



MONTHLY UPDATE

Market Environment — November 2009

The Taiwan Greater China Fund's net asset value (NAV) in November underperformed its primary benchmark, the Taiwan China Strategy Index (TCS Index) as computed by MSCI, but outperformed the US\$ returns for both the Taiwan Stock Exchange Index (TAIEX) and the MSCI Taiwan Index. The Fund's share price outperformed all three indices as the discount to NAV narrowed during November. The Fund's NAV increased 5.2% while its share price increased 6.5%, compared to a 5.3% increase in the TCS Index, a 4.4% increase in the TAIEX and a 3.9% gain in the MSCI Taiwan Index. The Fund's discount to net asset value averaged 10.4% during November, with a high of 12.0%, a low of 7.8%, and a closing value of 10.9%. During the month, the Taiwan dollar appreciated 1.1% against the U.S. dollar.

There continues to be signs that Taiwan's economy is coming out of a recession. Taiwan's exports rose by 19.4% YoY in November. This is the first month that has showed a year-on-year increase, although November 2008 was also the first month to register the impact of the global financial crisis in a major way. On a month-to-month basis, overall exports rose 1% although exports to the US rose 4.3%. Exports to China in November rose a blistering 55.8% YoY and 2.1% MoM. In addition, Taiwan's 3rd quarter real GDP rose by 7.3% QoQ, although it was still down 1.29% YoY. This was a definite improvement over Q2 which was down 6.9% YoY. Private spending, as well as government spending and investment were all up YOY with government expenditures up 26.0%. Taiwan has clearly benefited by the domestic growth in China. China's GDP rose 8.9% in the 3rd quarter and is expected to top 8% for the year. China's retail sales have increased by 15% in the January to September 2009 time period and Taiwan has been able to take advantage of this demand, particularly in the electronics sector. Chinese exports, however, continue to be weak. October's export volume was down 9.1% YoY and November exports were still down 1.2% YoY.

| <u>Total Return</u> | <u>1 Month</u> | <u>3 Month</u> | <u>6 Months</u> | <u>YTD</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|--------------------------|----------------|----------------|-----------------|------------|---------------|----------------|----------------|
| Fund (US\$ NAV) ** | 5.2% | 12.3% | 20.2% | 74.5% | 78.2% | -3.8% | 32.4% |
| Fund (US\$ Share Price) | 6.5 | 15.2 | 11.7 | 67.7 | 78.3 | -7.7 | 31.0 |
| TCS Index (US\$) | 5.3 | 12.7 | 19.6 | 80.6 | 84.9 | -0.1 | 40.2 |
| TAIEX (US\$) | 4.4 | 13.6 | 14.6 | 67.7 | 80.8 | 13.2 | 56.8 |
| MSCI Taiwan Index (US\$) | 3.9 | 12.3 | 12.7 | 65.1 | 73.4 | -2.9 | 30.6 |
| NT\$/US\$ | 1.1 | 2.3 | 1.4 | 1.9 | 3.5 | 0.8 | 0.1 |

* **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 currently holds over 98% of its assets 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.

| <i>Top Ten Holdings as of Nov 30, 2009</i> | | <i>Industry Diversification as of Nov 30, 2009</i> | |
|--|------------------------|--|------------------------|
| <u>Company</u> | <u>% of Net Assets</u> | <u>Ten Largest Sectors</u> | <u>% of Net Assets</u> |
| Hon Hai Precision Ind. Co. | 12.6% | Computer Systems & Hardware | 25.3% |
| MediaTek, Inc. | 7.7 | Semiconductors | 19.0 |
| Taiwan Semiconductor Mfg. Co | 6.6 | Plastics & Petrochemicals | 11.2 |
| Asustek Corp. | 4.9 | Electronic Components | 8.9 |
| Au Optronics Corp. | 4.4 | Flat Panel Display | 8.3 |
| Nan Ya Plastics Corp. | 4.2 | Steel | 4.2 |
| China Steel Corp. | 4.1 | Food | 4.2 |
| Formosa Plastics Corp. | 4.0 | Financials | 3.7 |
| Formosa Chemical & Fiber Corp. | 3.0 | Cement | 2.7 |
| Quanta Computer | 2.8 | ODM & Peripherals | 2.7 |

Per Share Standing at November 30, 2009:

NAV

\$6.6467

NYSE

\$5.9199

The Taiwan Greater China Fund

Portfolio Management:

Steven R. Champion, President
Nanking Road Capital Management LLC
111 Gillett Street
Hartford, CT 06105
Tel: 1-860-278-7888

Shareholder Services:

Patricia Baronowski
The Altman Group
New York, NY 10165
Tel: 1-212-681-9600

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.**