



MONTHLY UPDATE

Market Environment — September 2009

The Taiwan Greater China Fund's net asset value (NAV) in September outperformed its primary benchmark, the Taiwan China Strategy Index (TCS Index) as computed by MSCI, but underperformed 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 September. The Fund's NAV increased 11.0% while its share price increased 15.0%, compared to a 10.8% increase in the TCS Index, and a 12.7% increase in both the TAIEX and the MSCI Taiwan Index. The Fund's discount to net asset value averaged 10.4% during September, with a high of 12.3%, a low of 8.1%, and a closing value of 10.0%. During the month, the Taiwan dollar appreciated 2.4% against the U.S. dollar.

September was a very strong month for Taiwan. All sectors rose, with the glass sector leading the way with a 27.4% return, followed by construction at 20.9% and finance at 19.5% gain. The electronics sector rose 12.2% and steel and transportation were the lagging sectors, returning 2.7% and 4.3% respectively. The announcement on September 1st that Taiwan's manufacturing expanded at the fastest pace since March helped to send the index up 3% that day, with the electronics sector increasing 3.7%. Additionally on the 1st, the government indicated that there would shortly be a cabinet shake-up, a result of the public's anger over the response to Typhoon Morakot. President Ma's subsequent appointment of Wu Den-yih, a former mayor of Kaohsiung, as Premier and particularly Eric Chu as Vice Premier caused the President's approval ratings to improve from a post-typhoon low of 29% to 40%. Chu, a 48-year old Taiwan native, is rising star in the KMT and has been the Taoyuan County Magistrate for the last eight years. Prior to that, Chu was a legislator and served on the budget and finance committees. The vice premier traditionally helps to execute the government's economic policies.

<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) **	11.0%	25.6%	58.3%	72.4%	25.6%	4.8%	37.5%
Fund (US\$ Share Price)	15.0	21.9	54.7	67.4	25.0	3.7	37.4
TCS Index (US\$)	10.8	26.0	59.3	77.7	27.8	8.5	45.2
TAIEX (US\$)	12.7	22.3	56.2	71.5	35.7	26.0	64.1
MSCI Taiwan Index (US\$)	12.7	22.5	53.1	65.8	26.3	8.7	39.2
NT\$/US\$	2.4	2.1	5.5	2.0	0.2	3.0	5.7

* **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 Sept 30, 2009		<i>Industry Diversification</i> as of Sept 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.	12.1%	Computer Systems & Hardware	23.9%
MediaTek, Inc.	8.2	Semiconductors	20.4
Taiwan Semiconductor Mfg. Co	7.1	Plastics & Petrochemicals	11.1
Asustek Corp.	4.3	Electronic Components	8.4
Au Optronics Corp.	4.2	Flat Panel Display	7.1
Formosa Plastics Corp.	4.1	Steel	4.3
Nan Ya Plastic Corp.	4.1	Food	3.9
China Steel Corp.	4.1	Financials	3.6
Quanta Computer	2.9	Cement	3.0
Formosa Chemical & Fiber Corp.	2.8	ODM & Peripherals	2.7

Per Share Standing at September 30, 2009:

NAV
\$6.57

NYSE
\$5.91

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.**