

TAIWAN FUND INC  
Form DEF 14A  
March 05, 2014

**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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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(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 02206-5049**

**For questions about the Proxy Statement, please call (877) 864-5056**

March 5, 2014

Dear Stockholder:

The Annual Meeting of Stockholders of The Taiwan Fund, Inc. (the Fund ) will be held at 10:30 a.m., Eastern Time on Tuesday, April 22, 2014, 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.

The matter on which you, as a stockholder of the Fund, are being asked to vote is (1) the election of the Fund s directors; and (2) the approval of the proposed Investment Management Agreement between the Fund and Allianz Global Investors U.S. LLC.

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

Respectfully,

FRANCINE S. HAYES

*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.**

## THE TAIWAN FUND, INC.

### Notice of the Annual Meeting of Stockholders

**April 22, 2014**

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 22, 2014 at 10:30 a.m., local time, for the following purposes:

- (1) To elect five directors to serve for the ensuing year;
- (2) To approve the proposed Investment Management Agreement between the Fund and Allianz Global Investors U.S. LLC; and
- (3) 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 28, 2014 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 22, 2014:**

This Notice and the Proxy Statement are available on the Internet at [www.proxy-direct.com/twn-25445](http://www.proxy-direct.com/twn-25445).

By order of the Board of Directors

FRANCINE S. HAYES

*Secretary*

March 5, 2014

## 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 ) for use at the Annual Meeting of Stockholders (the Meeting ), to be held at the offices of Clifford Chance US LLP, 31 West Street, New York, New York 10019, on Tuesday, April 22, 2014 at 10:30 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 5, 2014. 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 and Proposal 2 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.** 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. If a quorum is present, a shareholder vote may be taken on one or more of the proposals in this Proxy Statement prior to such adjournment if sufficient votes have been received for approval and it is otherwise appropriate. The chairman of the Meeting may adjourn any meeting of stockholders 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. 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 28, 2014 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 8,221,260 shares of common stock.

Management of the Fund knows of no item of business other than those mentioned in Proposal 1 and Proposal 2 of the Notice of Meeting that will 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, 2013 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 02116, Attention: Chad Hallet, or by accessing the Fund's website at [www.thetaiwanfund.com](http://www.thetaiwanfund.com) or by calling (877) 864-5056.**

### 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 (877) 864-5056 or by accessing [www.proxy-direct.com/twn-25445](http://www.proxy-direct.com/twn-25445).**

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 *Locations* and select *United States*. Finally, click on *View Map* under *Clifford Chance New York* 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. Mr. Bing Shen, who is currently a Director, has chosen to not stand for re-election. 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 and Members of the Board of Directors

The following table provides information concerning the nominees and other members of the Board of Directors 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 For the Past 5 Years
Joe O. Rogers* (65) 2477 Foxwood Drive Chapel Hill, NC 27514	Director	1986	President, Roger International LLC (investment consultation) (2010-present); Visiting Professor, Fudan University School of Management (2010-2012).	1	Chairman of the Board (2012-present), Director and Member of the Audit Committee (1992-present), The China Fund, Inc.
M. Christopher Canavan, Jr.* (74) 73 Brook Street Wellesley, MA 02482	Director	2003	Retired; Independent Consultant (2000-2010).	1	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 For the Past 5 Years
Michael F. Holland* (69) 375 Park Avenue, Suite 2108 New York, New York 10152	Director	2007	Chairman, Holland & Company L.L.C. (investment adviser) (1995-present).	1	Director, The Holland Balanced Fund, Inc., Reaves Utility Income Fund, The China Fund, Inc. and Blackstone GSO Floating Rate Fund, Inc.; Trustee, State Street Master Funds and State Street Institutional Investment Trust.
William C. Kirby* (63) Morgan Hall 167 Harvard Business School Boston, MA 02163	Director	2013	Spangler Family Professor of Business Administration, Harvard Business School (2008-present); T.M. Chang Professor of China Studies, Harvard University (2008-present); Harvard University Distinguished Service Professor (2006-present); Chairman, Harvard China Fund (2006-present); Director, John K. Fairbank Center for Chinese Studies, Harvard University (2006-2013); Dean of the Faculty of Arts and Sciences Harvard University (2002-2006).	1	Director and Member of the Audit Committee, The China Fund, Inc. (2007-present) and Director, Cabot Corporation.
Anthony Kai Yiu Lo* (64) 2/F Hong Villa 12 Bowen Street Hong Kong	Director	2003	Chairman, Shanghai-Century Capital Ltd. (January 2009-present); Chairman and Co-CEO, Shanghai Century Acquisition Inc. (January 2006-March 2009).	1	Independent Non-Executive Director and Chairman of the Audit Committee, Mecox Lane Limited (October 2010-present); Director, Bosera China Fund plc (October 2010 -present).
Bing Shen (64) 1755 Jackson Street, #405 San Francisco, California 94109	Director	2007	Independent Consultant (2005-present).	1	Supervisor and Chairman of the Audit Committee, CTCI Corporation; Director, Delta Networks, Inc., Independent Director, Far Eastern International Bank.

\* Nominee

(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 provisions of the 1940 Act, other applicable laws and the Fund's Articles of Incorporation. The Board is composed of five 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 Allianz Global Investors U.S. LLC (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 Directors were selected to continue 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 Director 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 his substantial prior service as a Director or officer of the Fund and, in several cases, as a director 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.

*Joe O. Rogers.* Mr. Rogers has served as a Director of the Fund since the Fund's inception in 1986. He has provided business and investment consulting services for over 30 years. Mr. Rogers' experience includes service as the president, vice president or partner in business and investment consulting firms including Rogers International LLC, PHH Asia Corporation and PHH Fantus Consulting. He served as the U.S. Ambassador to the Asian Development Bank under President Ronald Regan. Mr. Rogers also served the U.S. House of Representatives in various capacities including Executive Director and International Relations Counselor of the Republican Conference and served as the chief economist and budget advisor to Senator William Armstrong. He has also lectured on economics and finance at various U.S. based and internationally based universities and served as a Visiting Professor of Finance at Fudan University in Shanghai from 2010 to 2011. Mr. Rogers also serves on the board of another listed company.

*M. Christopher Canavan, Jr.* Mr. Canavan is currently the Chairman of the Audit Committee and has served as a Director of the Fund since 2003. He has provided financial accounting, auditing and consulting services for over 40 years. Mr. Canavan's experience includes over 27 years of service as a partner in PricewaterhouseCoopers, LLP and its predecessor firms, and over 10 years of service as an independent consultant providing financial consulting services.



*Michael F. Holland.* Mr. Holland has served as a Director of the Fund since 2007. He has worked in the investment management industry for over 40 years. Mr. Holland's experience includes service as the Chairman of Holland & Company (an investment management company), which he founded in 1995, and as the chief executive officer, chairman or vice chairman of other major U.S. asset management firms including Salomon Brothers Asset Management, First Boston Asset Management and Oppenheimer & Co., Inc. He is a regular guest on several financial television programs and is regularly quoted in leading financial publications. Mr. Holland also serves on the boards of other charitable and listed companies.

*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 and Director of the John K. Fairbank Center for Chinese Studies. He has also served as the 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 Faculty of Arts and Sciences, 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 Kai Yiu Lo.* Mr. Lo has served as a Director of the Fund since 2003. He has worked in the investment management and investment banking industry for over 30 years. Mr. Lo's experience includes service as the founding Chairman and Co-CEO of Shanghai Century Acquisition Corporation, which was listed on the American Stock Exchange. His experience also includes his role as founder of Advantage Limited and Suez Asia Capital Management Co. Ltd. and his service as a managing director of ABN Amro Asia Ltd., HG Asia Ltd. and Schroders Asia Ltd. Mr. Lo also serves on the boards and audit committees of other companies publicly listed in Hong Kong and on the NASDAQ.

*Bing Shen.* Mr. Shen has served as a Director of the Fund since 2007. He has worked in financial services, including investment management, since 1973. Mr. Shen's experience includes his service as Supervisor and Chairman of the Audit Committee of CTCI Corporation, an engineering and construction company listed on the Taiwan Stock Exchange, and a Special Observer of the Oversight Committee of DynaFund, a venture capital fund. His experience also includes his service at the World Bank, International Finance Corporation, and executive positions at Morgan Stanley Group, China Development Industrial Bank and CBID & Partners Investment Holding Corporation. He also serves on the boards of other listed and private companies.

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 2013 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, 2013. For the fiscal year ended August 31, 2013, 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 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). The current members of the Audit Committee are Messrs. Canavan, Holland, Lo, Rogers and Shen. The Audit Committee convened four times during the fiscal year ended August 31, 2013. The Fund's Board of Directors has designated Mr. Canavan, 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). Currently, the Nominating Committee does not consider nominees recommended by the 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 with 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. Canavan, Kirby, Lo and Shen. The Nominating Committee convened three times during the fiscal year ended August 31, 2013.

**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. Holland and Kirby. The Valuation Committee met once during the fiscal year ended August 31, 2013.

**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. Rogers and Kirby. The Share Repurchase Program Committee met five times during the fiscal year ended August 31, 2013.

#### **Risk Oversight**

The day-to-day operations of the Fund, including the management of risk, is 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 the 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. The Fund believes that its officers and Directors have complied with all applicable filing requirements for the fiscal year ended August 31, 2013. 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.

**Officers of the Fund**

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

Name, Address, and Age	Position(s) held with the Fund	Since	Principal
			Occupation(s) or Employment During Past Five Years
Brian S. Shlissel (49) Allianz Global Investors 1633 Broadway New York, NY 10019	President	February 2014	Managing Director and Head of Mutual Fund Services of Allianz Global Investors Fund Management LLC; President and Chief Executive Officer of 30 funds in Allianz Fund Complex and of the Korea Fund, Inc.; and President of 56 Funds in the Allianz Fund Complex. Formerly, Treasurer, Principal Financial and Accounting Officer of 50 funds in the Allianz Fund Complex (2005-2010)
Richard F. Cook, Jr. (63) Foreside Compliance Services, LLC Three Canal Plaza, Suite 100 Portland, ME 04101	Chief Compliance Officer	2007	Director of Foreside Compliance Services, LLC (January 2006-present); Chief Compliance Officer, Guinness Atkinson Funds (November 2005-2012); Chief Compliance Officer, Nomura Partners Funds (April 2007-present); Managing Member of Northlake, LLC (2002-present).
William C. Cox (47) Foreside Management Services, LLC Three Canal Plaza, Suite 100 Portland, ME 04101	Treasurer	2013	Fund Principal Financial Officer, Foreside Financial Group, LLC, 2013 to present; Vice President, State Street Corporation, 1997 to 2012.
Francine S. Hayes (46) 4 Copley Place, 5th Floor Boston, MA 02116	Secretary	December 2013	Vice President and Managing Counsel, State Street Bank and Trust Company (2004 present).

## Ownership of Securities

The following table sets forth information regarding the ownership of securities in the Fund by the Director. Each of the nominees are also current Directors of the Fund.

Name of Director or Nominee	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Funds Overseen or to be Overseen by Director or Nominee in Family of Investment Companies(1)
<b>Current Directors and Nominees</b>		
M. Christopher Canavan, Jr.	\$1-\$10,000	\$1-\$10,000
Michael F. Holland	\$10,001-\$50,000	\$10,001-\$50,000
William Kirby	None	None
Anthony Kai Yiu Lo	None	None
Joe O. Rogers	\$50,001-\$100,000	\$50,001-\$100,000
<b>Current Directors</b>		
Bing Shen	None	None

(1) The term "Family of Investment Companies" 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 Family of Investment Companies.

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, owns securities in the Adviser, or a person directly or indirectly controlling, controlled by, or under common control with the Adviser.

## 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 then Adviser was \$263,250 during the fiscal year ended August 31, 2013. The Fund currently pays each Director that is not affiliated with the Adviser an annual fee of \$20,000 plus \$2,500 for each Board meeting and committee meeting attended in person, and \$2,500 for each meeting attended by telephone.

The following table sets forth the aggregate compensation from the Fund paid to each director during the fiscal year ended August 31, 2013, as well as the total compensation earned by each director from the Fund Complex.

Name of Director	Aggregate Compensation From Fund(1)	Pension or Retirement Benefits Accrued As Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Fund and Fund Complex Paid To Directors(2)
M. Christopher Canavan, Jr.	\$ 45,000			\$ 45,000
Michael F. Holland	\$ 50,000			\$ 50,000
William Kirby	\$ 20,000			\$ 20,000
Anthony Kai Yiu Lo	\$ 40,750			\$ 40,750

Name of Director	Aggregate Compensation From Fund(1)	Pension or Retirement Benefits Accrued As Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Fund and Fund Complex Paid To Directors(2)
Joe O. Rogers	\$ 52,500			\$ 52,500
Bing Shen	\$ 55,000			\$ 55,000

- (1) 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.
- (2) There is one fund in the Fund Complex overseen by the Directors.

#### Required Vote

The election of each Director will require the affirmative vote of a plurality of the votes of the shares present in person or represented by proxy at the Meeting and entitled to vote for the election of the Directors. For this purpose, votes that are withheld will have no effect on the outcome of the elections.

### THE BOARD OF DIRECTORS OF THE FUND RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE FIVE NOMINEES FOR DIRECTORS.

#### PROPOSAL 2 APPROVAL OF PROPOSED INVESTMENT MANAGEMENT AGREEMENT

On January 21, 2014, the Board of Directors, all of whom are Independent Directors, voted to approve and recommend to stockholders the approval of the proposed Investment Management Agreement between the Fund and Allianz Global Investors U.S. LLC (Allianz) (the Proposed Agreement). The Proposed Agreement will replace the interim Investment Advisory Agreement dated, February 22, 2014, between the Fund and Allianz (the Current Agreement). The Current Agreement replaced the Investment Advisory and Management Agreement, dated February 23, 2012, between Martin Currie, Inc. (Martin Currie) and the Fund (the Prior Agreement). The Current Agreement was not approved by stockholders. The Prior Agreement was approved by stockholders on February 23, 2012.

The Fund's former sub-adviser, APS Asset Management Ptd Ltd (APS) terminated its Sub-Advisory Agreement with Martin Currie effective February 22, 2014. Under the Current and Proposed Agreements, Allianz may engage a sub-adviser to provide day-to-day investment advisory and other services to the Fund, provided that Allianz supervises the services provided by a sub-adviser and such delegation will not relieve Allianz of its obligations under the applicable Agreement. Allianz has chosen to provide these services directly to the Fund. Accordingly, the stockholders will not be asked to approve a sub-advisory agreement for the Fund at this time.

The terms of the Proposed Agreement are substantially the same as the terms of the Prior Agreement. The Proposed Agreement provides for Allianz to provide substantially the same investment advisory and management services as provided under the Prior Agreement; however, as mentioned above, Allianz will be providing day-to-day advisory services directly to the Fund and will not engage a sub-adviser to do so. Allianz's duties under the Proposed Agreement include making investment decisions, supervising the acquisition and disposition of investments and selecting brokers or dealers to execute these transactions in accordance with the Fund's investment objective and policies and within the guidelines and directions established by the Board.

Under both the Proposed Agreement and the Current Agreement, the Fund bears expenses for legal fees and expenses of counsel to the Fund; auditing and accounting expenses; taxes and governmental fees; New York Stock Exchange listing fees; dues and expenses incurred in connection with membership in investment company organizations; fees and expenses of the Fund's custodian, sub-custodian, transfer agents and registrars; fees and expenses with respect to administration (except as may be expressly provided otherwise); expenses for portfolio pricing services by a pricing agent, if any; expenses of preparing share certificates and other expenses in connection with the issuance, offering and underwriting of shares issued by the Fund; expenses relating to investor and public relations; expenses of registering or qualifying securities of the Fund for public sale; freight, insurance and other charges in connection with the shipment of the Fund's portfolio securities; brokerage commissions or other costs of acquiring or disposing of any portfolio holding of the Fund; expenses of preparation and distribution of reports, notices and dividends to stockholders; expenses of the Fund's dividend reinvestment and cash purchase plan; costs of stationery; any litigation expenses; and costs of stockholders' and other meetings. Under the Proposed Agreement, as is the case under the Current Agreement, Allianz bears all other expenses associated with the performance of its duties (including employee salaries and overhead) other than expenses to be paid by the Fund, as specifically provided above. Allianz also would pay the salaries and expenses of such of the Fund's officers and employees and any fees and expenses of such of the Fund's directors who are managers, members, officers or employees of Allianz or any of its affiliates, *provided, however*, that the Fund, and not Allianz, will bear travel expenses or an appropriate fraction thereof of directors and officers of the Fund who are managers, members, officers or employees of Allianz to the extent that such expenses relate to attendance at meetings of the Board or any committee thereof, and *provided, further*, that such expenses are incurred in accordance with the Fund's travel policy.

Under the Proposed Agreement, the Current Agreement and the Prior Agreement, neither the Adviser nor its affiliates, directors, employees, or agents will be subject to any liability for any act or omission, error of judgment or mistake of law, or for any loss suffered by the Fund in the course of, connected with or arising out of any services to be rendered thereunder, except by reason of the Adviser's willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the Adviser's reckless disregard of its obligations and duties under the applicable agreement.

The Proposed Agreement may be terminated at any time, without payment of penalty, by Allianz, or by the Fund acting pursuant to a vote of the Board of Directors or by a vote of a majority of the Fund's outstanding securities (as defined in the 1940 Act) upon sixty (60) days' written notice, and will terminate automatically in the event of its assignment (as defined in the 1940 Act) by Allianz. The Prior Agreement was terminable (i) automatically if Martin Currie ceased to be authorized and regulated by the Financial Services Authority of the United Kingdom (the "FSA") or any successor organization or (ii) upon written notice if Martin Currie was required to terminate the Prior Agreement on the FSA's instruction. The Current and Proposed Agreements contain no corresponding provision.

If approved by stockholders, the Proposed Agreement would remain in effect for an initial period of two years from the date it becomes effective. Thereafter, the Proposed Agreement would continue in effect from year to year if its continuance is specifically approved at least annually by (i) a vote of a majority of the Independent Directors, cast in person at a meeting called for the purpose of voting on such approval, and (ii) either a vote of a majority of the Board of Directors as a whole or a majority of the Fund's outstanding shares of common stock as defined in the 1940 Act.

### **Fee Provisions of the Proposed Agreements**

Under the terms of the Prior Agreement, Martin Currie was entitled to receive fees for its services, computed daily and payable monthly in US dollars, at the annual rate of 0.90% on the first \$150 million in total net assets under management, 0.80% on the next \$150 million in total net assets under management and 0.70% on total net assets under management over \$300 million.

Under the terms of the Proposed Agreement, Allianz is entitled to receive fees for its services, computed daily and payable monthly in US dollars, at the rate of 0.85% per annum of the value of the Fund's average daily net assets up to and including \$150 million of net assets; 0.80% per annum of the value of the Fund's average daily net assets on the next \$150 million of net assets; and 0.70% per annum of the value of the Fund's average daily net assets in excess thereof. The Fund's total net assets as of August 31, 2013 were \$158,689,627.

For the fiscal year ended August 31, 2013, the aggregate amount of advisory fees paid by the Fund was \$1,393,636. Had the Proposed Agreement been in place for the fiscal year ended August 31, 2013, the advisory fees paid by the Fund would have been \$1,317,676. The difference between the aggregate amount of the advisory fees paid by the Fund and the amount that the Adviser would have received had the proposed fee been in effect is 0.85%.

There were no additional payments made to Martin Currie or APS by the Fund for the fiscal year ended August 31, 2013.

### **Approval Process and the Factors Considered by the Board of Directors in Approving the Proposed Agreements**

On September 5, 2013, Martin Currie received a notice from APS, the Fund's sub-adviser, that APS intended to resign as sub-adviser of the Fund effective February 22, 2014. At a special Board meeting held on September 17, 2013, the Board determined it would be appropriate for the Board to meet with Martin Currie to review the arrangements for the management of the Fund's assets. At that time, and at subsequent Board meetings held on October 8, 2013, November 11, 2013 and December 12, 2013, the Board discussed the ramifications of the APS resignation; the proposal by Martin Currie to continue to serve as the Adviser, subject to the engagement of an individual with the requisite expertise; and possible courses of action in the event that Martin Currie was unable to provide a satisfactory alternative. The Board retained a consultant to assist the Board in identifying and evaluating appropriate alternative investment advisers. After reviewing the consultant's report, a committee of the Board identified three potential investment adviser candidates and requested that those candidates provide certain additional information. Two of those candidates provided additional information, and then were requested to make a presentation to the Board on January 20, 2014. Martin Currie was not included in the later stages of the selection process when it became clear that it would not be able to employ on a timely basis an experienced Taiwan equity portfolio manager to manage the Fund's portfolio.

Following those presentations and further discussions with the consultant, the Board, at a meeting on January 21, 2014, determined that it would be appropriate to enter into an interim arrangement with Allianz and at the Board meeting held on January 21, 2014, the Board approved the Current Agreement with Allianz. At that Board meeting, the Board also approved the selection of Allianz as the investment adviser for the Fund, approved the Proposed Agreement and agreed to submit the selection of Allianz for approval by the Fund's stockholders at the next annual stockholders meeting in April 2014.



In making this selection, the Board noted Allianz's proposed approach of providing investment management services, as well as a superior performance record in providing those services to other clients with Taiwan mandates. The Board also noted that the advisory fee agreed to by Allianz was somewhat less than the current advisory fee and compared favorably with fees charged by advisers of other U.S. registered closed-end funds that invest in the China region. The Board also considered the terms and conditions of the Proposed Agreement and the nature, scope and quality of services that Allianz is expected to provide to the Fund. The Board also based its decision on the following considerations, among others, although the Board did not identify any consideration that was all important or controlling, and each Director attributed different weights to the various factors.

*Nature, Extent and Quality of the Services provided by the Adviser.* The Board reviewed and considered the nature and extent of the investment management services to be provided by Allianz under the Proposed Agreement. The Board noted that Allianz is one of the leading sponsors and administrators of closed-end funds, with over \$18.9 billion of closed-end fund assets under management as of November 30, 2013, and that Allianz managed other Asian equity closed-end funds. Allianz informed the Board that the Fund would be managed through a participating affiliate arrangement by investment professionals employed by Allianz Global Investors Taiwan Limited (Allianz Taiwan) and supervised by Allianz. The lead portfolio manager of the Fund will be the Chief Investment Officer of Allianz Taiwan, who has many years experience managing dedicated Taiwan equity portfolios. The Board determined that Allianz appeared to be capable of providing the Fund with investment management services of above average quality.

*Performance, Fees and Expenses of the Fund.* The Board noted that Allianz was not yet providing services to the Fund; therefore, there were limitations on the Board's ability to evaluate the performance of Allianz in managing the Fund. Based, however, on the performance of Allianz in managing other Taiwan equity funds and accounts, the Board concluded that there was reason to believe that Allianz could achieve above average performance over the long term in managing the Fund. The Board also noted that, except for certain compliance and treasury services fees that Martin Currie had been paying, other expenses of the Fund were not expected to increase as a result of the retention of Allianz.

*Economies of Scale.* The Board considered the economy of scale benefits that the Fund's stockholders would be afforded as the management fee rate under the Proposed Agreement declines as the Fund's assets grow.

*Other Benefits of the Relationship.* The Board considered whether there were other benefits that Allianz and its affiliates may derive from its relationship with the Fund and concluded that any such benefits were likely to be minimal.

*Resources of the Proposed Investment Adviser.* The Board considered whether Allianz is financially sound and has the resources necessary to perform its obligations under the Proposed Agreement, noting that Allianz appears to have the financial resources necessary to fulfill its obligations under the Proposed Agreement.

*General Conclusions.* After considering and weighing all of the above factors, the Board concluded that it would be in the best interest of the Fund and its stockholders to approve the Proposed Agreement. In reaching this conclusion, the Board did not give particular weight to any single factor referenced above.

**Information About the Proposed Adviser**

Allianz Global Investors U.S. LLC, the proposed adviser, is a U.S.-based firm registered as an investment adviser with the Securities and Exchange Commission. Allianz is a wholly-owned subsidiary of Allianz Global Investors ( AGI ). AGI, which is wholly owned by the Allianz Group, has over \$436 billion in assets under management as of September 30, 2013. Allianz's principal offices are located at 1633 Broadway, New York, NY 10019.

The following table set forth certain information concerning the principal executive officer and each of the directors of Allianz.

<b>Name/Address</b>	<b>Position Held with Proposed Adviser</b>	<b>Since</b>	<b>Principal Occupation or Employment</b>
Brian S. Shlissel  1633 Broadway  New York, NY10019	President	2014	Management Board, Managing Director and Head of Mutual Fund Services of Allianz Global Investors Fund Management LLC; President and Chief Executive Officer of 30 funds in the Allianz Fund Complex and of the Korea Fund, Inc; and President of 56 funds in the Allianz Fund Complex. Formerly Treasurer, Principal Financial and Accounting Officer of The Korea Fund, Inc. Formerly, Treasurer, Principal Financial and Accounting Officer of numerous funds in the Allianz Fund Complex (2005-2010).

The following table set forth certain information concerning the individuals who are anticipated to serve as the Fund's investment team responsible for portfolio management.

<b>Name/Address</b>	<b>Position Held with Proposed Adviser</b>	<b>Since</b>	<b>Principal Occupation or Employment</b>
Weimin Chang  5F, No 378  Fu Hsing N. Road  Taipei, Taiwan	Portfolio Manager		