

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)

\$393.3

Management Firm

RCM Asia Pacific Limited (RCMAP) Hong Kong

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 6/30/10)

\$38.54 / \$34.74

High / Low Ranges (52-Week)

High / Low NAV \$42.98 / \$28.69

High / Low Market Price \$38.47 / \$27.15

Premium / (Discount) to NAV

-9.86%

Fund Data (Common Shares)

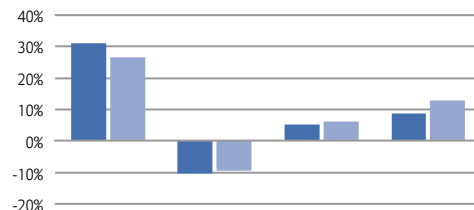
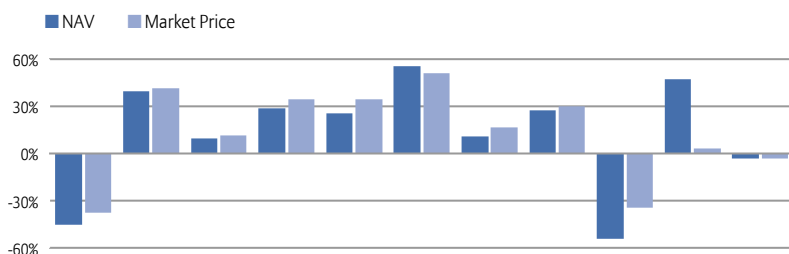
Shares Outstanding 10,205,577

Average Daily Volume 31,098

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 *



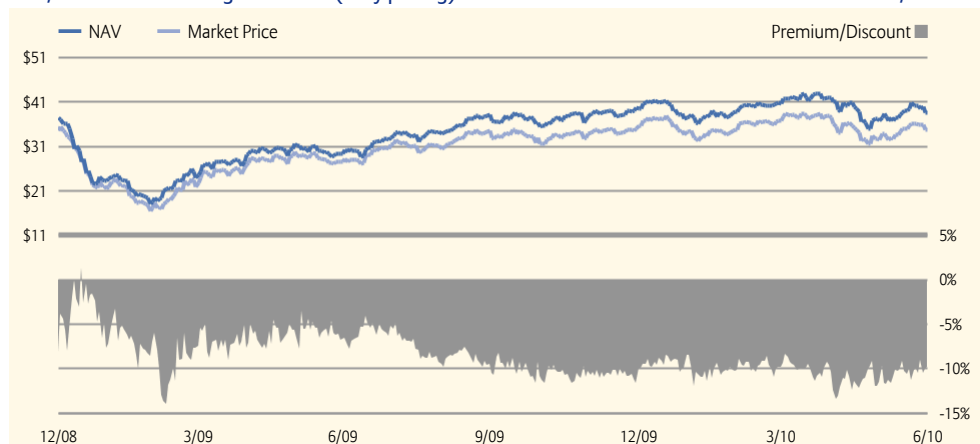
Calendar Year Returns

	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	YTD
NAV	-44.3%	39.4%	9.4%	28.8%	25.8%	55.3%	11.1%	27.4%	-53.7%	47.2%	-2.4%
Market Price	-37.0%	41.3%	11.8%	34.5%	34.7%	51.2%	16.6%	29.9%	-33.7%	3.3%	-2.3%

Average Annual Returns

	1-yr	3-yr	5-yr	10-yr
NAV	31.05%	-10.15%	5.35%	8.87%
Market Price	26.66%	-9.12%	6.17%	12.83%

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



Fund Premium/Discount

Current Yield

Market Price Yield (%)	0.49
NAV Yield (%)	0.44

Distribution History (last six payments)

Declaration Date	Type	Amount Per Share
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
12/20/07	Dividend	\$0.17150
12/20/07	Long-Term Capital Gain	\$0.92520
12/20/07	Short-Term Capital Gain	\$0.37330

Investment Products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

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. RCM Capital Management LLC, is an indirect, wholly-owned subsidiary of Allianz GlobalInvestors AG, and is a member of Munich-based Allianz Group. Allianz is a leading global financial services company. For the period covered by the most recent shareholder report, the Fund's expense ratio is 1.21%.



Visit www.thekoreafund.com for more information.

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Equity Portfolio Analysis

Top Five Sectors		Statistics	
Consumer Disc.	25%	P/E Ratio	9.9
Information Tech.	21%	P/B Ratio	1.4
Financials	18%	Median Market Cap (in billions)	3.9
Materials	12%	Issues in Portfolio	43
Industrials	11%	Foreign Holdings (%)	96.9
		Cash (%)	3.1
Top Ten Holdings as of 5/31/10			
SAMSUNG ELECTRONICS CO LTD (S.KOREA)	13.2%		
HYUNDAI MOTOR CO (S.KOREA)	4.5%		
ORION CORP, REPUBLIC OF SOUTH KOREA	4.2%		
LOTTE SHOPPING CO LTD (S.KOREA)	4.1%		
LG CHEM LTD (S.KOREA)	3.5%		
POSCO (S.KOREA)	3.1%		
SHINHAN FINANCIAL GROUP CO LTD	3.1%		
KIA MOTORS CORP (S.KOREA)	3.0%		
GRAND KOREA LEISURE CO LTD (S.KOREA)	3.0%		
KOREA EXCHANGE BANK (S.KOREA)	2.8%		

Overall Portfolio Analysis

Statistics	
Beta	0.98
R ²	0.96
Standard Deviation of NAV	40.54
Standard Deviation of Market Price	64.24

Portfolio Management

RCM Asia Pacific Limited (RCMAP) Hong Kong

A fundamental growth equity manager, RCMAP seeks to invest in high-quality companies using a bottom-up, research-driven investment strategy. Uniquely, RCMAP's research analysts are complemented by the firm's Grassroots Research division, an extensive market research network.

Portfolio Managers

Sang Won Kim joined RCM Asia Pacific in May 2007 as a portfolio manager for Korean equity portfolios. He was recently appointed as lead portfolio manager of The Korea Fund, Inc., and he has been a member of that Fund's portfolio management team since May 2007. He has over a decade of experience in researching and analyzing companies in South Korea. Mr. Kim graduated with an M.B.A. in finance and accounting from Kellogg School of Management at Northwestern University and a Bachelor's degree in business administration from Yonsei University.

Raymond Chan is Chief Investment Officer of RCM AP. He began his investment career in 1989. Prior to joining RCM Mr. Chan was an Associate Director with Barclays Global Investors in Hong Kong and head of the firm's Greater China team. He holds an M.A. in finance and investment from the University of Exeter and a B.A. (Hons) in economics from the University of Durham, U.K. Mr. Chan is a Certified Financial Analyst (CFA).

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. RCM AP has been investing in Asia since 1984, with dozens of investment professionals based in the region.

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* 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.

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.

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 of RCM. Research data used to generate Grassroots Research recommendations is received from reporters and field force investigators who work as independent contractors for broker-dealers. Those broker-dealers supply research to RCM and certain of its affiliates that is paid for by commissions generated by orders executed on behalf of RCM's clients.

RCM Capital Management LLC serves as the Fund's investment manager, and the sub-advisor is RCM Asia Pacific Limited (RCMAP) Hong Kong. Visit www.thekoreafund.com for more information.