

TAIWAN FUND INC  
Form 8-K  
June 14, 2004

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**March 1, 2004**

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)

**(800) 426-5523**  
(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 March 2004 Monthly Review of the Fund s performance by the Fund s investment adviser.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: June 14, 2004

By: /s/Adelina Louie  
Name: Adelina Louie  
Title: Secretary and Treasurer  
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HSBC Asset Management (Taiwan) Limited  
24/F No. 99, Tunhwa S. Rd., Sec. 2  
Taipei 106, Taiwan

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**Portfolio Review**

The Taiwan Stock Exchange Index ( TAIEX ) was down 2.5% in US dollar terms in March, as the market reacted to the surprising result of the presidential election. President Chen Shui-bian, who was injured by a gunshot while campaigning in Taiwan the day before the election, won his next term by a narrow margin and was subsequently challenged by a series of protests by the opposition parties. The resulting political uncertainty led to a short-term market correction, but the TAIEX was able to recover the majority of its losses as political concerns eased over time. We believe such political events should not affect the fundamental economic conditions of Taiwan and the market should still maintain an upward trend for the remainder of the year.

In March, the Fund was down 2.04% in US dollar terms and slightly outperformed the TAIEX. Our holdings in the technology sector were the key to our outperformance, especially our TFT-LCD related investments. On the individual stock level, we received satisfactory results from our stock picks in the finance sector, particularly our investments in certain financial holding companies with a focus in consumer banking.

We expect the market to gradually shift its focus from domestic consumption related sectors to export-driven areas, such as the technology sector. The technology sector has been lagging the TAIEX this year, and it may catch up with the TAIEX's performance in the second quarter. Recent economic data in the United States suggested that a renewed export momentum for Taiwan may occur by the second half of 2004, and there is the potential for the technology sector to start to reflect this in the second quarter. Thus, we plan to add to our positions in the technology sector and reduce weighting in the finance sector in the coming months.

## Total Fund Sector Allocation

	<b>% of Total Fund</b>	<b>% of TAIEX</b>
<b>As of 03/31/04</b>		
Semiconductor	<b>21.10</b>	19.97
Finance	<b>18.40</b>	19.09
PC & Peripherals	<b>12.90</b>	13.32
Electronics	<b>10.70</b>	11.01
Plastics	<b>6.50</b>	9.43
Telecommunications	<b>6.30</b>	6.22
Iron & Steel	<b>4.50</b>	3.47
Automobiles, Tires & Accessories	<b>3.70</b>	2.04
Shipping	<b>2.80</b>	2.85
Chemicals	<b>1.50</b>	1.41
Textiles & Apparel	<b>1.50</b>	1.71

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Cement	<b>0.70</b>	0.90
Electrical Equipment	<b>0.80</b>	1.36
Wire & Cable	<b>0.60</b>	0.87
Retail & Wholesale	<b>0.60</b>	0.81
Others + Miscellaneous	<b>5.50</b>	5.54
<b>Total</b>	<b>98.10</b>	<b>100.00</b>
<b>Cash</b>	<b>1.90</b>	
<b>Tech</b>	<b>51.00</b>	<b>50.98</b>
<b>Non-Tech</b>	<b>28.70</b>	<b>29.93</b>
<b>Financial</b>	<b>18.40</b>	<b>19.09</b>
Total Net Asset: US\$243.30Million		

**Top 10 Holdings of Total Fund Portfolio**

As of 03/31/04

	% of Total Portfolio
Taiwan Semiconductor Manufacturing Co.	6.79
Au Optronics Corp.	4.38
Cathay Financial Holding Co. Ltd.	4.34
United Microelectronics Corp. Ltd.	3.84
China Steel Corp.	3.72
Hon Hai Precision Industry Co. Ltd.	3.51
Taishin Financial Holdings Co. Ltd.	3.46
Chinatrust Financial Holding Co. Ltd.	3.02
Chunghwa Telecom Co. Ltd.	2.83
Advanced Semiconductor Engineering, Inc.	2.62
Total	38.51
<b>NAV: US\$14.87    Price: US\$13.60</b>	<b>Discount: -8.54%</b>
No. of Shares: 16.4Million	

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

	The Taiwan Fund, Inc.	Taiwan Stock Exchange Index
<b>One Month</b>	<b>-2.04</b>	<b>-2.50</b>
<b>Fiscal Year to Date**</b>	<b>15.98</b>	<b>19.69</b>
<b>One Year</b>	<b>54.82</b>	<b>59.18</b>
<b>Three Years</b>	<b>0.72</b>	<b>3.88</b>
<b>Five years</b>	<b>-1.30</b>	<b>-0.97</b>
<b>Ten Years</b>	<b>1.40</b>	<b>0.07</b>
<b>Since Inception</b>	<b>10.52</b>	<b>11.72</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 TAIEX are not total returns and reflect only changes in share price 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.

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	<u>As of 02/29/04</u>	<u>As of 03/31/04</u>
TAIEX	6750.54	6522.19
% change in NTD terms	5.88	-3.38
% change in USD terms	6.20	-2.50
NTD Daily avg. trading volume (In Billions)	160.48	162.96
USD Daily avg. trading volume (In Billions)	4.83	4.95
NTD Market Capitalization (In Billions)	14701.97	14247.20
USD Market Capitalization (In Billions)	442.16	432.39
FX Rate: (NT\$/US\$)	33.25	32.95

*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 mentioned.*

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

***Lead Fund Manager: Victor Shih***  
***Deputy Fund Manager: Jovi Chen***