



MONTHLY UPDATE

Market Environment — October 2009

The Taiwan Greater China Fund's net asset value (NAV) in October matched the performance of its primary benchmark, the Taiwan China Strategy Index (TCS Index) as computed by MSCI, underperformed the US\$ returns for both the Taiwan Stock Exchange Index (TAIEX) and outperformed the MSCI Taiwan Index. The Fund's share price underperformed all three indices as the discount to NAV widened during October. The Fund's NAV decreased 3.5% while its share price decreased 5.9%, compared to a 3.5% decrease in the TCS Index, and a 3.4% decrease in the TAIEX and a 4.1% decrease in the MSCI Taiwan Index. The Fund's discount to net asset value averaged 9.8% during October, with a high of 12.1%, a low of 8.4%, and a closing value of 12.0%. During the month, the Taiwan dollar depreciated 1.2% against the U.S. dollar.

Share prices corrected in October after a strong September showing. This was despite Q3 earnings, particularly in the tech sector, coming in general at or above expectations. The Q3 earnings for top computer system and hardware companies, for example, averaged 28% over consensus estimates. According to data from Goldman Sachs and Bloomberg, full year earnings estimates also continued to be revised upward. At the end of the 2nd quarter, I/B/E/S consensus estimates forecast 2009 YoY EPS growth for the MSCI Taiwan at negative 10.3%. But by the end of August, after Q2 earnings releases, consensus 2009 estimates improved to an anticipated growth rate of 16.4% YoY. Improved Q3 results are shifting the 2009 consensus earnings forecast further upward, with a 2009 forecast growth rate for the MSCI Taiwan now of over 40% YOY. 2010 EPS growth YoY consequently has been adjusted downward and now stands at a still considerable 66%. Current consensus PE for 2009 for the MSCI Taiwan remains a high 27x because of the index's 58% run-up during 2009. But 2010 PE drops to a more normal 16x.

Total Return	1 Month	3 Month	6 Months	YTD	1 Year	3 Years	5 Years
Fund (US\$ NAV) **	-3.5%	6.2%	28.7%	65.9%	49.1%	-0.9%	35.3%
Fund (US\$ Share Price)	-5.9	3.4	14.6	57.5	39.4	-4.6	29.6
TCS Index (US\$)	-3.5	6.4	28.8	71.5	51.8	3.7	43.7
TAIEX (US\$)	-3.4	5.7	24.8	65.7	57.2	19.9	59.8
MSCI Taiwan Index (US\$)	-4.1	5.0	25.0	59.0	48.9	3.3	33.8
NT\$/US\$	-1.2	0.9	1.7	0.8	1.4	1.8	4.5

* **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</i> as of Oct 30, 2009		<i>Industry Diversification</i> as of Oct 30, 2009	
<u>Company</u>	<u>% of Net Assets</u>	<u>Ten Largest Sectors</u>	<u>% of Net Assets</u>
Hon Hai Precision Ind. Co.	12.5%	Computer Systems & Hardware	24.7%
MediaTek, Inc.	7.3	Semiconductors	19.3
Taiwan Semiconductor Mfg. Co	6.8	Plastics & Petrochemicals	11.2
Asustek Corp.	4.9	Electronic Components	8.5
Nan Ya Plastic Corp.	4.2	Flat Panel Display	6.9
China Steel Corp.	4.1	Steel	4.3
Formosa Plastics Corp.	4.1	Food	4.1
Au Optronics Corp.	4.1	Financials	3.9
Cathay Financial	2.9	Cement	2.9
Formosa Chemical & Fiber Corp.	2.9	ODM & Peripherals	2.7

Per Share Standing at October 30, 2009:

NAV
\$6.32

NYSE
\$5.56

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.**