth	-1.91	25.70	24.69	4.46	-51.94	38.49	-5.47
New Taipei	1.01	32.26	29.65	2.33	-45.59	33.91	2.40
<b>Index</b>	<b>-3.36</b>	<b>25.90</b>	<b>24.31</b>	<b>10.42</b>	<b>-46.53</b>	<b>34.16</b>	<b>-20.31</b>

Taiwan Fund (Since Launch 1986/12/31): 634.72%

**Performance Chart**

**Taiwan's Macro Economics Review**

Liquidity conditions remain ample with M1B continuing an upward trend since April 2001 as a result of the aggressive easing of monetary policy. Industrial production and export orders have bottomed out during the fourth quarter of 2001, with the electronic sector leading the way.

\* *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 mentioned above are unaudited. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned.*

\* *Effective from 1st November 1999, the daily NAV of the Fund is available at Lipper and CDA Weisenberger, or you may call*

*toll free  
(800)636-9242. \* Please  
notify us  
immediately if  
you are having  
problems  
receiving this  
telecopy.*

***Deputy Fund Manager: Li-Jeng Chen***