



The Korea Fund, Inc.
Supplementary Portfolio Management Presentation
Second Quarter 2010

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2Q 2010 performance review

- † During the second quarter of 2010, the Korean market and economy showed remarkable resiliency against the European credit crisis and increased geopolitical tension with North Korea. KOSPI remained largely flat, rising 0.3% in KRW terms. On the other hand, the KOSPI fell 7.11% in USD terms due to a rather sharp depreciation of the KRW against USD.
- † In Q2 2010, the Fund outperformed the KOSPI benchmark by 183 bps (net of fees). Stock selection in industrials and materials helped performance the most and also the overweight in consumer discretionary helped. On the other hand, stock selection in information technology was the biggest detractor from performance.
- † In terms of relative performance by portfolio styles, growth outperformed while value underperformed against the MSCI Korea Index. During the period, the Fund's weighting in both large and small cap value styles increased on a quarter-on-quarter basis as we took profits from some of the growth style stocks on their outperformance.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security or strategy. There is no assurance that any securities discussed herein will remain in the fund at the time you receive this document. Past performance is no guarantee of future results.

Sector breakdown with attribution analysis (Q2 2010)

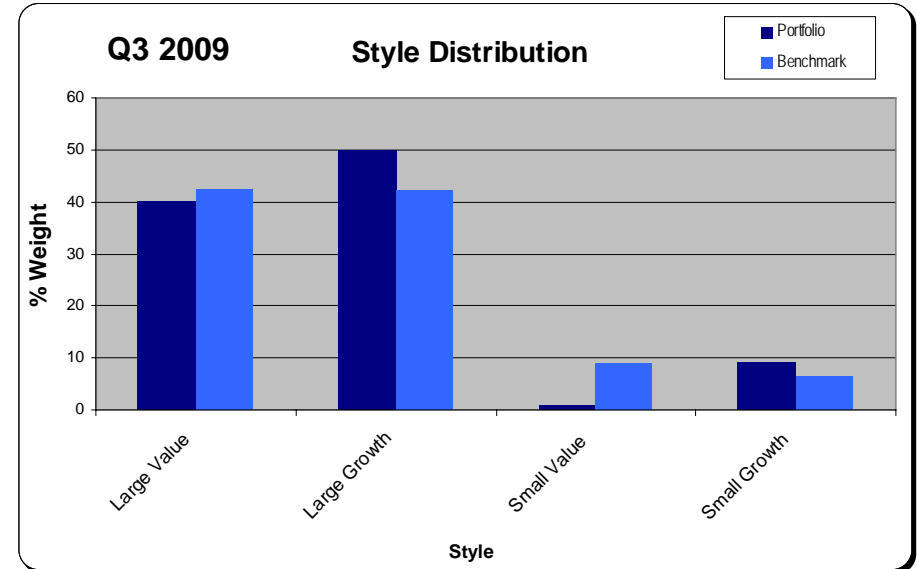
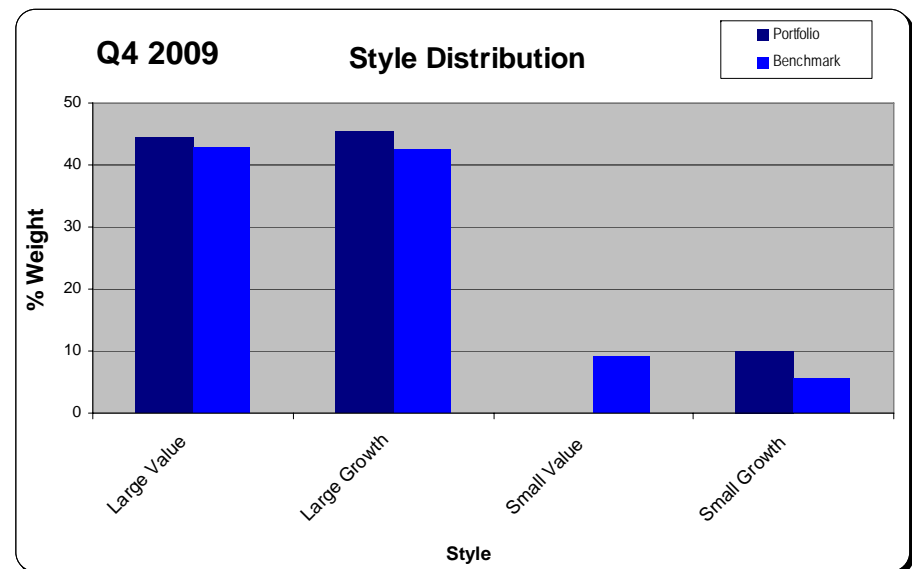
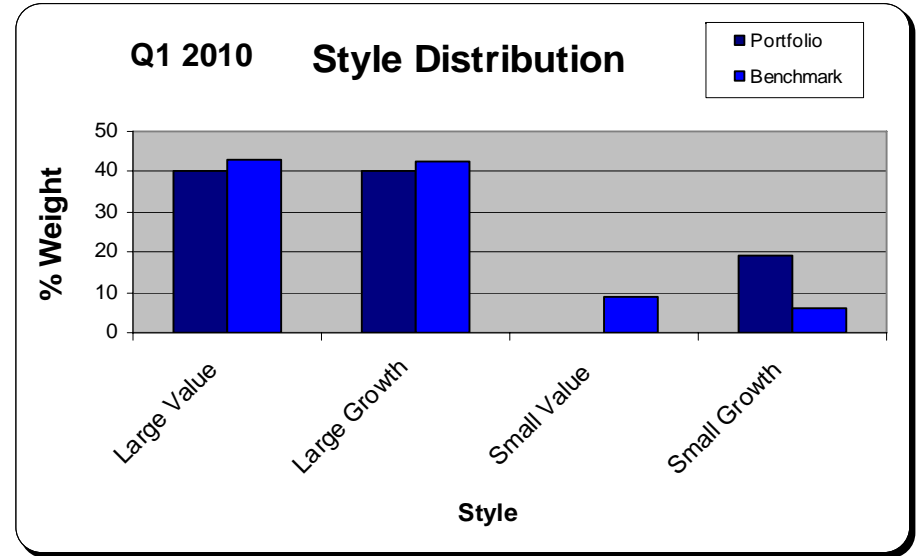
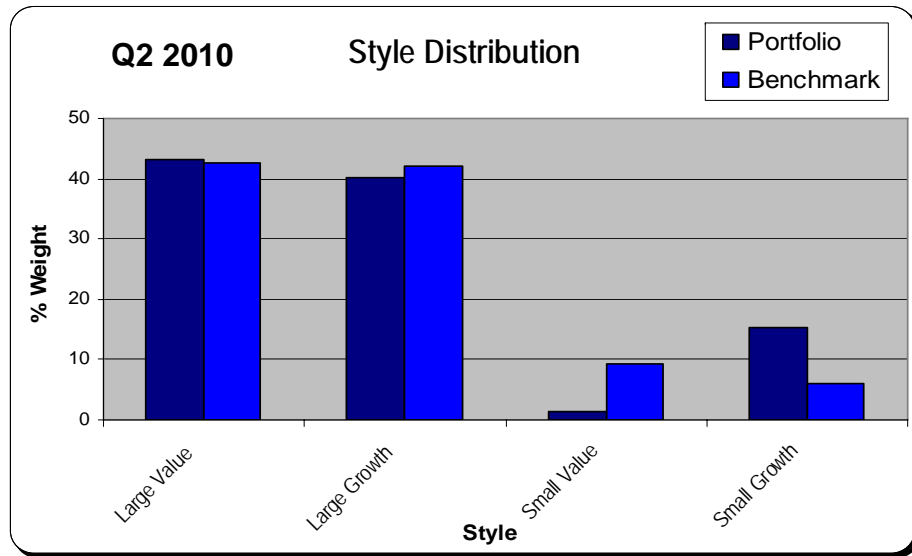
MSCI Sector Attribution										
	End Weight					Total Return		Attribution		
	Port	No	BM	No	Active	Port	BM	Alloc	Selec	Total
Consumer Discretionary	24.5%	10	14.3%	147	10.2%	1.62%	5.30%	1.06%	-.62%	.44%
Consumer Staples	1.4%	2	5.3%	53	-3.9%	.32%	-2.99%	-.15%	.07%	-.09%
Energy	1.2%	1	2.2%	7	-1.1%	-11.33%	-14.05%	.03%	.04%	.07%
Financials	17.6%	9	17.4%	81	.2%	-8.66%	-12.48%	.09%	.60%	.69%
Health Care	1.9%	1	1.2%	42	.8%	-1.40%	-12.17%	.00%	.18%	.17%
Industrials	11.7%	5	18.7%	180	-7.0%	-3.70%	-10.33%	.08%	.84%	.92%
Information Technology	21.5%	8	20.8%	66	.7%	-10.73%	-6.76%	.01%	-.84%	-.83%
Materials	11.9%	5	14.1%	159	-2.2%	7.37%	-2.81%	-.12%	1.13%	1.01%
Telecomm Services	2.9%	2	3.1%	3	-.3%	-11.88%	-12.00%	.01%	.01%	.02%
Utilities	2.2%	1	2.9%	13	-.6%	-19.95%	-18.96%	.04%	-.03%	.01%
Not Classified	.0%	0	.0%	1	-.0%	12.35%	-33.12%	-.17%	.21%	.04%
Total Equity	96.9%	44	100.0%	752	-3.1%	-4.82%	-7.04%	.88%	1.57%	2.45%
Cash (Other Assets)	3.1%		—		3.1%	-7.36%	—	.00%	.00%	.00%
Total	100.0%	44	100.0%	752	—			.88%	1.57%	2.46%

Attribution figures are based on Wilshire's Atlas position-based performance attribution. All performance figures shown on this report are approximates only and may not reflect the official fund's performance figures.

* Rounding may cause figures to vary from 100%

Source : Wilshire

Style analysis (KF)



Source : Style Research

Relative returns by portfolio styles 2Q10 (MSCI Korea)

MSCI KOREA 2Q10 return -7.64% in USD

Style Outperformers	Relative Return
Growth Composite	8.2%
Low Book/Price	8.0%
High Dividend Cover	7.2%
Small Cap	5.2%
High ROE	4.4%
High Historical EPS Growth	4.3%
Low Debt / EV	4.1%

Style Underperformers	Relative Return
High Book / Price	-4.9%
Low ROE	-4.5%
Low Earnings Momentum	-4.2%
Value Composite	-4.2%
High Debt / EV	-3.9%
LOW ROIC	-3.4%
Low Historical EPS Growth	-3.3%

Source : UBS Quantitative Research, Based on MSCI Korea universe, as at 30 June 2010

2Q10 performance (USD terms) by market cap size

	Q3 2009 %	Q4 2009 %	Q1 2010 %	Q2 2010 %	YTD 2010 %
Korea Fund Inc*	29.41	3.73	3.06	-5.28	-2.38
KOSPI	30.14	1.77	3.54	-7.11	-3.83
KOSPI Large Cap Index	32.64	1.92	3.66	-7.14	-3.74
KOSPI Mid Cap Index	18.49	-0.34	-1.42	-6.18	-7.51
KOSPI Small Cap Index	14.59	0.59	7.06	-6.49	0.12

* Net of fees (based on Fund's NAVs)

Source : Datastream

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