

Active is: Allianz Global Investors The Korea Fund, Inc. Supplementary Information

September 2020

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Value. Shared.

Allianz 
Global Investors

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Performance

Average Annual Returns								
	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
NAV	2.12%	13.35%	2.44%	12.86%	-0.60%	4.88%	2.37%	10.84%
NAV (before FVP)*	2.05%	14.50%	2.44%	12.98%	-0.46%	4.96%	—	—
Market Price	1.44%	14.70%	-0.60%	8.36%	-1.76%	4.55%	1.92%	10.08%
MSCI Korea 25/50 Index	2.18%	13.01%	3.64%	16.43%	0.26%	8.10%	3.88%	—
MSCI Korea Total Return Index	3.08%	12.83%	4.60%	18.62%	1.20%	9.46%	4.45%	—

Calendar Year Returns								
	2012	2013	2014	2015	2016	2017	2018	2019
NAV	17.09%	1.00%	-9.85%	-4.06%	2.64%	40.88%	-19.14%	6.46%
NAV (before FVP)*	—	1.62%	-9.13%	-3.87%	2.09%	40.83%	-19.53%	6.84%
Market Price	15.41%	-0.01%	-9.07%	-2.81%	1.08%	41.47%	-19.90%	6.83%
MSCI Korea 25/50 Index	20.72%	4.07%	-10.83%	-6.49%	7.71%	45.17%	-20.01%	8.56%
MSCI Korea Total Return Index	21.18%	3.94%	-11.12%	-6.66%	8.75%	47.30%	-20.94%	12.50%

Data as at September 30, 2020

* FVP stands for Fair Value Pricing, available since July 1, 2012.

Past performance is not a guide to future returns.

Returns are annualized, except for periods or 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.

Portfolio Snapshot

Portfolio Snapshot

	Portfolio	Benchmark*
Positions	44	107
Yield (%)	1.57	1.97
P/E (x)	18.96	17.50
P/Book (x)	1.24	1.01
Market cap (Ave.) USD	88.6bn	82.4bn

*MSCI Korea 25-50

All figures shown above are weighted average as of 30 Sep 2020

Sector	Portfolio (%)	Benchmark (%)
Consumer Discretionary	11.6	12.8
Consumer Staples	4.6	6.3
Energy	2.9	1.6
Financials	5.8	9.6
Health Care	6.6	6.3
Industrials	5.8	8.5
Information Technology	36.8	34.5
Materials	12.0	8.8
Communication Services	13.3	10.8
Utilities	0.0	0.8
Liquidity	0.7	0.0
Total	100.0	100.0

Portfolio Targets

Risk Characteristics	Portfolio	Benchmark
Beta	1.02	1.00
Total volatility	24.19%	23.48%
Expected tracking error	3.51%	
Stock specific risk	77%	
Systematic/Factor risk	23%	

Source: Based on APT World model in USD, 30 Sep 2020

Portfolio Concentration

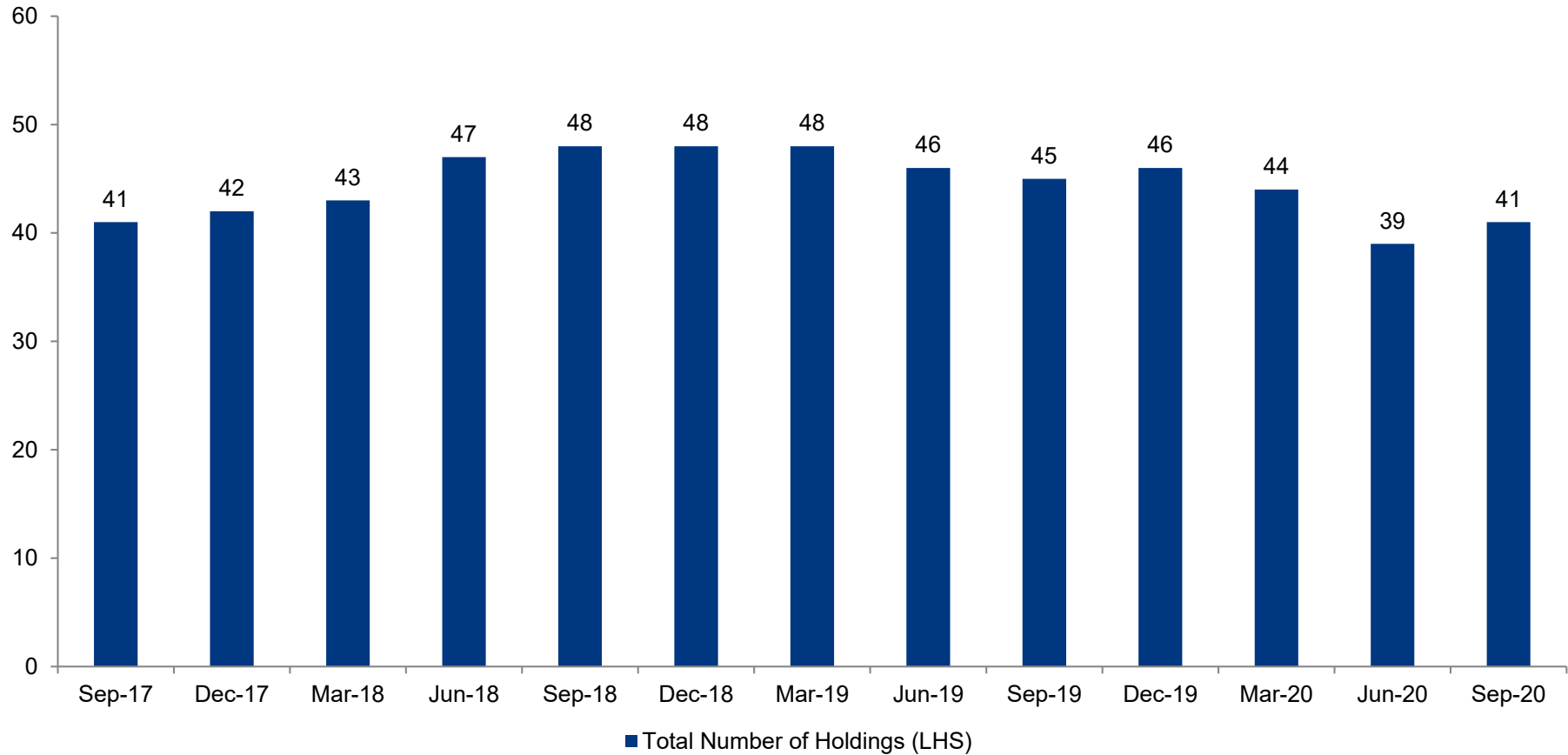
	Portfolio	Benchmark
Top 5 positions	48%	41%
Top 10 positions	64%	54%
Top 20 positions	85%	68%

*Price to earnings (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. **Price to Book (P/B) is a ratio of the current stock price to the book value. This is used to identify undervalued stocks. ***Beta measures a portfolio's sensitivity to overall market movements as represented by a benchmark index. The benchmark index, such as the S&P 500 or Barclays U.S. Aggregate Index, has a beta of 1.0. A beta of more or less than 1.0 indicates that a portfolio's historical returns have fluctuated more or less than the overall market. A low beta does not necessarily imply low volatility since volatility can occur due to factors independent of the market. **** Standard deviation measures the volatility of a security and is derived from the security's historical returns. The higher the standard deviation, the greater the risk.

The information above is provided for illustrative purposes only to demonstrate the fund's/portfolio's investment strategy, it should not be considered a recommendation to purchase or sell any particular security or strategy or investment advice. There is no assurance that any securities discussed herein will remain in the fund/portfolio at the time you receive this document. Past performance is no guarantee of future results.

Number of holdings

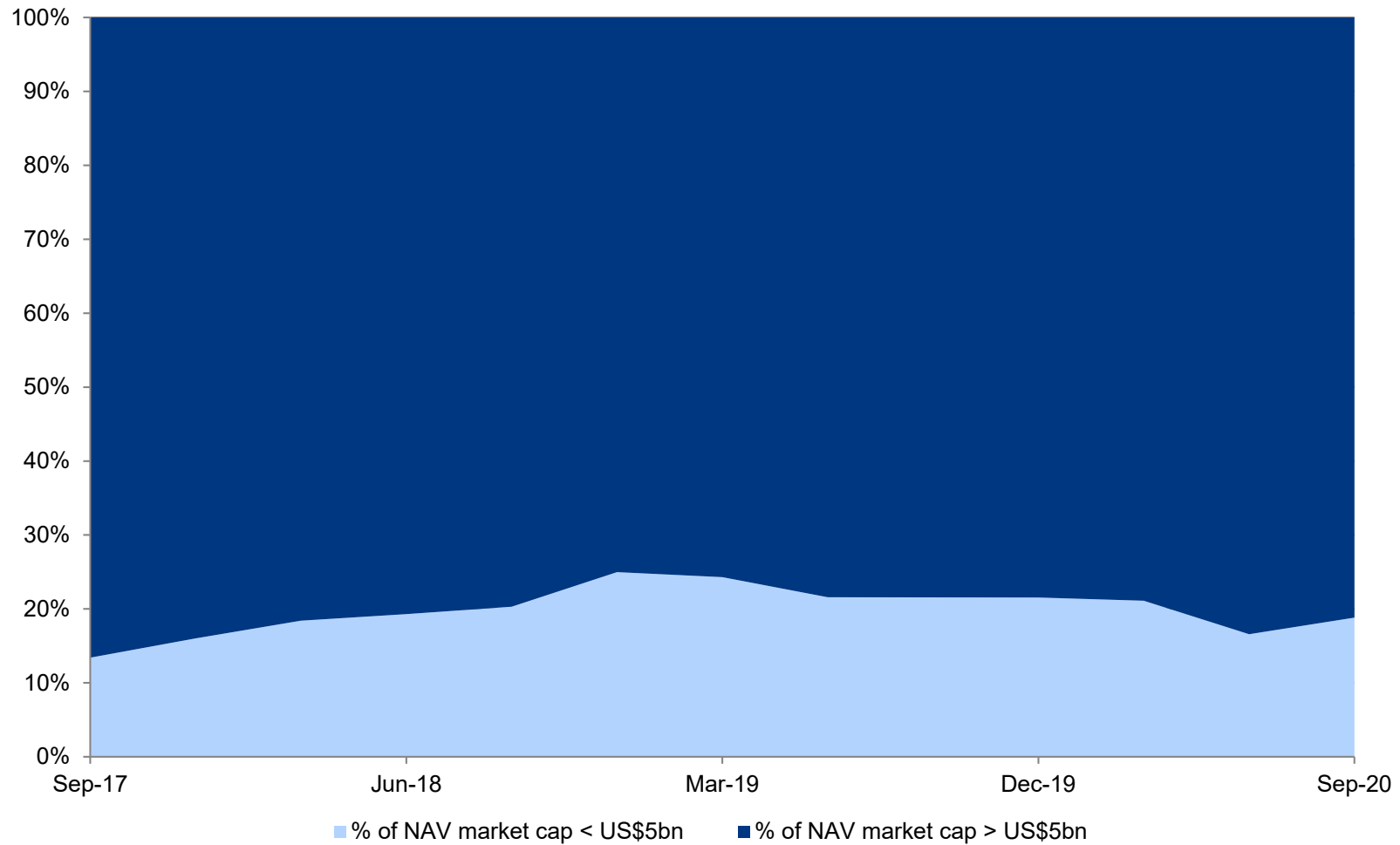
Total Number of Holdings (LHS)



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Source: IDS, Allianz Global Investors, as at September 30, 2020

Fund NAV by market cap



Top 10 Holdings and Non-Benchmark Stocks

September 30, 2020

Top 10 Holdings	Portfolio %*
Samsung Electronics Co	24.4%
LG Chemical	6.4%
Hyundai Motor Co	6.2%
Naver Corp	5.7%
SK Hynix Inc	4.9%
LG Household & Healthcare	4.2%
Celltrion Health Care Co Ltd	3.2%
Samsung SDI	3.2%
Kakao Corp	3.0%
SK Innovation Co Ltd	2.9%

Top Non-Benchmark Stocks	Portfolio %*
AfreecaTV Co Ltd	2.1%
Hugel Inc	1.8%
Seoul Viosys Co Ltd	1.7%
ITM Semiconductor Co Ltd	1.2%
OCI Company Ltd	0.5%
SK Biopharmaceuticals Co	0.5%

Source : Wilshire

* Portfolio weight includes cash.

The top ten holdings are subject to change and the portfolio holdings will vary over time. References to specific securities and their issues are examples of securities held in the portfolio and are not intended to be, and should not be interpreted as an offer, solicitation or recommendation to purchase or sell any financial instrument, an indication that the purchase of such securities was or will be profitable, or representative of the composition or performance of the portfolio.

Top 10 Overweight / Underweight Stocks

September 30, 2020

Top 10 Overweighted Stocks	Active %
LG Chemical	2.3%
LG Household & Healthcare	2.2%
AfreecaTV Co Ltd	2.1%
Hyundai Motor Co	2.0%
SK Innovation Co Ltd	1.9%
Kumho Petro Chemical	1.8%
Hugel Inc	1.8%
CJ Logistics	1.7%
Seoul Viosys Co Ltd	1.7%
Samsung Electronics Co	1.4%

Top 10 Underweighted Stocks	Active %
KT&G Corporation	-1.2%
Samsung Biologics Co Ltd	-0.8%
Amorepacific Corp	-0.8%
HLB Co Ltd	-0.8%
Samsung SDS Co Ltd	-0.8%
Samsung Fire & Marine	-0.7%
LG Corp	-0.7%
Hanwha Solutions Corporation	-0.7%
Netmarble Corporation	-0.7%
Korea Electric Power Co	-0.7%

Source : Wilshire

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Outlook for Korean Equities

Overall	<ul style="list-style-type: none"> ▪ The world economy is struggling to recover from the pandemic's impact. Number of new cases remains stubbornly high in some countries, while in others a second wave of infections has emerged. ▪ Despite the uncertain economic outlook, equity markets continued to rally with the support of monetary and fiscal stimuli.
Economy	<ul style="list-style-type: none"> ▪ Korea faced a resurgence of Covid-19 infections in the summer but was able to bring it under control relatively quickly. ▪ Export demand remains weak, but is likely to improve in coming months as the Chinese economy shows a steady recovery.
Monetary Policy	<ul style="list-style-type: none"> ▪ The Bank of Korea kept policy interest rate unchanged at 0.50%, and suggested it would not adopt quantitative easing in the near term.
Corporate Earnings	<ul style="list-style-type: none"> ▪ 2Q earnings were generally better than feared as expectations were lowered and companies took initiatives to cut costs. ▪ A similar trend may be seen in 3Q earnings. Headline results from selective companies have been positive so far.
Valuation	<ul style="list-style-type: none"> ▪ Sectors seen as beneficiaries of the pandemic, such as internet and biotech, are trading at very high multiples. The rest of the market seems reasonably valued.

Portfolio Strategy

- Positive on technology and materials.
- Cautious on financials and industrials.

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