

The Korea Fund, Inc. (KF)

Description

Seeks long-term capital appreciation through investment in Korean securities.

Fund Inception Date

August 29, 1984

Total Fund Assets (in millions)

\$334.9

Management Firm

Allianz Global Investors U.S. LLC

Portfolio Managers

Sang Won Kim & Raymond Chan

Dividend Frequency

Annual

Net Asset Value (NAV) / Market Price at Inception

\$11.16 / \$12.00

NAV / Market Price (as of 6/30/13)

\$38.53 / \$34.47

High / Low Ranges (52-Week)

High / Low NAV \$46.52 / \$36.56

High / Low Market Price \$42.30 / \$32.37

Premium / (Discount) to NAV

-10.54%

Fund Data (Common Shares)

Shares Outstanding 8,693,484

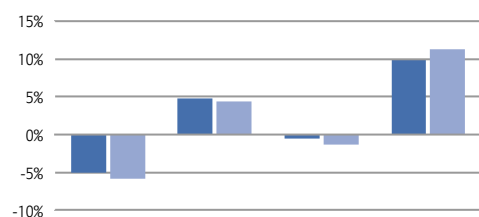
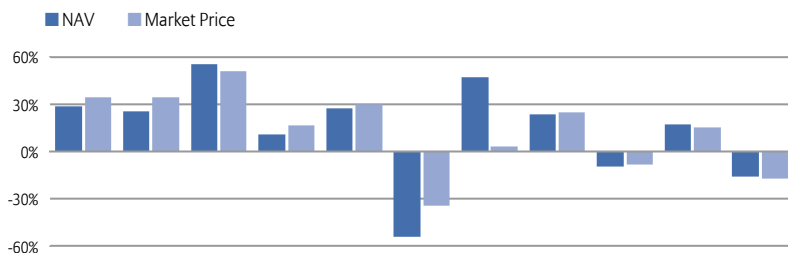
Average Daily Volume 22,074

Expense Ratio* 1.10%

Fund Highlights

- Normally invests at least 80% of its net assets in securities listed on the Korean Stock Exchange.
- Offers capital appreciation potential by focusing on Korean companies exhibiting solid long-term growth characteristics.
- Designed for investors who want to participate in the Korean economy.

Performance and Dividend Analysis—Common Shares*



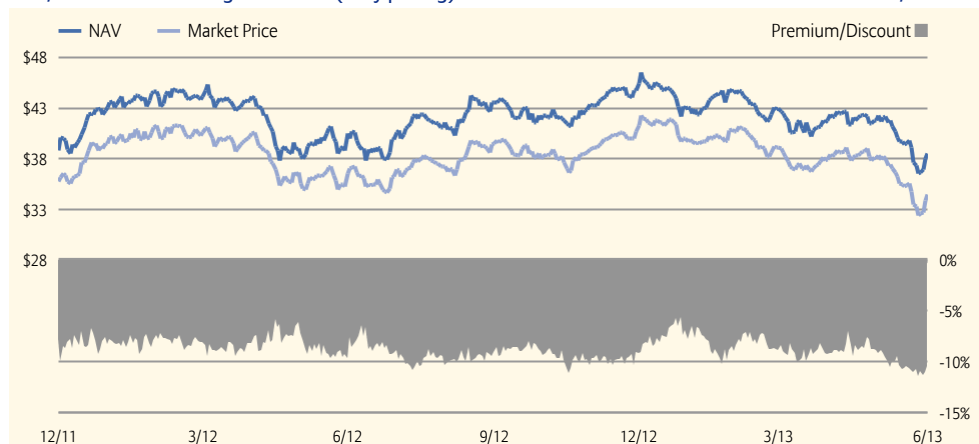
Calendar Year Returns

	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	YTD
NAV	28.8%	25.8%	55.3%	11.1%	27.4%	-53.7%	47.2%	23.7%	-8.7%	17.1%	-15.2%
Market Price	34.5%	34.7%	51.2%	16.6%	29.9%	-33.7%	3.3%	24.9%	-7.8%	15.4%	-16.5%

Average Annual Returns

	1-yr	3-yr	5-yr	10-yr
NAV	-4.89%	4.74%	-0.47%	9.86%
Market Price	-5.72%	4.34%	-1.16%	11.30%

NAV/Market Price-Trailing 18 Months (daily pricing)



Fund Premium/Discount

Distribution History (last six payments)

Declaration Date	Type	Amount Per Share
12/20/11	Long-Term Capital Gain	\$4.50000
12/20/11	Short-Term Capital Gain	\$0.95000
12/21/10	Dividend	\$0.30000
3/09/09	Long-Term Capital Gain	\$0.00835
12/22/08	Long-Term Capital Gain	\$85.60000
12/22/08	Short-Term Capital Gain	\$4.70000

Investment Products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

Visit www.thekoreafund.com for more information.

Past performance is no guarantee of future results. Investment return and the value of shares will fluctuate. The Fund seeks long-term capital appreciation through investment in Korean securities. An investment in the Fund involves risk, including loss of principal. Investment return and the value of shares will fluctuate. Returns are calculated by determining the percentage change in net asset value (NAV) or market share price (as applicable) with all distributions reinvested. The Fund's performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares or changes in Fund distributions. The returns do not reflect broker sales charges or commissions. NAV is total assets less total liabilities divided by the number of shares outstanding. This material is presented only to provide information and is not intended for trading purposes. The Fund is a closed-end exchange traded management investment company. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. Additional information regarding the Fund can be found in the Fund's most recent shareholder report. Distributions may include ordinary income, net capital gains, and/or return of capital. Refer to the most recent Section 19 Notice, if applicable, for distribution composition information. Distribution rates are subject to change and are not a quotation of Fund performance. For more information or to obtain these reports, please contact your financial advisor or call 1-800-331-1710. Allianz is a leading global financial services company. *Expense Ratio for the period covered by the most recent shareholder report.

The Korea Fund, Inc. (KF)

Equity Portfolio Analysis

Top Five Sectors	
Information Tech.	35%
Consumer Disc.	27%
Financials	11%
Industrials	8%
Materials	6%

Top Ten Holdings as of 5/31/13	
SAMSUNG ELECTRONICS CO LTD (S.KOREA)	24.5%
HYUNDAI MOTOR CO (S.KOREA)	4.3%
POSCO (S.KOREA)	3.0%
NHN CORP (S.KOREA)	2.8%
HYUNDAI MOBIS (S.KOREA)	2.8%
HOTEL SHILLA CO LTD (S.KOREA)	2.6%
SHINHAN FINANCIAL GROUP CO LTD	2.6%
SAMSUNG HEAVY INDU (S.KOREA)	2.5%
LG ELECTRONICS INC (S.KOREA)	2.4%
LG CHEM LTD (S.KOREA)	2.3%

Statistics	
P/E Ratio	9.0
P/B Ratio	1.3
Median Market Cap (in billions)	7.2
Issues in Portfolio	41
Foreign Holdings (%)	97.4
Cash (%)	2.6

Overall Portfolio Analysis

Statistics	
Beta	0.94
R ²	0.95
Standard Deviation of NAV	22.66
Standard Deviation of Market Price	23.15

Portfolio Management

Allianz Global Investors

Understand. Act. This two-word philosophy is at the core of what we do. To stand out as the investment partner our clients trust, we listen closely to understand their needs, then act decisively to deliver solutions. We are a diversified active investment manager with a strong parent company, a culture of risk management and \$405 billion in AUM.* With 23 offices in 18 countries and over 500 investment professionals, we provide global investment and research capabilities with consultative local delivery.

Portfolio Managers

Sang Won Kim, lead portfolio manager, joined Allianz Global Investors in 2007. Mr. Kim manages Korea equity portfolios and has more than 15 years of investment-industry experience. He previously worked at Samsung Securities as an equity research analyst covering Korean non-life insurers and securities brokers. Before that he was a management consultant, advising Korean companies on strategic issues. He has a B.A. in business administration from Yonsei University and an M.B.A. in finance and accounting from the Kellogg School of Management at Northwestern University.

Raymond Chan, CFA, lead portfolio manager and CIO Equity Asia Pacific with Allianz Global Investors, which he joined in 1998. He is responsible for all AllianzGI investment professionals in Asia (excluding Japan) and has more than 22 years of investment-industry experience. Mr. Chan was previously an associate director with Barclays Global. Mr. Chan has a B.A. from the University of Durham, UK, and an M.A. from the University of Exeter.

Investment Process

In selecting investments for the Fund, the sub-advisor uses bottom-up, proprietary fundamental research to examine each company's prospects for growth, quality and valuation. The firm screens stocks based on a broad range of variables, including price-to-earnings ratios, dividend yields and earnings-per-share growth. In addition, the firm also utilizes their own market research, Grassroots Research, to affirm company analysis or macroeconomic trends. The investment team's extensive experience and proprietary investment tools allow information to be processed quickly.

* The Korea Fund, Inc has utilized a different methodology than third party service providers to account for the reinvestment of its January 29, 2009 \$90.30 capital gain distribution and is consequently reporting different performance data for January 2009. For the one-month period ended January 31, 2009, the Fund's NAV performance was -15.49% as calculated by the Fund, while the NAV performance as calculated by the financial reporting services was -37.74%. For more information on the calculation differences please see the Press Release dated July 15, 2009, which is available at www.thekoreafund.com under News and Press Releases.

A Word About Risk: Past performance is no guarantee of future results. Holdings are subject to change daily. The Fund seeks long-term capital appreciation through investment in Korean securities. An investment in the Fund involves risk, including loss of principal. Investing in non-U.S. securities entails additional risks, including political and economic risk and the risk of currency fluctuations, as well as lower liquidity. These risks, which can result in greater price volatility, will generally be enhanced in less diversified funds that concentrate investments in a particular geographic region. *Combined worldwide assets as of March 31, 2013.

P/E is a ratio of security price to earnings per share. Typically, an undervalued security is characterized by a low P/E ratio, while an overvalued security is characterized by a high P/E ratio. P/B is a ratio of the current stock price to the book value. This is used to identify undervalued stocks. Beta measures the market related volatility of a portfolio, where the overall market is represented by the Korea Composite Stock Price Index. The beta of the market is 1 by definition. A beta greater than 1 indicates that a portfolio's market risk is greater than the overall market's, while a beta less than 1 indicates a lower market risk. It is important to note that having a low market risk does not necessarily imply low volatility. A portfolio may have a low beta while experiencing volatility due to factors independent of the market. R-Squared measures the percentage of a portfolio's movements that are explained by movements in the overall market, represented by the KOSPI IX. The KOSPI is a capitalization-weighted index of all common and preferred shares on the Korean Stock Exchange. The measures of alpha and beta are most relevant when there is a close correlation between the two, as indicated by a high R-Squared value. Standard deviation is an absolute measure of volatility measuring dispersion about an average which, for an index, depicts how widely the returns varied over a certain period of time. The greater the degree of dispersion, the greater the risk.

Grassroots Research is a division within the Allianz Global Investors group of companies that commissions investigative research for asset-management professionals. Research data used to generate Grassroots Research reports are received from reporters and field force investigators who work as independent, third party research providers, supplying research that is paid for by commissions generated by trades executed on behalf of clients.

Allianz Global Investors U.S. LLC serves as the Fund's investment manager. Visit www.thekoreafund.com for more information.