

Data as of 4/30/17

## Manager's Commentary

### Market Review

In April, the Korean equity market moved higher in Korean won terms. Technology was the best performing sector, driven by Samsung Electronics' strong first quarter earnings and the announcement of the cancellation of treasury shares. The consumer staples sector also outperformed on expectations of a recovery in domestic consumption. Conversely, the worst performing sector was materials, mainly due to a sharp decline in iron ore prices which raised concerns on steel price cuts.

### Fund Review

The Korea Fund, Inc. (the "Fund") outperformed the MSCI Korea Index (the "benchmark") in April. The Fund's performance was aided by its overweight position in E-Mart, the largest discount store chain in Korea, as the company reported strong revenue growth on an adjusted basis during the first quarter, along with plans to accelerate restructuring. The Fund's position in Hyundai Development, a residential property developer, also contributed to performance. The company announced strong first quarter earnings, exceeding consensus expectations, and an additional treasury share buyback.

In contrast, the Fund's underweight position in Samsung Electronics hurt performance during the month. In addition, Kangwon Land, a resort and gaming company, also detracted from performance due to ongoing concerns over the company's plans to potentially make a donation to the upcoming Pyeongchang Winter Olympics.

### Key Transactions

During April, the Fund increased its exposure to the health care sector on expectations of strong export momentum. On the other hand, the Fund reduced its exposure to the consumer staples sector after its outperformance.

### Outlook

We believe the election of Moon Jae In, as the new president of South Korea, should remove some uncertainties related to Korea's political vacuum. However, the impact of the new government on the economy remains unclear given President Moon's somewhat unfavorable policy agenda for corporates, such as higher taxes and minimum wages. In addition, it is still too early to tell whether the new government will succeed in persuading China to relax its economic retaliation against Korea's decision to adopt the THAAD missile system. We await further clarification on President Moon's policies and will assess its implications on the market.

## In Brief

### Fund Data

Description	Seeks long-term capital appreciation through investment in Korean securities.
Inception Date	August 29, 1984
Total Fund Assets (millions)	\$278.4
Median Market Cap (in billions)	\$6.6
Distribution Frequency	Annual
Management Firm	Allianz Global Investors U.S. LLC
Portfolio Management	Chris Leung, CFA Lead Portfolio Manager  Raymond Chan, CFA Portfolio Manager

### Net Asset Value / Market Price

Net Asset Value (NAV) / Market Price at Inception	\$11.16 / \$12.00
NAV / Market Price (as of 4/30/17)	\$42.59 / \$38.75

### High / Low Ranges (52-Week)

High / Low NAV	\$42.88 / \$34.38
High / Low Market Price	\$38.75 / \$30.44
Premium/Discount to NAV (as of 4/30/17)	-9.02%

### Fund Data (Common Shares)

Shares Outstanding	6,538,076
Average Daily Volume	13,133
Expense Ratio	1.20%

## Fund Managers



Chris Leung, CFA  
Lead Portfolio  
Manager



Raymond Chan, CFA  
Portfolio Manager

# The Korea Fund, Inc.

## Average Annual Returns

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Inception
NAV	2.55%	9.15%	18.11%	17.87%	2.02%	1.98%	1.67%	11.87%
Market Price	5.13%	11.74%	21.55%	20.46%	3.45%	2.28%	2.15%	11.23%
MSCI Korea Total Return Index	1.00%	9.57%	18.02%	22.63%	2.30%	3.06%	3.34%	—
MSCI Korea Price Return Index	1.00%	9.44%	17.83%	20.80%	0.93%	1.88%	2.19%	—
The Korea Stock Price Index	0.33%	8.94%	15.52%	10.74%	0.69%	2.02%	1.58%	—

## Calendar Year Returns

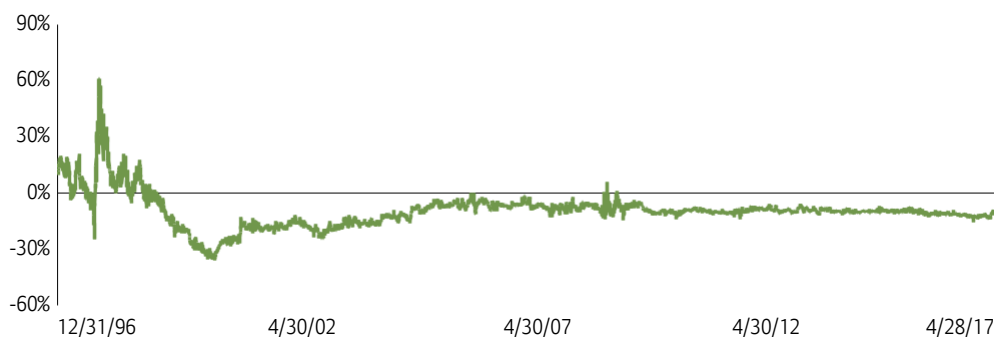
	2009	2010	2011	2012	2013	2014	2015	2016
NAV	47.22%	23.71%	-8.71%	17.09%	1.00%	-9.85%	-4.04%	2.64%
Market Price	3.32%	24.88%	-7.79%	15.41%	-0.01%	-9.07%	-2.81%	1.08%
MSCI Korea Total Return Index	71.35%	26.74%	-12.00%	21.18%	3.94%	-11.12%	-6.66%	8.75%
MSCI Korea Price Return Index	69.42%	25.29%	-12.84%	20.16%	3.10%	-12.61%	-7.94%	6.98%
The Korea Stock Price Index	61.87%	25.06%	-12.30%	17.70%	2.17%	-8.56%	-4.02%	0.31%

Past performance is not a guide to future returns.

Returns are annualized, except for periods of less than one year.

Source: IDS GmbH-Analysis and Reporting Services, a subsidiary of Allianz SE. Inception date is August 29, 1984. Returns for the fund are historical returns that reflect changes in net asset value and market price per share during each period and assume that dividends and capital gains, if any, were reinvested. Net asset value is total assets less total liabilities divided by the number of shares outstanding. NAV performance includes the deduction of management fees and other expenses. Market price performance does not include the deduction of expenses and would be lower had expenses been deducted. NAV and market price returns do not reflect broker sales charges or commissions, which would reduce returns. It is not possible to invest directly in an index.

## Premium/Discount



## Sector Breakdown

	Fund	Benchmark <sup>1</sup>
Information Technology	35.32%	44.55%
Financials	16.26%	12.94%
Consumer Discretionary	14.74%	11.74%
Industrials	12.05%	9.43%
Consumer Staples	9.36%	7.01%
Materials	5.86%	7.31%
Health Care	3.33%	1.90%
Telecom Services	0.44%	0.98%
Energy	0.43%	2.45%
Utilities	0.00%	1.70%

Source: IDS GmbH - Analysis and Reporting Services, a subsidiary of Allianz SE.

## Top 10 Holdings

SAMSUNG ELECTRONICS CO LTD (S.Korea)	24.36%
SK HYNIX INC (S.Korea)	7.96%
COWAY CO LTD (S.Korea)	5.26%
E-MART INC (S.Korea)	4.79%
HYUNDAI DEVELOPMENT (S.Korea)	4.08%
SHINHAN FINANCIAL GROUP CO LTD (S.Korea)	3.53%
SAMSUNG F&M INS (S.Korea)	3.04%
KB FINANCIAL GROUP INC (S.Korea)	3.02%
HANKOOK TIRE CO LTD (S.Korea)	2.91%
POSCO (S.Korea)	2.87%

## Portfolio Characteristics

P/E Ratio	10.14
P/B Ratio	1.45
Issues in Portfolio	32
Foreign Holdings (%)	97.80
Cash (%)	2.20

## Risk Statistics (3 Year)

Beta	0.97
R <sup>2</sup>	0.88
Standard Deviation of NAV	15.76
Standard Deviation of Market Price	16.85

1. MSCI Korea Total Return Index.

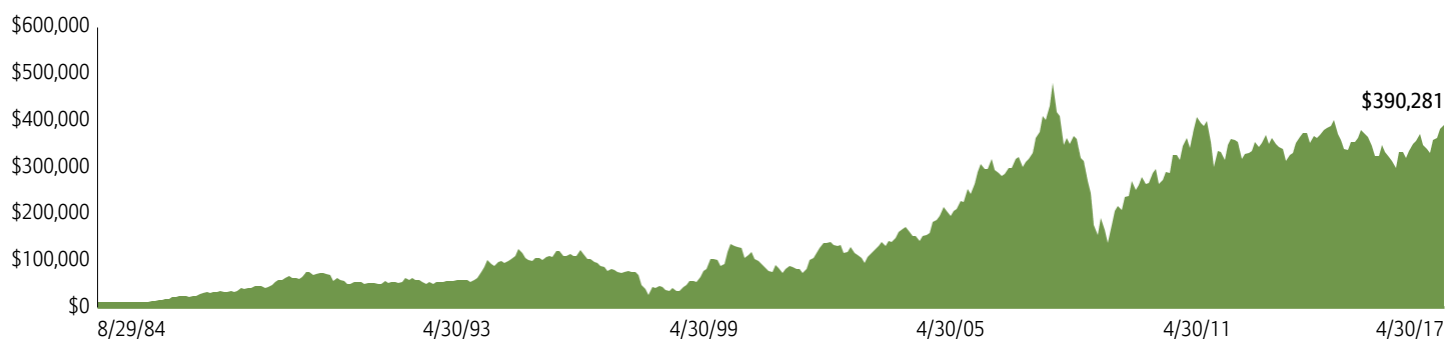
# The Korea Fund, Inc.

## Distribution History (10 Year)

Declaration Date	Ex-dividend Date	Record Date	Payable Date	Distribution/Share	Income	Long-term Capital Gain	Short-term Capital Gain
10/16/07	11/29/07	10/26/07	11/28/07	\$15.94000	—	\$15.82000	\$0.12000
12/20/07	12/27/07	12/31/07	1/18/08	\$1.47000	\$0.17150	\$0.92520	\$0.37330
12/22/08	12/29/08	12/31/08	1/29/09	\$90.30000	—	\$85.60000	\$4.70000
3/9/09	3/17/09	3/19/09	3/26/09	\$0.00835	—	\$0.00835	—
12/21/10	12/29/10	12/31/10	1/14/11	\$0.30000	\$0.30000	—	—
12/20/11	12/28/11	12/30/11	1/20/12	\$5.45000	—	\$4.50000	\$0.95000
12/18/15	12/23/15	12/28/15	1/15/16	\$4.35000	—	\$4.35000	—
12/16/16	12/22/16	12/27/16	1/6/17	\$0.32752	\$0.27655	\$0.05097	—

Distribution/Share includes Income, Long-term Capital gains and Short-term Capital gains.

## The Korea Fund NAV Performance of \$10,000 since inception (with dividends reinvested at NAV price)



Past performance is not a guide to future returns.

## Index Description

### MSCI Korea Total Return Index

The **MSCI Korea Total Return Index** is a market capitalization-weighted index of equity securities of companies domiciled in Korea. The index is designed to represent the performance of the Korean stock market and excludes certain market segments unavailable to US based investors. The returns assume reinvestment of dividends (net of foreign withholding taxes) but do not reflect any fees or expenses.

### MSCI Korea Price Return Index

The **MSCI Korea Price Return Index** is a market capitalization-weighted index of equity securities of companies domiciled in Korea. The index is designed to represent the performance of the Korean stock market and excludes certain market segments unavailable to US based investors. The returns do not and, unlike Fund returns, do not reflect any fees or expenses.

### The Korea Stock Price Index

The **Korea Composite Stock Price Index** ("KOSPI") is an unmanaged capitalization-weighted index of all common shares on the Stock Market Division of the Korea Exchange (formerly the "Korea Stock Exchange"). The KOSPI returns, unlike Fund returns, do not reflect any fees or expenses.

It is not possible to invest directly in an index.

# The Korea Fund, Inc.

## Portfolio in Full

Sector	Company (exchange ticker)	Price KRW	Holding	Value US\$	% of Market Value	
<b>Information Technology</b>					<b>34.60</b>	
	SAMSUNG ELECTRONICS CO LTD	005930	2,230,770.21	34,955	68,526,736	24.36
	SK HYNIX INC	000660	53,906.15	472,681	22,392,488	7.96
	NAVER CORP	035420	799,743.20	9,120	6,409,753	2.28
<b>Financials</b>					<b>16.97</b>	
	SHINHAN FINANCIAL GROUP CO LTD	055550	47,508.92	237,802	9,928,566	3.53
	SAMSUNG FIRE & MARINE INSURANCE CO LTD	000810	267,897.89	36,355	8,559,125	3.04
	KB FINANCIAL GROUP INC	105560	50,019.14	193,570	8,508,836	3.02
	SAMSUNG LIFE INSURANCE CO LTD	032830	109,397.07	75,090	7,219,111	2.57
	HANA FINANCIAL GROUP INC	086790	39,081.18	134,800	4,629,707	1.65
	DONGBU INSURANCE CO LTD	005830	67,949.68	62,350	3,723,229	1.32
	NETMARBLE GAMES CORP	251270	157,000.00	21,610	2,981,606	1.06
	HYUNDAI MARINE & FIRE INSURANCE CO LTD	001450	36,646.01	68,500	2,206,039	0.78
<b>Consumer Discretionary</b>					<b>14.43</b>	
	COWAY CO LTD	021240	100,338.20	167,932	14,807,974	5.26
	HANKOOK TIRE CO LTD	161390	58,886.81	157,973	8,175,170	2.91
	KANGWON LAND INC	035250	36,147.83	239,657	7,613,218	2.71
	HANSSEM CO LTD	009240	219,982.18	26,547	5,132,144	1.82
	HYUNDAI MOTOR CO	005380	143,918.06	21,214	2,683,081	0.95
	INNOCEAN WORLDWIDE INC	214320	63,812.58	39,050	2,189,895	0.78
<b>Industrials</b>					<b>11.80</b>	
	HYUNDAI DEVELOPMENT CO-ENGINEERING & CONSTRUCTION	012630	44,662.05	292,617	11,485,082	4.08
	KOREA AEROSPACE INDUSTRIES LTD	047810	63,778.50	108,143	6,061,340	2.15
	HYUNDAI ELEVATOR CO LTD	017800	62,253.96	107,320	5,871,425	2.09
	DOOSAN BOBCAT INC	241560	39,082.58	160,590	5,515,662	1.96
	HANWHA TECHWIN CO LTD	012450	51,963.50	93,500	4,269,784	1.52
<b>Consumer Staples</b>					<b>9.17</b>	
	E-MART INC	139480	229,847.51	66,750	13,483,014	4.79
	BGF RETAIL CO LTD	027410	109,547.63	54,400	5,237,184	1.86
	COSMAX INC	192820	142,022.15	37,890	4,729,079	1.68
	KT&G CORP	033780	101,476.45	26,380	2,352,534	0.84
<b>Materials</b>					<b>5.76</b>	
	POSCO	005490	268,638.75	34,195	8,072,855	2.87
	KOREA ZINC CO LTD	010130	425,333.20	17,520	6,548,763	2.33
	HYUNDAI STEEL CO	004020	54,809.31	32,530	1,566,875	0.56
<b>Health Care</b>					<b>4.28</b>	
	MEDY-TOX INC	086900	500,056.44	14,313	6,289,927	2.24
	HUGEL INC	145020	0.00	7,070	2,862,644	1.02
	ING LIFE INSURANCE KOREA LTD	79440	33,000.00	98,572	2,858,666	1.02
<b>Telecom Services</b>					<b>0.43</b>	
	SK TELECOM CO LTD	017670	240,194.31	5,770	1,217,964	0.43
<b>Energy</b>					<b>0.42</b>	
	SK INNOVATION CO LTD	096770	170,713.40	7,900	1,185,197	0.42

Source: State Street Bank and Trust Company, IDS GmbH - Analysis and Reporting Services, a subsidiary of Allianz SE.

Note: Cash (including for these purposes cash equivalents) is not included.

## Important Information:

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 increased 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.

The information contained herein has been obtained from sources believed to be reliable but Allianz Global Investors U.S. LLC and its affiliates do not warrant the information to be accurate, complete or reliable. The opinions expressed herein are subject to change at any time and without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Investors should consider the investment objectives, risks, charges and expenses of any mutual fund carefully before investing. This and other information is contained in the fund's annual and semiannual reports, proxy statement and other fund information, which may be obtained by contacting your financial advisor or visiting the fund's website at [www.thekoreafund.com](http://www.thekoreafund.com). This information is unaudited and is intended for informational purposes only. It is presented only to provide information on the Fund's holdings, performance and strategies. The Fund is a closed-end exchange traded management investment company. This material is presented only to provide information and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering by a closed-end fund, its shares can be purchased and sold on the open market through a stock exchange, where shares may trade at a premium or a discount. The market price of holdings is subject to change daily.

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.

©2017 Allianz Global Investors Distributors LLC.

Investment Products: Not FDIC Insured | May Lose Value | Not Bank Guaranteed

160787 | FS-KF-0417