

# The Korea Fund Inc

Ticker: KF

## Topline

Fund	Market cap-weighted index
▲ 8.29%	▲ 8.18%
<b>Markets</b> In May, Korean equities rose 5.5% in local currency terms, carrying forward the momentum from the continued de-escalation of tariff tensions between the U.S. and its trading partners along with expectations of post-presidential-election political and economic stability.	
<b>Helped</b> The best-performing positions included LG Energy Solutions and Korea Investment Holdings.	
<b>Hurt</b> The worst-performing positions included a zero weight in Doosan Enerbility, after the share price rallied hard on the back of the market's focus on a nuclear theme.	
<b>Outlook</b> Looking ahead, we are constructive on the Korean equity market due to: 1) high bandwidth memory for AI-led memory cycles; 2) continued global competitiveness of Korean manufactured goods; 3) increasing demand for better corporate governance; and 4) expectations for the normalization of domestic demand in the second half of 2025.	

Performance quoted is past performance and is no guarantee of future results. Investment returns and principal value will fluctuate, so shares, when sold, may be worth more or less than original cost. Current performance may be higher or lower than returns shown. Call 1-866-706-0510 for most recent month-end performance.

## Fund Overview

Designed to provide long-term capital appreciation through investment in Korean securities.

### Approach

- Primarily invests in equity securities listed on the Korea Stock Exchange
- Focuses on Korean companies exhibiting solid long-term growth characteristics and attractive quality and valuation prospects
- Employs local knowledge and research capabilities to seek out attractively valued Korean investment themes and companies

## Month in Review

- **In May, Korean equities rose 5.5% in local currency terms**, carrying forward momentum from the continued de-escalation of tariff tensions between the U.S. and its trading partners, along with expectations of post-presidential-election political and economic stability. In U.S. dollar terms, the index rose 8.7%, as the Korean won strengthened along with other currencies.
- **The best-performing sector was utilities**, as rotation into defensive sectors persisted and investors expected falling energy prices to benefit the sector. Financials outperformed, led by brokers, as the leading presidential candidate's focus on stock market reform led to optimism that market performance and turnover could improve. Materials and health care were the worst-performing sectors, given lackluster demand outlook and uncertainty over the impact of tariffs.
- **The Korea Fund Inc. outperformed the benchmark** for the month ended May 31, 2025. Sector allocation detracted over the month, but this was more than offset by strong stock selection. An underweight in industrials and an overweight in materials were the main drags on performance. However, stock selection in the industrials and materials sectors, as well as picks in the financial and health care sectors were strong positive contributors.
- **The best-performing positions included LG Energy Solutions and Korea Investment Holdings.** An underweight in LG Energy Solutions added value, as electric vehicle demand continued to remain lackluster. Korea Investment Holdings was also the beneficiary of lower rates and expectations of improvement in the domestic economy, as low price-to-book names started to get more attention, with the market beta benefiting brokerage names.
- **The worst-performing positions included a zero weight in Doosan Enerbility**, after the share price rallied hard on the back of the market's focus on a nuclear theme. Another detractor was Naver Financial Corp. after first quarter ad sales growth remained negative, and new store apps failed to generate strong traction.

## Looking Ahead

- **We maintain a high-conviction approach** to identifying value investment opportunities with growth and quality attributes.
- **Korean equities continue to experience headwinds** from the lackluster performance of Samsung Electronics, uncertainty due to geopolitics and U.S. trade policies, concerns over a slowing U.S. economy, and most recently, uncertainties in domestic politics post Yoon's declaration of martial law.
- **Looking ahead, we are constructive on the Korean equity market** due to: 1) high bandwidth memory for AI-led memory cycles; 2) continued global competitiveness of Korean manufactured goods; 3) increasing demand for better corporate governance; and 4) expectations for normalization of domestic demand in the second half of 2025.

Performance

	Total Return 5/31/2025				Average Annual Return 3/31/2025			
	1mo	3mos	YTD	1yr	1yr	3yrs	5yrs	10yrs
at NAV	8.29	11.48	21.66	0.31	-16.46	-8.31	6.95	1.88
Market price returns	9.24	9.61	21.20	-1.62	-19.61	-7.80	6.30	1.26
Benchmark	8.18	11.92	18.62	1.69	-17.91	-7.12	4.83	1.62

Benchmark: MSCI Korea 25/50 Index (net total return)  
YTD returns are as of the last business day of the month.  
A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding.

Annual Expenses (%)

Shares	Gross expenses	Net expenses
Korea	1.440	1.440

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Portfolio Analysis

Approximate number of holdings	58
Beta (3-year)	1.29
P/E ratio (1 yr. forecast)	8.05
P/E harmonic ratio (last 12 months)	8.04
P/B ratio	0.90
Market cap median (in billions)	\$4.63
Sharpe ratio (3-year)	-0.18
R2	59.70
Fund assets	\$110.25 mn

**Beta** measures a fund's volatility in comparison to the market as a whole. A beta of 1.00 indicates a fund has been exactly as volatile as the market.  
**P/E ratio** is the number by which earnings per share is multiplied to estimate a stock's value.  
**P/B ratio** is the relationship between a stock's price and the book value of that stock.  
**Sharpe ratio** measures the fund's excess return compared to a risk-free investment. The higher the Sharpe ratio, the better the returns relative to the risk taken.  
**R2:** The percentage of a Fund's movements that result from movements in the index ranging from 0 to 100. A Fund with an R2 of 100 means that 100 percent of the Fund's movement can completely be explained by movements in the Fund's external index benchmark.

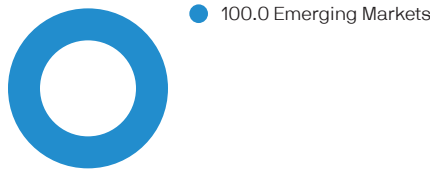
Holdings

Equity Sectors (%)	
Communication Services	7.2
Consumer Discretionary	7.9
Consumer Staples	2.3
Energy	1.0
Financials	15.1
Health Care	8.5
Industrials	14.5
Information Technology	36.3
Materials	6.2
Utilities	1.1

Top 10 (%)

Company Name	Sector	Percentage
Samsung Electronics Co. Ltd.	Information Technology	20.0
SK Hynix, Inc.	Information Technology	10.2
Shinhan Financial Group Co. Ltd.	Financials	5.0
KB Financial Group, Inc.	Financials	4.5
NAVER Corp.	Communication Services	4.0
Samsung Biologics Co. Ltd.	Health Care	2.9
Kia Corp.	Consumer Discretionary	2.4
Samsung Heavy Industries Co. Ltd.	Industrials	2.3
LG Chem Ltd.	Materials	2.2
Hyundai Motor Co. (Preference)	Consumer Discretionary	2.1

Regions (%)



Investors should carefully consider the investment objectives and risks as well as charges and expenses of the Fund before investing. The summary and full prospectuses contain this and other information about the Fund. Read the prospectus carefully before investing. Call 1-866-706-0510 or visit [www.thekoreafund.com](http://www.thekoreafund.com) to obtain a prospectus.

Total return figures (for the fund and any index quoted) assume payment of fees and reinvestment of dividends (after the highest applicable foreign withholding tax) and distributions. Without fee waivers, fund returns would have been lower. Due to rounding, some values may not total 100%.

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, shares are sold on the open market through a stock exchange, where shares may trade at a premium or a discount. Holdings are subject to change daily.

**Risk Summary**

International investing has a greater degree of risk and increased volatility due to political and economic instability of some overseas markets. Changes in currency exchange rates and different accounting and taxation policies outside the U.S. can affect returns. Because the Fund is concentrated in a single country or region, it is subject to the additional risk associated with a smaller number of issuers.

**Indexes**

Mutual funds have fees that reduce their performance: indexes do not. You cannot invest directly in an index.

The MSCI Korea 25/50 Index (net total return) is designed to measure the performance of the large- and mid-cap segments of the Korean stock market and applies the investment limits required of regulated investment companies to help ensure diversification. Net total return figures assume the reinvestment of dividends after deduction of withholding tax,

applying the maximum rate to nonresident individual investors who do not benefit from double taxation treaties.

**Top Holdings**

The top 10 holdings listed exclude cash and money markets. Holdings are subject to change. The holdings listed should not be considered a recommendation to purchase or sell a particular security. Each individual security is calculated as a percentage of the aggregate market value of the securities held in the Fund and does not include the use of derivative positions, where applicable.

**Entities**

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