



MONTHLY UPDATE

Market Environment — June, 2010

The fund's net asset value in May performed in line with the Taiwan China Strategy index, but returned less than the MSCI Taiwan index. The share price performed in line with the Taiwan iShares. The fund's discount for the month averaged 9.0%, up from 8.1% in May, and averaged 9.7% for the past 12 month period. US\$ total return figures follow:

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
Fund NAV	-2.87%	-11.74%	-15.50%	15.93%	-23.54%	11.05%
Fund Share Price	-1.42%	-12.32%	-12.74%	14.43%	-20.14%	8.61%
TCS Index (US\$)	-2.91%	-10.28%	-12.91%	18.85%	-24.87%	20.39%
MSCI Taiwan (US\$)	-0.85%	-9.34%	-12.78%	15.45%	-17.80%	13.40%
Taiwan iShares	-1.41%	-10.76%	-13.65%	12.86%	-20.75%	8.18%

The Economic Framework Cooperation Agreement (ECFA) was signed between Taiwan and China on June 29 in Chongqing. This landmark agreement will lower tariff rates on 539 categories of Taiwan products and 267 categories of products from China. It is estimated that this will save Taiwan exporters approximately \$1 billion in customs duties. This "early harvest" list included significant benefits for Taiwan's financial sector as it expands into mainland China. The agreement is expected to increase Taiwan's annual economic growth rate by approximately 0.4%.

Chinese tourists continue to visit Taiwan in record numbers with 4,505 per day arriving in May. Twenty-eight new weekly flights were added between Taipei's Songshan airport and Hongqiao in Shanghai. This is in addition to the existing 56 weekly flights from Songshan to Shanghai's Pudong Airport.

Taiwan's economy continues to strengthen with Citibank increasing its projection of 2010 growth in gross domestic product to 7.0%. May export orders reached \$33.7 billion, the third highest level in on record with overseas production exceeding 50% for the third consecutive month. Taiwan's foreign exchange reserves rose to a new high of \$360.1 billion, making Taiwan the world's sixth largest net creditor nation.

Past results are not necessarily indicative of future performance of the Fund. Rates of return and principal value will fluctuate and you may have a gain or a loss when you sell shares. Performance figures reflect reinvested dividends and capital gains. Dividends and capital gains reinvested are on a net basis, after the deduction of applicable taxes. The returns shown above for the MSCI Taiwan Index and the TCS Index are also calculated on a net basis but the TAIEX is measured on a gross return basis, with the full reinvestment of all dividends received. Returns for the Fund, TCS Index, MSCI Taiwan and TAIEX are in US Dollars. Source: Bloomberg except MSCI for TCS Index. For more information and important disclosures on the TCS Index and the MSCI Taiwan Index, please see the Fund's website at <http://www.taiwangreaterchinafund.com/>. Returns, except 12-month period, are not annualized.

Total returns reflect changes in NAV per share during each period and assume that dividends and capital gains distributions, if any, were reinvested. These percentages are not an indication of the performance of a shareholder's investment in the Fund based on market price

Portfolio Management

The Fund's policy is to remain substantially fully invested in equities. Equity holdings are well diversified among top quality stocks, with investment decisions based on a fundamental approach to securities and economic analysis. Portfolio holdings and sector composition are subject to change.

<u>Company</u>	<u>% of Net Assets</u>	<u>Ten Largest Sectors</u>	<u>% of Net Assets</u>
Hon Hai Precision Ind.	11.1%	Computers Hardware & Systems	22.5%
Mediatek Inc.	7.2%	Semiconductors	18.9%
Taiwan Semiconductor	7.1%	Petrochemicals & Plastics	12.6%
China Steel	4.6%	Electronic Components	8.0%
Formosa Plastic Corp.	4.6%	Flat Panel Display	7.2%
Nan Ya Plastics	4.3%	Food	4.9%
Au Optronics	4.2%	Steel	4.7%
Formosa Chemicals & Fibre	3.6%	Tech - Other	3.8%
Delta Electronics	3.2%	Financials	3.8%
Asustek Computer	3.2%	ODM & Peripherals	3.0%

Per Share Standing at June 30,

<u>NAV</u>	<u>NYSE</u>
\$5.55	\$6.06

The Taiwan Greater China Fund

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The opinions and forecasts expressed are those of the portfolio manager and may not actually come to pass. The information presented is subject to change at any time, based on market and other conditions and should not be construed as a recommendation of a particular security. **Fund shares are not FDIC insured and are not deposits or other obligations of, or guaranteed by, any bank. Fund shares involve investment risk, including possible loss of principal.**