

KOREA FUND INC  
Form N-CSR  
August 27, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANIES**  
**Investment Company Act file number 811-04058**

**The Korea Fund, Inc.**  
**(Exact name of registrant as specified in charter)**

**1633 Broadway, New York, NY                      10019**  
**(Address of principal executive offices)        (Zip code)**

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**Lawrence G. Altadonna**

**1633 Broadway,**

**New York, New York 10019**

**(Name and address of agent for service)**

**Registrant's telephone number, including area code: 212-739-3371**

**Date of fiscal year end: June 30, 2015**

**Date of reporting period: June 30, 2015**

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**Item 1. Report to Shareholders**

Annual Report

June 30, 2015

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**The Korea Fund, Inc. Portfolio Manager's Report**

June 30, 2015 (unaudited)

During the fiscal year from July 1, 2014 to June 30, 2015, Korea's KOSPI index appreciated 3.60% in KRW terms and fell 6.03% in USD terms. During the period, the Korean Won continued to depreciate against the US dollar from 1,012 to 1,115. While Korea's current account surplus remained strong, a series of interest rate cuts by the country's central bank, together with growing expectations of an interest rate hike in the US, contributed to the Won's weakening against the US dollar. This however has not meaningfully boosted Korean exports, as the Japanese Yen and Euro depreciated against the Won and eroded Korea's competitiveness in exports. In addition to foreign exchange movements, there were also demand problems as most of Korea's major trading partners, with the exception of the US, continued to see weak economic growth. Thus, Korea's export performance deteriorated throughout the past 12 months, with export growth turning negative in the first half of 2015.

During the past 12 months, the crude oil price fell 44% from a high of US\$105.37 per barrel to US\$59.47 per barrel. At one point, the crude oil price reached a low of US\$43.46. With Korea's reliance on oil imports, the substantial fall in crude prices provided limited stimulus to the Korean economy. With stagnant income growth and weak sentiment, it appeared Korean consumers had not spent the savings from cheaper energy. While some corporates enjoy savings from lower energy and oil-based materials costs, the savings are often partially offset by earnings pressure from weak demand and more intense competition.

The Korean economy also faced other unexpected headwinds towards the end of the fiscal year. Prior to June 2015, domestic consumption had shown some stabilization as the housing market improved. However, from late May the Middle East Respiratory Syndrome (MERS), a new disease to Korea, infected a number of people in the Greater Seoul Area. The disease was compared to Severe Acute Respiratory Syndrome (SARS) that wreaked havoc in Asia in 2003, and led to serious concerns among the Korean public. Many people avoided crowded places such as restaurants, cinemas and department stores, while many public activities were cancelled. In addition, inbound tourism, which had been a bright spot in the economy, suffered a significant decline as travel plans were postponed.

Facing a lackluster domestic economy and a challenging export environment, many domestic investors turned to small cap stocks in search for growth. Over the period under review, the KOSDAQ Index, where small cap stocks have a large presence, rose by 38.21% in KRW terms and 25.37% in USD terms led by the bio-technology and cosmetics sectors. As a result of record low interest rates, retail fund flows into small cap stocks had also increased significantly.

**Fund's Performance**

From July 1, 2014 to June 30, 2015, the total return of The Korea Fund, Inc.'s (the Fund) Net Asset Value (NAV) was -5.35% (net of fees) in USD terms, outperforming the Fund's benchmark MSCI Korea Index by 8.89%.

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### **The Korea Fund, Inc. Portfolio Manager's Report**

June 30, 2015 (unaudited) (continued)

#### **Performance Attribution Review**

Over the reporting period, superior stock selection in consumer discretionary and industrial sectors contributed to the Fund's performance while the underweight position in the consumer staples and health care sectors detracted from relative performance relative to the Fund's benchmark. Hyundai Development, a residential construction firm and Hanssem, a furniture retailer, were among the major contributors to the Fund's outperformance. The share price of both companies benefited from a recovery in the domestic housing market. The Fund's holdings in Korea Aerospace Industries also added to performance as the company received strong new orders in both the defense and commercial aircraft sectors. Conversely, the Fund's exposure to the auto and tire related companies detracted from performance as they faced more intense competition from their European and Japanese peers. Paradise, a casino operator, also detracted from performance since gaming demand from China fell significantly following China's implementation of its anti-corruption campaign.

#### **Outlook**

We remain cautious on the export sector. A number of the major export industries such as autos, mobile phones and shipbuilding are generally seeing weak demand or increased competition. Absent a major reversal in the recent foreign exchange trend, we believe Korean exports will likely remain under pressure for the rest of 2015. We are more positive on the outlook for tourism. Earlier this year there were concerns that the weak Yen might draw many tourists away from Korea to Japan. However, inbound tourism has proven quite resilient and the growth in Chinese visitors remained strong prior to the MERS outbreak. As the MERS outbreak officially ended at the end of July, tourism demand is expected to gradually recover in the coming months.

Over the past 12 months the Bank of Korea has cut its policy rate from 2.5% to a record low of 1.5%. In our view, monetary policy is likely to remain accommodative in the second half of 2015 given the weak economy and lingering impact of MERS. This should give a further boost to the already recovering housing market. In fact, after a series of government deregulation measures and interest rate cuts, the recovery in the housing market seems to be gathering momentum. In the first half of 2015, housing transaction volume rose by 30% year-on-year nationwide and by 45% year-on-year in the Seoul metropolitan area. As a result of rising rents and falling mortgage rates, more tenants are opting to purchase their own homes. Housing prices have so far only recorded very moderate gains, but if the positive trend continues it could help support consumption as people perceive themselves to be better-off.

On the corporate governance front, we notice that the National Pension Service (NPS), the largest domestic investor in Korea, has become more vocal about corporate transactions as well.

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**The Korea Fund, Inc. Portfolio Manager's Report**

June 30, 2015 (unaudited) (continued)

as capital return to shareholders. We believe the NPS will play a larger role in pushing for higher dividend payouts in the Korean equity market. In fact, a number of large companies in the technology, auto and financial sectors announced significant dividend increases in early 2015. For the past 12 months, Korea dividend stocks outperformed both value and growth styles. We believe this trend will likely be sustained for the long term as Korea is expected to face baby boomer retirement in the near future. The associated higher demand for income may also lead domestic institutions to pay more attention to the dividend element of equity investment returns.

*The information contained herein has been obtained from sources believed to be reliable but the investment manager and its affiliates do not warrant the information to be accurate, complete or reliable. The opinions expressed herein are solely those of the Fund's Portfolio Manager and 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 investment strategies and opportunities. The Fund seeks long-term capital appreciation through investment in securities, primarily equity securities, of Korean companies. 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. 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.*

**Table of Contents****The Korea Fund, Inc. Performance & Statistics**

June 30, 2015 (unaudited)

<b>Total Return<sup>(1)</sup></b>	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Market Price	-5.03%	5.98%	6.07%
Net Asset Value ( NAV )	-5.35%	5.96%	5.66% <sup>(2)</sup>
MSCI Korea (Total Return) <sup>(3)</sup>	-14.24%	5.51%	7.22%
MSCI Korea (Price Return) <sup>(3)</sup>	-15.22%	4.51%	6.03%
KOSPI <sup>(4)</sup>	-6.03%	6.00%	6.06%

**Premium (Discount) to NAV:**

June 30, 2005 to June 30, 2015

**Industry Breakdown (as a % of net assets):****Market Price/NAV:**

Market Price	\$40.57
NAV	\$44.80
Discount to NAV	-9.44%

**Ten Largest Holdings (as a % of net assets):**

Samsung Electronics Co., Ltd. Manufacturer of electronic parts	18.1%
Hyundai Development Co.-Engineering & Construction Civil engineering and architecture construction businesses	9.3%
SK Hynix, Inc. Manufacturer of memory and non-memory semiconductors	8.7%
Hanssem Co., Ltd. Manufacturer and distributor of kitchen and interior furniture	6.7%
Coway Co., Ltd. Engaged in the provision of water purifiers	4.9%
LG Household & Health Care Ltd. Manufacturer of household goods, cosmetics and beverages.	4.7%
Korea Aerospace Industries Ltd. Manufacturer of military and civilian aircrafts	4.6%
Samsung Fire & Marine Insurance Co., Ltd. Insurance company specialized in the non-life insurance business	4.4%
Shinhan Financial Group Co., Ltd. Provider of financial products and services	4.2%
SK Telecom Co., Ltd. Provider of wireless communication services	4.1%

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**The Korea Fund, Inc. Performance & Statistics**

June 30, 2015 (unaudited) (continued)

- (1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for a period of more than one year represents the average annual total return.
- Performance at market price will differ from 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 the Fund's dividends.
- An investment in the Fund involves risk, including the loss of principal. Total return, market price and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.
- (2) See Note 8 in the Notes to Financial Statements.
- (3) Morgan Stanley Capital International ( MSCI ) Korea 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 U.S. based investors. The MSCI Korea (Total Return) returns assume reinvestment of dividends (net of foreign withholding taxes) while the MSCI Korea (Price Return) returns do not and, unlike Fund returns, do not reflect any fees or expenses. The Fund previously reported performance of the MSCI Korea (Custom Benchmark) representing a daily adjustment to the performance calculation of MSCI Korea if the weight of the semiconductor and semiconductor equipment industry is greater than 25% to account for the fact that the weighting of stocks in the semiconductor and semiconductor industry (including Samsung Electronics., Ltd. ( Samsung )) in the MSCI Korea Index exceeded 25%, the maximum weighting permitted by the Fund's concentration limits. During the period, MSCI reclassified Samsung from the semiconductor and semiconductor equipment industry to the technology hardware industry. Accordingly, the Fund has terminated the use of the MSCI Korea (Custom Benchmark). Total return for a period of more than one year represents the average annual return.
- (4) 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. Total return for a period of more than one year represents the average annual return.

**Table of Contents****The Korea Fund, Inc. Schedule of Investments**

June 30, 2015

Shares		Value
<b>COMMON STOCK 96.5%</b>		
<b>Aerospace &amp; Defense 4.6%</b>		
213,893	Korea Aerospace Industries Ltd.	\$15,221,693
<b>Auto Components 1.6%</b>		
83,834	Halla Visteon Climate Control Corp.	2,895,702
62,203	Hankook Tire Co., Ltd.	2,339,361
		5,235,063
<b>Automobile 2.3%</b>		
54,970	Hyundai Motor Co.	6,691,855
25,048	Kia Motors Corp.	1,016,196
		7,708,051
<b>Banks 7.5%</b>		
357,000	BNK Financial Group, Inc.	4,538,814
602,790	DGB Financial Group, Inc. (c)	6,312,806
374,352	Shinhan Financial Group Co., Ltd.	13,934,107
		24,785,727
<b>Capital Markets 2.3%</b>		
153,500	Samsung Securities Co., Ltd.	7,495,662
<b>Construction &amp; Engineering 9.3%</b>		
518,850	Hyundai Development Co.-Engineering & Construction	30,736,794
<b>Construction Materials 2.6%</b>		
38,429	Hanil Cement Co., Ltd.	5,850,148
172,200	Sungshin Cement Co., Ltd. (c)(d)	2,575,518
		8,425,666
<b>Food Products 1.1%</b>		
3,937	Orion Corp.	3,691,869
<b>Hotels, Restaurants &amp; Leisure 0.5%</b>		
56,960	Grand Korea Leisure Co., Ltd. (c)	1,588,109
<b>Household Durables 11.6%</b>		
197,331	Coway Co., Ltd.	16,156,177
88,183	Hanssem Co., Ltd. (c)	22,203,736
		38,359,913
<b>Household Products 4.7%</b>		
22,200	LG Household & Health Care Ltd.	15,388,900
<b>Industrial Conglomerates 2.0%</b>		

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116,400	LG Corp.	6,439,524
<b>Insurance 4.7%</b>		
104,550	Korean Reinsurance Co.	1,152,547
54,455	Samsung Fire & Marine Insurance Co., Ltd.	14,348,957
		15,501,504
<b>Internet &amp; Catalog Retail 4.1%</b>		
355,219	Interpark Corp. (c)	7,920,057
672,883	Interpark Holdings Corp. (c)	5,630,867
		13,550,924
<b>Internet Software &amp; Services 0.8%</b>		
4,935	NAVER Corp.	2,801,286

**Table of Contents****The Korea Fund, Inc. Schedule of Investments**

June 30, 2015 (continued)

Shares		Value
	<b>IT Services 0.6%</b>	
7,552	SK C&C Co., Ltd.	\$1,868,632
	<b>Metals &amp; Mining 1.5%</b>	
10,040	Korea Zinc Co., Ltd.	4,884,346
	<b>Semiconductors &amp; Semiconductor Equipment 8.7%</b>	
753,591	SK Hynix, Inc.	28,562,239
	<b>Specialty Retail 3.8%</b>	
125,258	Hotel Shilla Co., Ltd. (c)	12,522,036
	<b>Technology Hardware, Storage &amp; Peripherals 18.1%</b>	
52,633	Samsung Electronics Co., Ltd.	59,716,622
	<b>Wireless Telecommunication Services 4.1%</b>	
60,210	SK Telecom Co., Ltd.	13,472,355
	Total Common Stock (cost \$211,603,781)	317,956,915
	<b>SHORT-TERM INVESTMENTS 11.6%</b>	
	<b>Collateral Invested for Securities on Loan (b) 11.6%</b>	
38,257,173	BlackRock T-Fund, Institutional Class (cost \$38,257,173)	38,257,173
	<b>Total Investments (cost \$249,860,954) (a) 108.1%</b>	356,214,088
	Liabilities in excess of other assets (8.1%)	(26,755,601)
	<b>Net Assets 100.0%</b>	<b>\$329,458,487</b>

**Notes to Schedule of Investments:**

- (a) Securities with an aggregate value of \$316,368,806, representing 96.0% of net assets, were valued utilizing modeling tools provided by a third-party vendor. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (b) Purchased with cash collateral received from securities on loan.
- (c) A portion of securities on loan with an aggregate value of \$36,419,921; cash collateral of \$38,257,173 was received with which the Fund invested in the BlackRock T-Fund Institutional Class.
- (d) Non-income producing.
- (e) Fair Value Measurements See Note 1(b) in the Notes to Financial Statements.

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 6/30/15
<b>Investments in Securities Assets</b>				
Common Stock:				
Hotels, Restaurants & Leisure	\$ 1,588,109	\$	\$	\$ 1,588,109
All Other		316,368,806		316,368,806
Collateral Invested for Securities on Loan	38,257,173			38,257,173

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<b>Totals</b>	\$ 39,845,282	\$ 316,368,806	\$	\$ 356,214,088
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At June 30, 2015, a security valued at \$1,588,109 was transferred from Level 2 to Level 1. This transfer was the result of a security trading outside the U.S. whose value was adjusted by the application of a modeling tool at June 30, 2014, which was not applied on June 30, 2015.

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**Table of Contents****The Korea Fund, Inc. Statement of Assets and Liabilities**

June 30, 2015

**Assets:**

Investments, at value, including securities on loan of \$36,419,921 (cost \$249,860,954)	\$356,214,088
Cash	948,235
Foreign currency, at value (cost \$9,004,138)	8,945,882
Receivable for investments sold	2,041,550
Dividends receivable (net of foreign withholding taxes)	70,010
Securities lending income receivable, including income from invested cash collateral (net of rebates)	26,888
Prepaid expenses	165,176
<b>Total Assets</b>	<b>368,411,829</b>

**Liabilities:**

Payable for collateral for securities on loan	38,257,173
Investment management fees payable	200,637
Payable for shares repurchased	132,914
Accrued expenses and other liabilities	362,618
<b>Total Liabilities</b>	<b>38,953,342</b>

**Net Assets** \$329,458,487

**Net Assets:**

Common Stock:

Par value (\$0.01 per share, applicable to 7,353,874 shares issued and outstanding)	\$73,539
Paid-in-capital in excess of par	215,460,322
Dividends in excess of net investment income	(955,359)
Accumulated net realized gain	8,572,287
Net unrealized appreciation	106,307,698

**Net Assets** \$329,458,487

<b>Net Asset Value Per Share</b>	\$44.80
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**Table of Contents****The Korea Fund, Inc. Statement of Operations**

Year ended June 30, 2015

**Investment Income:**

Dividends (net of foreign withholding taxes of \$760,249)	\$3,443,435
Securities lending income, including income from invested cash collateral (net of rebates)	269,456
Interest (net of foreign withholding taxes of \$1,464)	9,065
<b>Total Investment Income</b>	<b>3,721,956</b>

**Expenses:**

Investment management	2,554,383
Directors	381,742
Legal	339,589
Insurance	171,345
Custodian and accounting agent	157,517
Audit and tax services	112,403
Stockholder communications	47,108
Transfer agent	25,376
New York Stock Exchange listing	23,536
Miscellaneous	84,881
<b>Total Expenses</b>	<b>3,897,880</b>
<b>Net Investment Loss</b>	<b>(175,924)</b>

**Realized and Change in Unrealized Gain (Loss):**

Net realized gain (loss) on:

Investments	18,838,307
Foreign currency transactions	(768,920)

Net change in unrealized appreciation/depreciation of:

Investments	(40,739,690)
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Foreign currency transactions	(59,103)
Net realized and change in unrealized loss	(22,729,406)
<b>Net Decrease in Net Assets Resulting from Investment Operations</b>	<b>\$(22,905,330)</b>

See accompanying Notes to Financial Statements 06.30.15 The Korea Fund, Inc. Annual Report 9

**Table of Contents****The Korea Fund, Inc. Statement of Changes in Net Assets**

	Year ended June 30, 2015	Year ended June 30, 2014
<b>Investment Operations:</b>		
Net investment loss	\$(175,924)	\$(1,194,476)
Net realized gain	18,069,387	22,454,854
Net change in unrealized appreciation/depreciation	(40,798,793)	49,790,777
Net increase (decrease) in net assets resulting from investment operations	(22,905,330)	71,051,155
<b>Common Stock Transactions:</b>		
Cost of shares repurchased	(25,782,648)	(27,733,354)
Total increase (decrease) in net assets	(48,687,978)	43,317,801
<b>Net Assets:</b>		
Beginning of year	378,146,465	334,828,664
End of year*	\$329,458,487	\$378,146,465
*Including dividends in excess of net investment income of:	\$(955,359)	\$(2,116,026)
<b>Shares Activity:</b>		
Shares outstanding, beginning of year	7,988,733	8,689,284
Shares repurchased	(634,859)	(700,551)
Shares outstanding, end of year	7,353,874	7,988,733

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### **The Korea Fund, Inc. Notes to Financial Statements**

June 30, 2015

#### **1. Organization and Significant Accounting Policies**

The Korea Fund, Inc. (the Fund) is registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended, as a closed-end, non-diversified management investment company organized as a Maryland corporation, and accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services Investment Companies. The Fund has authorized 200 million shares of common stock with \$0.01 par value.

The Fund's investment objective is to seek long-term capital appreciation through investment in securities, primarily equity securities, of Korean companies. There can be no assurance that the Fund will meet its stated objective.

The preparation of the Fund's financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the Fund's management to make estimates and assumptions that affect the reported amounts and disclosures in the Fund's financial statements. Actual results could differ from those estimates.

In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

In June 2014, the FASB issued an Accounting Standards Update (ASU) that expands secured borrowing accounting for certain repurchase agreements. The ASU also sets forth additional disclosure requirements for certain transactions accounted for as sales, in order to provide financial statement users with information to compare to similar transactions accounted for as secured borrowings. The ASU is effective prospectively during interim or annual periods beginning after December 15, 2014. At this time, management is evaluating the implications of these changes on the Fund's financial statements.

The following is a summary of significant accounting policies consistently followed by the Fund:

##### **(a) Valuation of Investments**

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of official closing prices, last reported sales prices, or if no sales or closing prices are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services.

Portfolio securities and other financial instruments for which market quotations are not readily available, or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Directors (the Board), or persons acting at their discretion pursuant to procedures established by the Board. The Fund's investments are valued daily and the net asset value (NAV) is calculated as of the close of regular trading (normally 4:00 p.m. Eastern time) on the New York Stock Exchange (NYSE) on each day the NYSE is open for business using prices supplied by an independent pricing service or broker/dealer quotations, or by using the last sale or settlement price on the exchange that is the primary market for such securities, or the mean between the last bid and ask quotations. For foreign equity securities (with certain exceptions, if any), the Fund fair values its

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securities daily using modeling tools provided by a statistical research service. This service utilizes statistics and programs based on historical performance of markets and other economic data (which may include changes in the value of U.S. securities or security indices).

Short-term debt instruments maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing premium or discount based on their value on the 61<sup>st</sup> day prior to maturity, if the original term to maturity exceeded 60 days.

Investments initially valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from pricing services. As a result, the NAV of the Fund's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the NYSE is closed. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold and these differences could be material to the Fund's financial statements.

### **(b) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.* the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

Level 1 quoted prices in active markets for identical investments that the Fund has the ability to access

Level 2 valuations based on other significant observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs

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### **The Korea Fund, Inc. Notes to Financial Statements**

June 30, 2015 (continued)

#### **1. Organization and Significant Accounting Policies (continued)**

Level 3 valuations based on significant unobservable inputs (including Allianz Global Investors U.S. LLC's (the Investment Manager or AllianzGI U.S. ) and the Valuation Committee's own assumptions and securities whose price was determined by using a single broker's quote)

The valuation techniques used by the Fund to measure fair value during the year ended June 30, 2015 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

The Fund's policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to the fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used. Investments categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Fund generally uses to evaluate how to classify each major category of assets and liabilities within Level 2 and Level 3, in accordance with U.S. GAAP.

**Equity Securities (Common Stock)** Equity securities traded in inactive markets and certain foreign equity securities are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

#### **(c) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on an identified cost basis. Interest income on uninvested cash is recorded upon receipt. Dividend income is recorded on the ex-dividend date. Korean-based corporations have generally adopted calendar year-ends, and their interim and final corporate actions are normally approved, finalized and announced by their boards of directors and stockholders in the first and third quarters of each calendar year. Generally, estimates of their dividends are accrued on the ex-dividend date principally in the prior December and/or June period ends. These dividend announcements are recorded by the Fund on such ex-dividend dates. Any subsequent adjustments thereto by Korean corporations are recorded when announced. Presently, dividend income from Korean equity investments is earned primarily in the last calendar quarter of each year, and will be received primarily in the first calendar quarter of the following year. Certain other dividends and related withholding taxes, if applicable, from Korean securities may be recorded subsequent to the ex-dividend date as soon as the Fund is informed of such dividends and taxes. Dividend and interest income on the Statement of Operations are shown net of any foreign taxes withheld on income from foreign securities.

#### **(d) Federal Income Taxes**

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The Fund intends to distribute all of its taxable income and to comply with the other requirements of Subchapter M of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. The Fund may be subject to excise tax based on distributions to stockholders.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. In accordance with provisions set forth under U.S. GAAP, the Investment Manager has reviewed the Fund's tax positions for all open tax years.

As of June 30, 2015, the Fund has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions they have taken. The Fund's federal income tax returns for the prior three years, as applicable, remain subject to examination by the Internal Revenue Service.

### **(e) Foreign Investment and Exchange Controls in Korea**

The Foreign Exchange Transaction Act, the Presidential Decree relating to such Act and the regulations of the Minister of Strategy and Finance (formerly known as Minister of Finance and Economy) issued thereunder impose certain limitations and controls which generally affect foreign investors in Korea. Through August 18, 2005, the Fund had a license from the Ministry of Finance and Economy to invest in Korean securities and to repatriate income received from dividends and interest earned on, and net realized capital gains from, its investments in Korean securities or to repatriate from

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**Table of Contents**

**The Korea Fund, Inc. Notes to Financial Statements**

June 30, 2015 (continued)

**1. Organization and Significant Accounting Policies (continued)**

investment principal up to 10% of the NAV (taken at current value) of the Fund (except upon termination of the Fund, or for expenses in excess of Fund income, in which case the foregoing restriction shall not apply). Under the Foreign Exchange Transaction Act, the Minister of Strategy and Finance has the power, with prior (posterior in case of urgency) public notice of scope and duration, to suspend all or a part of foreign exchange transactions when emergency measures are deemed necessary in case of radical change in the international or domestic economic situation. The Fund could be adversely affected by delays in, or the refusal to grant, any required governmental approval for such transactions.

The Fund relinquished its license from the Korean Ministry of Finance and Economy effective August 19, 2005. The Fund had engaged in negotiations with the Korean Ministry of Finance and Economy concerning the feasibility of the Fund's license being amended to allow the Fund to repatriate more than 10% of Fund capital. However, the Ministry of Finance and Economy advised the Fund that the license cannot be amended as a result of a change in the Korean regulations. As a result of the relinquishment of the license, the Fund is subject to the Korean securities transaction tax equal to 0.3% of the fair market value of any portfolio securities transferred by the Fund on the Korea Exchange and 0.5% of the fair market value of any portfolio securities transferred outside of the Korea Exchange. The relinquishment did not otherwise affect the Fund's operations. For the year ended June 30, 2015, the Fund incurred \$633,915 in transaction taxes in connection with portfolio securities transferred by the Fund on the Korea Exchange.

Certain securities held by the Fund may be subject to aggregate or individual foreign ownership limits. These holdings are in industries that are deemed to be of national importance.

**(f) Dividends and Distributions**

The Fund declares dividends from net investment income and distributions of net realized capital gains, if any, at least annually. The Fund records dividends and distributions on the ex-dividend date. The amount of dividends from net investment income and distributions from net realized capital gains is determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. These book-tax differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions to stockholders from return of capital.

**(g) Foreign Currency Translation**

The Fund's accounting records are maintained in U.S. dollars as follows: (1) the foreign currency market values of investments and other assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rate at the end of the period; and (2) purchases and sales, income and expenses are translated at the prevailing exchange rate on the respective dates of such transactions. The resulting net foreign currency gain (loss) is included in the Fund's Statement of Operations.

The Fund does not generally isolate that portion of the results of operations arising as a result of changes in foreign currency exchange rates from the fluctuations arising from changes in the market prices of securities. Accordingly, such foreign currency gain (loss) is included in net realized and unrealized gain (loss) on investments. However, the Fund does isolate the effect of fluctuations in foreign currency exchange rates when determining the gain (loss) upon the sale or maturity of foreign currency denominated debt obligations pursuant to U.S. federal income tax regulations; such amount is categorized as foreign currency gain (loss) for both financial reporting and income tax reporting purposes.

At June 30, 2015, the Korean WON/U.S. \$ exchange rate was WON 1,115.45 to U.S. \$1.

**(h) Securities Lending**

The Fund may engage in securities lending. The loans are secured by collateral at least equal, at all times, to the market value of the loaned securities. During the term of the loan, the Fund will continue to receive any dividends or amounts equivalent thereto, on the loaned securities while receiving a fee from the borrower and/or earning interest on the investment of the cash collateral. Securities lending income is disclosed as such in the Statement of Operations. Income generated from the investment of cash collateral, less negotiated rebate fees paid to borrowers and transaction costs, is allocated between the Fund and securities lending agent. Cash collateral received for securities on loan is invested in securities identified in the Schedule of Investments and the corresponding liability is recognized as such in the Statement of Assets and Liabilities. Loans are subject to termination at the option of the borrower or the Fund.

Upon termination of the loan, the borrower will return to the lender securities identical to the loaned securities. The Fund may pay reasonable finders , administration and custodial fees in connection with a loan of its securities and may share the interest earned on the collateral with the borrower. The Fund bears the risk of delay in recovery of, or even loss of rights in, the securities loaned should the borrower of the securities fail financially. The Fund also bears the risk of loss in the event the securities purchased with cash collateral depreciate in value.



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### **The Korea Fund, Inc. Notes to Financial Statements**

June 30, 2015 (continued)

## **2. Principal Risks**

In the normal course of business, the Fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (counterparty risk). The Fund is also exposed to other risks such as, but not limited to, foreign currency risk.

To the extent the Fund directly invests in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including economic growth, inflation, changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or the imposition of currency controls or other political developments in the United States or abroad. As a result, the Fund's investments in foreign currency-denominated securities may reduce the returns of the Fund. The local emerging market currencies in which the fund may be invested may experience substantially greater volatility against the U.S. dollar than the major convertible currencies in developed countries.

The Fund is subject to elements of risk not typically associated with investments in the U.S., due to concentrated investments in foreign issuers located in a specific country or region. Such concentrations will subject the Fund to additional risks resulting from future political or economic conditions in such country or region and the possible imposition of adverse governmental laws or currency exchange restrictions affecting such country or region, which could cause the securities and their markets to be less liquid and prices more volatile than those of comparable U.S. companies.

The market values of securities may decline due to general market conditions (market risk) which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, adverse changes to credit markets or adverse investor sentiment. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity-related investments generally have greater market price volatility than fixed income securities, although under certain market conditions fixed income securities may have comparable or greater price volatility. Credit ratings downgrades may also negatively affect securities held by the Fund. Even when markets perform well, there is no assurance that the investments held by the Fund will increase in value along with the broader market. In addition, market risk includes the risk that geopolitical events will disrupt the economy on a national or global level.

The Fund is exposed to counterparty risk, or the risk that an institution or other entity with which the Fund has unsettled or open transactions will default. The potential loss to the Fund could exceed the value of the financial assets recorded in the Fund's financial statements. Financial assets, which potentially expose the Fund to counterparty risk, consist principally of cash due from counterparties and investments. The Investment Manager seeks to minimize the Fund's counterparty risk by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

## **3. Investment Manager/Sub-Administrator**

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The Fund has an Investment Management Agreement (the "Management Agreement") with the Investment Manager. Subject to the supervision of the Fund's Board, the Investment Manager is responsible for managing, either directly or through others selected by it, the Fund's investment activities, business affairs, and other administrative matters. Pursuant to the Management Agreement, the Investment Manager receives an annual fee, payable monthly, at the annual rate of 0.75% of the value of the Fund's average daily net assets up to \$250 million; 0.725% of the next \$250 million of average daily net assets; 0.70% of the next \$250 million of average daily net assets; 0.675% of the next \$250 million of average daily net assets and 0.65% of average daily net assets in excess of \$1 billion. For the year ended June 30, 2015, the Fund paid investment management fees at an effective rate of 0.74% of the Fund's average daily net assets.

The Investment Manager has retained its affiliate, Allianz Global Investors Fund Management LLC (the "Sub-Administrator" or "AGIFM") to provide administrative services to the Fund. The Investment Manager, and not the Fund, pays a portion of the fee it receives as Investment Manager to the Sub-Administrator in return for its services. The Investment Manager and Sub-Administrator are indirect wholly-owned subsidiaries of Allianz SE, a publicly traded European insurance and financial services company.

#### 4. Investments in Securities

For the year ended June 30, 2015, purchases and sales of investments, other than short-term securities were \$174,271,652 and \$210,423,070, respectively.

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### **The Korea Fund, Inc. Notes to Financial Statements**

June 30, 2015 (continued)

#### **5. Income Tax Information**

No dividends or distributions were paid in the years ended June 30, 2015 and June 30, 2014.

At June 30, 2015, the Fund had distributable earnings of \$14,258,948 from long-term capital gains.

In accordance with U.S. Treasury regulations, the Fund elected to defer to the following taxable year realized Post-October short-term capital losses of \$5,239,145 arising after October 31, 2014 and late year ordinary losses of \$955,360 related to certain ordinary losses realized after October 31, 2014 and other ordinary losses realized after December 31, 2014.

At June 30, 2015, the Fund utilized Post-Enactment short-term capital loss carryforwards of \$8,310,626.

At June 30, 2015, permanent book-tax differences were primarily attributable to the differing treatment of foreign currency transactions, gains from the sale of securities formerly classified as Passive Foreign Investment Companies ( PFICs ) and net operating losses. These adjustments were to decrease dividends in excess of net investment income by \$1,336,591, decrease accumulated net realized gain by \$769,540 and decrease paid-in-capital in excess of par by \$567,051. Net investment loss, net realized gains or losses and net assets were not affected by these adjustments.

At June 30, 2015, the cost basis of portfolio securities for federal income tax purposes was \$250,308,471. Gross unrealized appreciation was \$116,824,402; gross unrealized depreciation was \$10,918,785; and net unrealized appreciation was \$105,905,617. The difference between book and tax cost basis was attributable to wash sale loss deferrals.

#### **6. Discount Management Program**

The Fund has a share repurchase program under which the Fund repurchases its common stock in the open market on any day that the Fund's shares are trading at a discount of 8% or more from NAV the prior day and there is a daily average discount of 8% or more from NAV over the 5-day period ending the prior day. On each day that shares are repurchased, the Fund repurchases its shares to the maximum extent permitted by law unless the Investment Manager determines that such a repurchase would be detrimental to the Fund and its stockholders. In addition, on a day that shares can be repurchased, in addition to the limits set forth above, the Fund will repurchase shares only at such times that the market price represents a discount of 8% or more from the Fund's closing NAV on the prior day. Under the program, the Fund is authorized to repurchase in each twelve month period ended June 30 up to 10% of its common stock outstanding as of June 30 the prior year.

For the year ended June 30, 2015, the Fund repurchased 634,859 shares of its common stock on the open market, which represented approximately 8% of the shares outstanding as of June 30, 2014 at a total cost, inclusive of commissions (\$0.03 per share), of \$25,782,648 at a per-share weighted average discount to NAV

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of 9.25%. For the year ended June 30, 2014, the Fund repurchased 700,551 shares of its common stock on the open market, which represented approximately 8% of the shares outstanding as of June 30, 2013 at a total cost, inclusive of commissions (\$0.03 per share), of \$27,733,354 at a per-share weighted average discount to NAV of 9.38%.

### 7. Fund Ownership

At June 30, 2015, the City of London Investment Group PLC, Lazard Asset Management LLC, Advance Emerging Capital and 1607 Capital Partners held approximately 29%, 14%, 9% and 7%, respectively, of the Fund's outstanding shares.

### 8. Fund Shares Issued

On December 22, 2008, the Fund declared a capital gain distribution of \$90.30 per share. The distribution was made in newly issued Fund shares, based on the Fund's market price per share on January 26, 2009 (Pricing Date), unless a cash election was made. The total cash distribution was limited to 20% of the aggregate dollar amount of the total distribution (excluding any cash paid in lieu of fractional shares). On January 29, 2009 (the payable date) the Fund issued 8,007,555 shares based on the market price of \$21.99 per share on the Pricing Date. NAV total return for periods that include December 2008 and January 2009 had been calculated assuming that this capital gain distribution was paid entirely in newly issued Fund shares priced at the Fund's NAV at the close of business on the Pricing Date. In addition, the Fund adjusted its NAV on December 31, 2008 for purposes of calculating performance by using the actual number of shares outstanding on such date (excluding any estimate of shares to be issued upon reinvestment).

### 9. Subsequent Events

In preparing these financial statements, the Fund's management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

There were no subsequent events that require recognition or disclosure.

**Table of Contents****The Korea Fund, Inc. Financial Highlights**

For a share of stock outstanding throughout each year:

	2015	2014	Year ended June 30, 2013	2012	2011
Net asset value, beginning of year	\$47.33	\$38.53	\$40.51	\$54.59	\$38.54
<b>Investment Operations:</b>					
Net investment income (loss)	(0.02)(1)	(0.14)(1)	(0.13)(1)	(0.14)	0.01
Net realized and change in unrealized gain (loss)	(2.84)	8.56	(2.26)	(8.72)	16.29
Total from investment operations	(2.86)	8.42	(2.39)	(8.86)	16.30
<b>Dividends and Distributions to Stockholders from:</b>					
Net investment income					(0.30)
Net realized gains				(5.45)	
Total dividends and distributions to stockholders				(5.45)	(0.30)
<b>Common Stock Transactions:</b>					
Accretion to net asset value resulting from share repurchases	0.33	0.38	0.41	0.23	0.05
Net asset value, end of year	\$44.80	\$47.33	\$38.53	\$40.51	\$54.59
Market price, end of year	\$40.57	\$42.72	\$34.47	\$36.56	\$49.27
<b>Total Return:(2)</b>					
Net asset value	(5.35)%	22.84%	(4.89)%	(15.25)%	42.52%
Market price	(5.03)%	23.93%	(5.72)%	(15.59)%	42.75%
<b>RATIOS/SUPPLEMENTAL DATA:</b>					
Net assets, end of year (000s)	\$329,458	\$378,146	\$334,829	\$387,629	\$549,089
Ratio of expenses to average net assets	1.13%	1.13%	1.14%	1.12%	1.10%
Ratio of net investment income (loss) to average net assets	(0.05)%	(0.33)%	(0.31)%	(0.29)%	0.02%
Portfolio turnover rate	51%	60%	35%	43%	83%

- (1) Calculated on average shares outstanding during the year.
- (2) Total return is calculated by subtracting the value of an investment in the Fund at the beginning of the specified year from the value at the end of the year and dividing the remainder by the value of the investment at the beginning of the year and expressing the result as a percentage. The calculation assumes that all dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. Total return may reflect adjustments to conform to U.S. GAAP.

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**The Korea Fund, Inc. Report of Independent Registered Public Accounting Firm**

**To the Board of Directors and Stockholders of The Korea Fund, Inc.:**

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Korea Fund, Inc. (the Fund ) at June 30, 2015, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Fund s management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at June 30, 2015 by correspondence with the custodian and brokers, provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Kansas City, Missouri

August 24, 2015

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**The Korea Fund, Inc. Tax Information/Stockholder Meeting Results/**

**Proxy Voting Policies & Procedures** (unaudited)

**Tax Information:**

Subchapter M of the Internal Revenue Code of 1986, as amended, requires the Fund to advise stockholders as to the federal tax status of dividends and distributions received by stockholders during such tax year.

**Foreign Tax Credit.** The Fund has elected to pass-through the credit for the taxes paid to foreign countries. The gross foreign income dividend and foreign tax per share paid during the fiscal year ended June 30, 2015 is \$0.548503 and \$0.093209, respectively.

Since the Fund's tax year is not the calendar year, another notification will be sent with respect to calendar year 2015. In January 2016, stockholders will be advised on IRS Form 1099-DIV as to the federal tax status of the dividends and distributions received during calendar year 2015. The amount that will be reported will be the amount to use on the stockholder's 2015 federal income tax return and may differ from the amount which must be reported in connection with the Fund's tax year ended June 30, 2015. Stockholders are advised to consult their tax advisers as to the federal, state and local tax status of the dividend income received from the Fund.

**Stockholder Meeting Results:**

The Fund held its annual meeting of stockholders on October 30, 2014. Stockholders voted as indicated below:

	Affirmative	Against	Abstain
Re-election of Christopher B. Brader Class II to serve until 2017	6,505,432	178,546	76,559

Ms. Marran H. Ogilvie and Messrs. Joseph T. Grause, Jr., Julian Reid and Richard A. Silver continue to serve as Directors of the Fund.

**Proxy Voting Policies & Procedures:**

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A description of the policies and procedures that the Fund has adopted to determine how to vote proxies relating to portfolio securities and information about how the Fund voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 is available (i) without charge, upon request, by calling the Fund's stockholder servicing agent at (800) 254-5197; (ii) on the Fund's website at [www.thekoreafund.com](http://www.thekoreafund.com); and (iii) on the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov).

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### **The Korea Fund, Inc. Privacy Policy (unaudited)**

Please read this Policy carefully. It gives you important information about how Allianz Global Investors U.S. and its U.S. affiliates ( AllianzGI US, we or us ) handle non-public personal information ( Personal Information ) that we may receive about you. It applies to all of our past, present and future clients and stockholders of AllianzGI US and the funds and accounts it manages, advises, sub-advises, administers or distributes, and will continue to apply when you are no longer a client or stockholder. As used throughout this Policy, AllianzGI US means Allianz Global Investors U.S. LLC, Allianz Global Investors Fund Management LLC, Allianz Global Investors Distributors LLC, NFJ Investment Group LLC and the family of registered and unregistered funds managed by one or more of these firms. AllianzGI US is part of a global investment management group, and the privacy policies of other Allianz Global Investors entities outside of the United States may have provisions in their policies that differ from this Privacy Policy. Please refer to the website of the specific non-US Allianz Global Investors entity for its policy on privacy.

### **We Care about Your Privacy**

We consider your privacy to be a fundamental aspect of our relationship with you, and we strive to maintain the confidentiality, integrity and security of your Personal Information. To ensure your privacy, we have developed policies that are designed to protect your Personal Information while allowing your needs to be served.

### **Information We May Collect**

In the course of providing you with products and services, we may obtain Personal Information about you, which may come from sources such as account application and other forms, from other written, electronic, or verbal communications, from account transactions, from a brokerage or financial advisory firm, financial advisor or consultant, and/or from information you provide on our website.

You are not required to supply any of the Personal Information that we may request. However, failure to do so may result in us being unable to open and maintain your account, or to provide services to you.

### **How Your Information Is Shared**

We do not disclose your Personal Information to anyone for marketing purposes. We disclose your Personal Information only to those service providers, affiliated and non-affiliated, who need the information for everyday business purposes, such as to respond to your inquiries, to perform services, and/or to service and maintain your account. This applies to all of the categories of Personal Information we collect about you. The affiliated and non-affiliated service providers who receive your Personal Information also may use it to process your transactions, provide you with materials (including preparing and mailing prospectuses and stockholder reports and gathering stockholder proxies), and provide you with account statements and other materials relating to your account. These service providers provide services at our direction, and under their agreements with us, are required to keep your Personal Information confidential and to use it only for providing the contractually required services. Our service providers may not use your Personal Information to market products and services to you except in conformance with applicable laws and regulations. We also may provide your Personal Information to your respective brokerage or financial advisory firm, custodian, and/or to your financial advisor or consultant.

In addition, we reserve the right to disclose or report Personal Information to non-affiliated third parties, in limited circumstances, where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities or pursuant to other legal process, or to protect our rights or property, including to enforce our Privacy Policy or other agreements with you. Personal Information collected by us may also be transferred as part of a corporate sale, restructuring, bankruptcy, or other transfer of assets.

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### Security of Your Information

We maintain your Personal Information for as long as necessary for legitimate business purposes or otherwise as required by law. In maintaining this information, we have implemented appropriate procedures that are designed to restrict access to your Personal Information only to those who need to know that information in order to provide products and/or services to you. In addition, we have implemented physical, electronic and procedural safeguards to help protect your Personal Information.

### Privacy and the Internet

The Personal Information that you provide through our website, as applicable, is handled in the same way as the Personal Information that you provide by any other means, as described above. This section of the Policy gives you additional information about the way in which Personal Information that is obtained online is handled.

**Online Enrollment, Account Access and Transactions:** When you visit our website, you can visit pages that are open to the general public, or, where available, log into protected pages to enroll online, access information about your account, or conduct certain transactions. Access to the secure pages of our website is permitted only after you have created a User ID and Password. The User ID and Password must be supplied each time you want to access your account information online. This information serves to verify your identity. When you enter Personal Information into our website (including your Social Security Number or Taxpayer

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### **The Korea Fund, Inc. Privacy Policy (unaudited) (continued)**

Identification Number and your password) to enroll or access your account online, you will log into secure pages. By using our website, you consent to this Privacy Policy and to the use of your Personal Information in accordance with the practices described in this Policy. If you provide Personal Information to effect transactions on our website, a record of the transactions you have performed while on the site is retained by us. For additional terms and conditions governing your use of our website, please refer to the Investor Mutual Fund Access Disclaimer which is incorporated herein by reference and is available on our website.

**Cookies and Similar Technologies:** Cookies are small text files stored in your computer's hard drive when you visit certain web pages. Cookies and similar technologies help us to provide customized services and information. We use these technologies on our website to improve our website and services, including to evaluate the effectiveness of our site, and to enhance the site user experience. Because an industry-standard Do-Not-Track protocol is not yet established, our website will continue to operate as described in this Privacy Policy and will not be affected by any Do-Not-Track signals from any browser.

### **Changes to Our Privacy Policy**

We may modify this Privacy Policy from time-to-time to reflect changes in related practices and procedures, or applicable laws and regulations. If we make changes, we will notify you on our website and the revised Policy will become effective immediately upon posting to our website. We also will provide account owners with a copy of our Privacy Policy annually. We encourage you to visit our website periodically to remain up to date on our Privacy Policy. You acknowledge that by using our website after we have posted changes to this Privacy Policy, you are agreeing to the terms of the Privacy Policy as modified.

### **Obtaining Additional Information**

If you have any questions about this Privacy Policy or our privacy related practices in the United States, you may contact us via our dedicated email at [PrivacyUS@allianzgi.com](mailto:PrivacyUS@allianzgi.com).

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### **The Korea Fund, Inc. Dividend Reinvestment and Cash Purchase Plan (unaudited)**

The Fund has adopted a Dividend Reinvestment Plan (the Plan) which allows common stockholders to reinvest Fund distributions in additional common shares of the Fund. American Stock Transfer & Trust Company, LLC (the Plan Agent) serves as agent for common stockholders in administering the Plan. Participants in the Plan have the option of making additional cash payments to the Plan Agent, semi-annually, in any amount from \$100 to \$3,000, for investment in the Fund's shares. The Plan Agent will use all such cash payments received from participants to purchase Fund shares on the open market on or shortly after the 15th of February and August of each year, and in no event more than 45 days after such dates except where temporary curtailment or suspension of purchases is necessary to comply with applicable provisions of federal securities law. Any voluntary cash payments received more than 30 days prior to the 15th of February or August will be returned by the Plan Agent. Participants may withdraw their entire voluntary cash payment by written notice received by the Plan Agent not less than 48 hours before such payment is to be invested. It is important to note that participation in the Plan and automatic reinvestment of Fund distributions does not ensure a profit, nor does it protect against losses in a declining market.

#### **Automatic enrollment/voluntary participation.**

Under the Plan, common stockholders whose shares are registered with the Plan Agent (registered stockholders) are automatically enrolled as participants in the Plan and will have all Fund distributions of income, capital gains and returns of capital (together, distributions) reinvested by the Plan Agent in additional common shares of the Fund, unless the stockholder elects to receive cash. Registered stockholders who elect not to participate in the Plan will receive all distributions in cash paid by check and mailed directly to the stockholder of record (or if the shares are held in street or other nominee name, to the nominee) by the Plan Agent. Participation in the Plan is voluntary. Participants may terminate or resume their enrollment in the Plan at any time without penalty by notifying the Plan Agent online at [www.amstock.com](http://www.amstock.com), by calling (800) 254-5197, by writing to the Plan Agent, American Stock Transfer & Trust Company, LLC, at P.O. Box 922, Wall Street Station, New York, NY 10269-0560, or, as applicable, by completing and returning the transaction form attached to the Plan statement. A proper notification will be effective immediately and apply to the Fund's next distribution if received by the Plan Agent at least three (3) days prior to the record date for the distribution; otherwise, a notification will be effective shortly following the Fund's next distribution and will apply to the Fund's next succeeding distribution thereafter. If you withdraw from the Plan and so request, the Plan Agent will arrange for the sale of your shares and send you the proceeds, minus a transaction fee and brokerage commissions.

#### **How shares are purchased under the Plan.**

For each Fund distribution, the Plan Agent will acquire common shares for participants either (i) through receipt of newly issued common shares from the Fund (newly issued shares) or (ii) by purchasing common shares of the Fund on the open market (open market purchases). If, on a distribution payment date, the net asset value per common share of the Fund (NAV) is equal to or less than the market price per common share plus estimated brokerage commissions (often referred to as a market premium), the Plan Agent will invest the distribution amount on behalf of participants in newly issued shares at a price equal to the greater of (i) NAV or (ii) 95% of the market price per common share on the payment date. If the NAV is greater than the market price per common share plus estimated brokerage commissions (often referred to as a market discount) on a distribution payment date, the Plan Agent will instead attempt to invest the distribution amount through open market purchases. If the Plan Agent is unable to invest the full distribution amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agent will invest any un-invested portion of the distribution in newly issued shares at a price equal to the greater of (i) NAV or (ii) 95% of the market price per share as of the last business day immediately prior to the purchase date (which, in either case, may be a price greater or lesser than the NAV per common shares on the distribution payment date). No interest will be paid on distributions awaiting reinvestment. Under the Plan, the market price of common shares on a particular date is the last sales price on the exchange where the shares are listed on that date or, if there is no sale on the exchange on that date, the mean between the closing bid and asked quotations for the shares on the exchange on that date. The NAV per common share on a particular date is the amount calculated on that date (normally at the close of regular trading on the New York Stock Exchange) in accordance with the Fund's then current policies.

#### **Fees and expenses.**

No brokerage charges are imposed on reinvestments in newly issued shares under the Plan. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. There are currently no direct service charges imposed on participants in the Plan, although the Fund reserves the right to amend the Plan to include such charges. The Plan Agent imposes a transaction fee (in addition to brokerage commissions that are incurred) if it arranges for the sale of your common shares held under the Plan.

#### **Shares held through nominees.**

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In the case of a registered stockholder such as a broker, bank or other nominee (together, a nominee ) that holds common shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of common shares certified by the nominee/record stockholder as representing the total amount registered in such stockholder's name and held for the account of beneficial owners who are to participate in the Plan. If your common shares are held through a nominee and are not registered with the Plan Agent, neither you nor the nominee

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**The Korea Fund, Inc. Dividend Reinvestment and Cash Purchase Plan** (unaudited) (continued)

will be participants in or have distributions reinvested under the Plan. If you are a beneficial owner of common shares and wish to participate in the Plan, and your nominee is unable or unwilling to become a registered stockholder and a Plan participant on your behalf, you may request that your nominee arrange to have all or a portion of your shares re-registered with the Plan Agent in your name so that you may be enrolled as a participant in the Plan. Please contact your nominee for details or for other possible alternatives. Participants whose shares are registered with the Plan Agent in the name of one nominee firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

**Tax consequences.**

Automatically reinvested dividends and distributions are taxed in the same manner as cash dividends and distributions i.e., automatic reinvestment in additional shares does not relieve stockholders of, or defer the need to pay, any income tax that may be payable (or that is required to be withheld) on Fund dividends and distributions. The Fund and the Plan Agent reserve the right to amend or terminate the Plan. Additional information about the Plan, as well as a copy of the full Plan itself, may be obtained from the Plan Agent, American Stock Transfer & Trust Company, LLC, at P.O. Box 922, Wall Street Station, New York, NY 10269-0560; telephone number: (800) 254-5197; website: [www.amstock.com](http://www.amstock.com).

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**The Korea Fund, Inc. Board of Directors** (unaudited)

**Name, Year of Birth, Position(s) Held with Fund,**

**Length of Service, Other Trusteeships/  
Directorships Held by Director; Number of  
Portfolios in Fund Complex/Outside Fund  
Complexes Currently Overseen by Director**

**Principal Occupation(s) During Past 5 Years:**

*The address of each director is 1633 Broadway, New York, NY 10019.*

**Julian Reid**

Director and Chairman of JM Properties Ltd. (since 2012); Director of JP Morgan China Region Fund, Inc. (since 1997); Director and Chairman of Prosperity Voskhod Fund Ltd. (since 2006); Director and Chairman of 3a Funds Group (since 1998).

*Year of Birth: 1944*

*Chairman of the Board of Directors since: 2005*

*Director since: 2004*

*Director of 1 fund in the Fund Complex;*

*Director of JP Morgan China Region Fund, Inc. outside of*

*the Fund Complex*

**Christopher B. Brader**

Director of Long Investment Management International Limited (since March 2015). Director of LIM Japan Fund (since March 2012). Formerly, Investment Manager of Advance Emerging Capital Ltd. (2009-2011); Formerly, Director of Winchester House Club Ltd. (2010-2012); and Formerly, Director of Romanian Investment Fund (2000-2012).

*Year of Birth: 1950*

*Director since: 2012*

*Director of 1 fund in the Fund Complex*

*Director of LIM Japan Fund outside of the Fund Complex*

**Joseph T. Grause, Jr.**

Self Employed Consultant (since January 2012); Former, Director of Endowments and Foundations, Morningstar, Inc. (February 2010 to May 2011) and Director of International Consulting and Chief Executive Officer of Morningstar Associates Europe Limited, Morningstar, Inc. (May 2007 to February 2010).

*Year of Birth: 1952*

*Director since: 2012*

*Director of 1 fund in the Fund Complex*

*Independent Trustee of the Advisors Inner Circle, Advisors Inner Circle II, Bishop Street and KP Funds outside of the Fund Complex*

**Marran H. Ogilvie**

Director, LSB Industries, Inc. (since 2015); Director, Seventy Seven Energy (since 2014); Director, Zais Financial Corporation (since 2013); and Consultant and Advisor of Lehman Brothers International (Europe) Administration (since 2010). Formerly, Chief of Staff of Cowen Group, Inc. (2009-2010).

*Year of Birth: 1968*

*Director since: 2012*

*Director of LSB Industries, Inc., Director of Seventy-Seven Energy and Director of Zais Financial Corporation*

*Director of 1 fund in the Fund Complex*

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*Director of no funds outside of the Fund Complex*

**Richard A. Silver**

Former Manager of Silver Oak Land Trusts I, II, III, IV, V and VII, LLCs. Formerly, Executive Vice President, Fidelity Investments.

*Year of Birth: 1947*

*Director since: 2006*

*Director of 1 fund in the Fund Complex*

*Director of no funds outside of the Fund Complex*

The Fund holds annual stockholder meetings for the purpose of electing Directors, and Directors are elected for fixed terms. The Board of Directors is currently divided into three classes, each having a term of three years.

Each year the term of one class expires. Each Director's term of office expires on the date of the third annual meeting following election to office of the Director's class. Each Director will serve until next elected or his or her earlier death, resignation, retirement or removal or if not re-elected, until his or her successor is elected and has qualified.

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**The Korea Fund, Inc. Fund Officers** (unaudited)

**Name, Year of Birth, Position(s) Held with the Fund.**

**Joseph Quirk**

*Year of Birth: 1970*

*President & Chief Executive Officer since: 2014*

**Lawrence G. Altadonna**

*Year of Birth: 1966*

*Treasurer, Principal Financial and Accounting Officer*

*since: 2013*

**Thomas J. Fuccillo**

*Year of Birth: 1968*

*Secretary & Chief Legal Officer since: 2007*

**Richard J. Cochran**

*Year of Birth: 1961*

*Assistant Treasurer since: 2009*

**Thomas L. Harter**

*Year of Birth: 1975*

*Chief Compliance Officer since: 2013*

**Principal Occupation(s) During Past 5 Years:**

Managing Director and Head of Fund Operations of Allianz Global Investors U.S. Holdings LLC since 2008; Chief Operating Officer of Allianz Global Investors Distributors LLC since 2013; President and Chief Executive Officer of 2 funds in the Fund Complex.

Director, Director of Fund Administration of Allianz Global Investors Fund Management LLC; Treasurer, Principal Financial and Accounting Officer of 68 funds in the Fund Complex and of The Korea Fund, Inc. Formerly, Assistant Treasurer of numerous funds in the Fund Complex (2005-2010).

Managing Director, Chief Legal Officer and Secretary of Allianz Global Investors Fund Management LLC and Allianz Global Investors Distributors LLC; Managing Director and Chief Regulatory Counsel of Allianz Global Investors U.S. Holdings LLC; Vice President, Secretary and Chief Legal Officer of 68 funds in the Fund Complex; and Secretary and Chief Legal Officer of The Korea Fund, Inc.

Vice President of Allianz Global Investors Fund Management LLC; Assistant Treasurer of 68 funds in the Fund Complex and of The Korea Fund, Inc.

Director of Allianz Global Investors U.S. Holdings LLC; Chief Compliance Officer of Allianz Global Investors Fund Management LLC; Chief Compliance Officer of 68 funds in the Fund Complex and of The Korea Fund, Inc. Formerly, Vice President and Compliance Manager (2005-2012).

*Officers hold office at the pleasure of the Board and until their successors are appointed and qualified or until their earlier resignation or removal.*

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**Directors**

Julian Reid  
Chairman of the Board of Directors  
Christopher B. Brader

Joseph T. Grause, Jr.

Marran H. Ogilvie

Richard A. Silver

**Officers**

Joseph Quirk  
President & Chief Executive Officer  
Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Thomas J. Fuccillo  
Secretary & Chief Legal Officer  
Richard J. Cochran  
Assistant Treasurer  
Thomas L. Harter  
Chief Compliance Officer

**Investment Manager/Administrator**

Allianz Global Investors U.S. LLC

1633 Broadway

New York, NY 10019

**Sub-Administrator**

Allianz Global Investors Fund Management LLC

1633 Broadway

New York, NY 10019

**Custodian & Accounting Agent**

State Street Bank & Trust Co.

801 Pennsylvania Avenue

Kansas City, MO 64105-1307

**Transfer Agent, Dividend Paying Agent and Registrar**

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, NY 11219

**Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP

1100 Walnut, Suite 1300

Kansas City, MO 64106

**Legal Counsel**

Ropes & Gray LLP

Prudential Tower

800 Boylston Street

Boston, MA 02199

*This report, including the financial information herein, is transmitted to the stockholders of The Korea Fund, Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.*

*Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase shares of its common stock in the open market.*

*The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of its fiscal year on Form N-Q. The Fund 's Form N-Q is available on the SEC 's website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC 's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Fund 's website at [www.thekoreafund.com](http://www.thekoreafund.com).*

**Information on the Fund is available at [www.thekoreafund.com](http://www.thekoreafund.com) or by calling the Fund 's stockholder servicing agent at (800) 254-5197.**

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**ITEM 2. CODE OF ETHICS**

- (a) As of the end of the period covered by this report, the registrant has adopted a code of ethics (the Section 406 Standards for Investment Companies Ethical Standards for Principal Executive and Financial Officers ) that applies to the registrant's Principal Executive Officer and Principal Financial Officer; the registrant's Principal Financial Officer also serves as the Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-254-5197. The code of ethics is included as an Exhibit 99.CODEETH hereto.
- (b) During the period covered by this report, there were not any amendments to a provision of the code of ethics adopted in 2(a) above.
- (c) During the period covered by this report, there were not any waivers or implicit waivers to a provision of the code of ethics adopted in 2(a) above.

**ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT**

The registrant's Board has determined that Mr. Richard A. Silver member of the Board's Audit Oversight Committee are audit committee financial expert, and that they are independent, for purposes of this Item

**ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

- a) **Audit fees.** The aggregate fees billed for each of the last two fiscal years (the Reporting Periods ) for professional services rendered by the Registrant's principal accountant (the Auditor ) for the audit of the Registrant's annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were \$93,800 in 2014 and \$92,285 in 2015.
- b) **Audit-Related Fees.** The aggregate fees billed in the Reporting Periods for assurance and related services by the principal accountant that are reasonably related to the performance of the audit registrant's financial statements and are not reported under paragraph (e) of this Item were \$0 in 2014 and \$0 in 2015. These services may consist of accounting consultations, agreed upon procedure reports, attestation reports and comfort letters.
- c) **Tax Fees.** The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance, tax service and tax planning ( Tax Services ) were \$15,300 in 2014 and \$15,300 in 2015. These services consisted of review or preparation of U.S. federal, state, local and excise tax returns and calculation of excise tax distributions.
- d) **All Other Fees.** There were no other fees billed in the Reporting Periods for products and services provided by the Auditor to the Registrant.

- e) 1. Audit Committee Pre-Approval Policies and Procedures. The Registrant's Audit Committee has established policies and procedures for pre-approval of all audit and permissible non-audit services by the Auditor for the Registrant, as well as the Auditor's engagements related directly to the operations and financial reporting of the Registrant. The Registrant's policy is stated below.

The Korea Fund, Inc. (the Fund )

#### AUDIT OVERSIGHT COMMITTEE POLICY FOR PRE-APPROVAL OF SERVICES PROVIDED BY THE INDEPENDENT ACCOUNTANTS

The Fund's Audit Oversight Committee ( Committee ) is charged with the oversight of the Fund's financial reporting policies and practices and their internal controls. As part of this responsibility, the Committee must pre-approve any independent accounting firm's engagement to render audit and/or permissible non-audit services, as required by law. In evaluating a proposed engagement by the independent accountants, the Committee will assess the effect that the engagement might reasonably be expected to have on the accountant's independence. The Committee's evaluation will be based on:

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a review of the nature of the professional services expected to be provided,  
the fees to be charged in connection with the services expected to be provided,  
a review of the safeguards put into place by the accounting firm to safeguard independence, and  
periodic meetings with the accounting firm.

**POLICY FOR AUDIT AND NON-AUDIT SERVICES TO BE PROVIDED TO THE FUND**

On an annual basis, the Fund's Committee will review and pre-approve the scope of the audit of the Fund and proposed audit fees and permitted non-audit (including audit-related) services that may be performed by the Fund's independent accountants. At least annually, the Committee will receive a report of all audit and non-audit services that were rendered in the previous calendar year pursuant to this Policy. In addition to the Committee's pre-approval of services pursuant to this Policy, the engagement of the independent accounting firm for any permitted non-audit service provided to the Fund will also require the separate written pre-approval of the President of the Fund, who will confirm, independently, that the accounting firm's engagement will not adversely affect the firm's independence. All non-audit services performed by the independent accounting firm will be disclosed, as required, in filings with the Securities and Exchange Commission.

**AUDIT SERVICES**

The categories of audit services and related fees to be reviewed and pre-approved annually by the Committee are:

- Annual Fund financial statement audits
- Seed audits (related to new product filings, as required)
- SEC and regulatory filings and consents

**AUDIT-RELATED SERVICES**

The following categories of audit-related services are considered to be consistent with the role of the Fund's independent accountants and services falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

- Accounting consultations
- Fund merger support services
- Agreed upon procedure reports
- Other attestation reports
- Comfort letters
- Other internal control reports

Individual audit-related services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chair (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$150,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

#### TAX SERVICES

The following categories of tax services are considered to be consistent with the role of the Fund's independent accountants and services falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

Tax compliance services related to the filing or amendment of the following:

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Federal, state and local income tax compliance; and, sales and use tax compliance

Timely RIC qualification reviews

Tax distribution analysis and planning

Tax authority examination services

Tax appeals support services

Accounting methods studies

Fund merger support service

Other tax consulting services and related projects

Individual tax services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$150,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

**PROSCRIBED SERVICES**

The Fund's independent accountants will not render services in the following categories of non-audit services:

Bookkeeping or other services related to the accounting records or financial statements of the Fund

Financial information systems design and implementation

Appraisal or valuation services, fairness opinions, or contribution-in-kind reports

Actuarial services

Internal audit outsourcing services

Management functions or human resources

Broker or dealer, investment adviser or investment banking services

Legal services and expert services unrelated to the audit

Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible

**PRE-APPROVAL OF NON-AUDIT SERVICES PROVIDED TO OTHER ENTITIES WITHIN THE FUND COMPLEX**



The Committee will pre-approve annually any permitted non-audit services to be provided to Allianz Global Investors Fund Management LLC or any other investment manager to the Funds (but not including any sub-adviser whose role is primarily portfolio management and is sub-contracted by the investment manager) (the Investment Manager ) and any entity controlling, controlled by, or under common control with the Investment Manager that provides ongoing services to the Fund (including affiliated sub-advisers to the Fund), provided, in each case, that the engagement relates directly to the operations and financial reporting of the Fund (such entities, including the Investment Manager, shall be referred to herein as the Accounting Affiliates ). Individual projects that are not presented to the Committee as part of the annual pre-approval process, may be pre-approved, if deemed consistent with the accounting firm s independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$150,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

Although the Committee will not pre-approve all services provided to the Investment Manager and its affiliates, the Committee will receive an annual report from the Fund s independent accounting firm showing the aggregate fees for all services provided to the Investment Manager and its affiliates.

#### DE MINIMUS EXCEPTION TO REQUIREMENT OF PRE-APPROVAL OF NON-AUDIT SERVICES

With respect to the provision of permitted non-audit services to a Fund or Accounting Affiliates, the pre-approval requirement is waived if:

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- (1) The aggregate amount of all such permitted non-audit services provided constitutes no more than (i) with respect to such services provided to the Fund, five percent (5%) of the total amount of revenues paid by the Fund to its independent accountant during the fiscal year in which the services are provided, and (ii) with respect to such services provided to Accounting Affiliates, five percent (5%) of the total amount of revenues paid to the Fund's independent accountant by the Fund and the Accounting Affiliates during the fiscal year in which the services are provided;
- (2) Such services were not recognized by the Fund at the time of the engagement for such services to be non-audit services; and
- (3) Such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this Committee Chairman or other delegate shall be reported to the full Committee at its next regularly scheduled meeting.
  - e) 2. No services were approved pursuant to the procedures contained in paragraph (C) (7) (i) (C) of Rule 2-01 of Registration S-X.
  - f) Not applicable
  - g) Non-audit fees. The aggregate non-audit fees billed by the Auditor for services rendered to the Registrant, and rendered to the Adviser, for the 2014 Reporting Period was \$5,359,295 and the 2015 Reporting Period was \$5,915,843.
  - h) Auditor Independence. The Registrant's Audit Oversight Committee has considered whether the provision of non-audit services that were rendered to the Adviser which were not pre-approved is compatible with maintaining the Auditor's independence.

**ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT**

The Fund has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The audit committee of the Fund is comprised of Julian Reid, Christopher B. Brader, Joseph T. Grause, Jr., Marran H. Ogilvie, and Richard Silver.

**ITEM 6. INVESTMENTS**

- (a) The registrant's Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

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**THE KOREA FUND, INC. (THE FUND )**

**PROXY VOTING POLICY**

1. It is the policy of the Fund that proxies should be voted in the interest of the shareholders as determined by those who are in the best position to make this determination. The Fund believes that the entity and/or persons purchasing and selling securities for the Fund and analyzing the performance of the Fund's securities are in the best position and have the information necessary to vote proxies in the best interests of the Fund and its shareholders; including in situations where conflicts of interest may arise between the interests of shareholders, on one hand, and the interests of the investment adviser and/or any other affiliated person of the Fund, on the other. Accordingly, the Fund's policy shall be to delegate proxy voting responsibility to the entity with portfolio management responsibility for the Fund.
2. The Fund delegates the responsibility for voting proxies to Allianz Global Investors U.S. LLC (AGI US), the adviser for the Fund. A summary of the detailed proxy voting policy for AGI US is set forth in Appendix A attached hereto, which may be revised from time to time to reflect changes to the adviser's detailed proxy voting policy.
3. AGI US shall vote proxies in accordance with its proxy voting policy, and to the extent consistent with such policy, may rely on information and/or recommendations supplied by others.
4. AGI US shall deliver a copy of its proxy voting policy, and any material amendments thereto, to the Board of The Korea Fund promptly after the adoption or amendment of such policy.

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5. AGI US shall: (i) maintain such records and provide such voting information as is required for the Fund's regulatory filings including, without limitation, Form N-PX and the required disclosure of policy called for by Item 18 of Form N-2 and Item 7 of Form N-CSR; and (ii) shall provide such additional information as may be requested, from time to time, by the Board or the Fund's Chief Compliance Officer.
  
6. This Proxy Voting Policy statement, a summary of the detailed proxy voting policy of AGI US, and how the Fund voted proxies relating to portfolio securities held during the most recent twelve month period ending June 30, is available (i) without charge, upon request, by calling 1-800-254-5197; (ii) on the Fund's website at [www.thekoreafund.com](http://www.thekoreafund.com); and (iii) on the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). In addition, to the extent required by applicable law or determined by the Fund's Chief Compliance Officer or Board of Directors, a summary of the detailed proxy voting policy of AGI US shall also be included in the Fund's Registration Statement or Form N-CSR filings.

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**Appendix A**

**Allianz Global Investors U.S. LLC ( AGI US )**

**Description of Proxy Voting Policy and Procedures**

AGI US typically votes proxies as part of its discretionary authority to manage accounts, unless the client has explicitly reserved the authority for itself. To ensure that the proxies are voted in the best interests of its clients, AGI US has adopted proxy voting procedures and guidelines for voting proxies on specific types of issues. When voting proxies, AGI US seeks to make voting decisions solely in the best interests of its clients and to enhance the economic value of the underlying portfolio securities held in its clients' accounts. AGI US will not be responsible for voting of proxies that AGI US has not been notified of on a timely basis by the client's custodian.

AGI US has adopted written Proxy Policy Guidelines and Procedures (the "Proxy Guidelines") that are reasonably designed to ensure that the firm is voting in the best interest of its clients. The Proxy Guidelines reflect AGI US's general voting positions on specific corporate governance issues and corporate actions. AGI US has retained two independent third party service providers (the "Proxy Providers"), to support two different groups of portfolio management teams, to assist in the proxy voting process by implementing the votes in accordance with the Proxy Guidelines as well as assisting in the administrative process. The services provided offer a variety of proxy-related services to assist in AGI US's handling of proxy voting responsibilities. Although both Proxy Providers have been instructed to follow the Proxy Guidelines, it is possible that in certain circumstances the Proxy Providers may interpret the Proxy Guidelines in different ways, and as a result AGI US may cast votes on behalf of one client account that are different than votes cast for the same shares held by another client account.

In certain circumstances, a client may request in writing that AGI US vote proxies for its account in accordance with a set of guidelines which differs from the Proxy Guidelines. For example, a client may wish to have proxies voted for its account in accordance with

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the Taft-Hartley proxy voting guidelines. In that case, AGI US will vote the shares held by such client accounts in accordance with their direction, which may be different from the vote cast for shares held on behalf of other client accounts that vote in accordance with the Proxy Guidelines.

AGI US will generally refrain from voting proxies on non-U.S. securities that are subject to share blocking restrictions. Certain countries require the freezing of shares for trading purposes at the custodian/sub-custodian bank level in order to vote proxies to ensure that shareholders voting at meetings continue to hold the shares through the actual shareholder meeting. However, because AGI US cannot anticipate every proxy proposal that may arise (including a proxy proposal that an analyst and/or portfolio manager believes has the potential to significantly affect the economic value of the underlying security, such as proxies relating to mergers and acquisitions), AGI US may, from time to time, instruct the Proxy Providers to cast a vote for a proxy proposal in a share blocked country.

The Proxy Guidelines also provide for oversight of the proxy voting process by a Proxy Committee. The Proxy Guidelines summarize AGI US's position on various issues, including issues of corporate governance and corporate actions, and give general indication as to how AGI US will vote shares on such issues. Occasionally, there may be instances when AGI US may not vote proxies in strict adherence to the Proxy Guidelines. To the extent that the Proxy Guidelines do not cover potential voting issues or a case arises of a potential material conflict between AGI US's interest and those of a client with respect to proxy voting, the Proxy Committee will convene to discuss the issues. In evaluating issues, the Proxy Committee may consider information from many sources, including the portfolio management team, the analyst responsible for monitoring the stock of the company at issue, management of a company presenting a proposal, shareholder groups and independent proxy research services. In situations in which the Proxy Guidelines do not give clear guidance on an issue, an analyst or portfolio manager and/or the Proxy Committee will review the issue. In the event that either the analyst or portfolio manager wishes to override the Proxy Guidelines, the proposal will be presented

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to the Proxy Committee for a final decision. Any deviations from the Proxy Guidelines will be documented and maintained in accordance with Rule 204-2 under the Advisers Act.

In accordance with the Proxy Guidelines, AGI US may review additional criteria associated with voting proxies and evaluate the expected benefit to its clients when making an overall determination on how or whether to vote a proxy. Upon receipt of a client's written request, AGI US may also vote proxies for that client's account in a particular manner that may differ from the Proxy Guidelines. In addition, AGI US may refrain from voting a proxy on behalf of its clients' accounts due to de-minimis holdings, immaterial impact on the portfolio, items relating to non-U.S. issuers (such as those described below), non-discretionary holdings not covered by AGI US, timing issues related to the opening/closing of accounts, securities lending issues (see below), contractual arrangements with clients and/or their authorized delegate, the timing of receipt of information, or where circumstances beyond its control prevent it from voting. For example, AGI US may refrain from voting a proxy of a non-U.S. issuer due to logistical considerations that may impair AGI US's ability to vote the proxy. These issues may include, but are not limited to: (i) proxy statements and ballots being written in a language other than English, (ii) untimely notice of a shareholder meeting, (iii) requirements to vote proxies in person, (iv) restrictions on non-U.S. person's ability to exercise votes, (v) restrictions on the sale of securities for a period of time in proximity to the shareholder meeting, or (vi) requirements to provide local agents with power of attorney to facilitate the voting instructions. Such proxies are voted on a best-efforts basis.

AGI US may vote in accordance with the proxy guidelines of its affiliate advisers when voting in connection with Wrap Programs. The affiliated adviser's guidelines may differ and in fact be in conflict with AGI US's voting guidelines. If a client has decided to participate in a securities lending program, AGI US will defer to the client's determination and not attempt to recall securities on loan solely for the purpose of voting routine proxies as this could impact the returns received from securities lending and make



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the client a less desirable lender in the marketplace. If the participating client requests, AGI US will use reasonable efforts to notify the client of proxy measures that AGI US deems material.

The ability to timely identify material events and recommend recall of shares for proxy voting purposes is not within the control of AGI US and requires the cooperation of the client and its other service providers. Efforts to recall loaned securities are not always effective and there can be no guarantee that any such securities can be retrieved in a timely manner for purposes of voting the securities.

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ITEM 8

**(a) (1)**

As of August 27, 2015, the following individuals have primary responsibility for the day-to-day management of The Korea Fund, Inc. (the Fund):

**Chris Leung, CFA**

Senior Portfolio Manager

**Chris** is currently a Senior Portfolio Manager, with responsibilities for Korean equity portfolios. Chris rejoined the group in 2014. He was previously with the group from April 2001 to March 2006 where he managed the Korean equity mandates, pan-regional strategies and provided support to the regional portfolio management team. Prior to re-joining, Chris specialized in long-short equity investments in Korea and Hong Kong/China at LAPP Capital. Before April 2001, Chris spent six years with AXA Investment Managers (HK) working as an investment analyst and portfolio manager, where he managed Korean country funds and was involved in Asian regional portfolios. Chris is a CFA charterholder and holds both a Masters of Business Administration and a Bachelor of Applied Science in Civil Engineering from the University of British Columbia in Canada.

**Raymond Chan, CFA**

*Chief Investment Officer, Equity Asia Pacific*

**Raymond** is responsible for the equity and multi-asset investment professionals in Asia Pacific (excluding Korea), reporting to the Global CIO in London, and is the Chairman of the Asia Balanced Investment Committee and the Regional Portfolio Management Group (RPMG) in Hong Kong. Raymond has overall responsibility for the investment process and performance and is a member of the Global Investment Management Group and Global Policy Council. He has 25 years of portfolio management experience in the region and is the lead manager for AllianzGI's Core Regional (Asia Pacific ex-Japan equity) products.

Prior to joining the Group, Raymond was Associate Director and Head of Greater China team with Barclays Global Investors in Hong Kong, where he specialized in Hong Kong, China and Taiwan stock markets and managed single country and regional portfolios. Raymond's Hong Kong Fund at Barclays was ranked no. 1 offshore fund in 1997. He is a CFA charter holder and 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, UK.

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The following summarizes information regarding each of the accounts, excluding the Fund that was managed by the Portfolio Manager as of June 30, 2015. The advisory fee charged for managing each of the accounts listed below is not based on performance.

PM	Fund	Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
	#	AUM(\$million)	#	AUM(\$million)
Chris Leung	0	0	2	52
Raymond Chan	0	0	4	268
				792

As of 30 June 2015.

In Asia Pacific, Allianz Global Investors broadly categorizes potential conflicts of interest into the following groups: (1) conflicts that may arise from being part of the Allianz Group, each group-company potentially pursuing interests in competition of other group companies; (2) conflicts that may arise among and between the various customers serviced through us and (3) conflicts between the interest of the customers and the interests of the company or its staff.

Policies have been devised and implemented for the potential conflict of interest identified. These form part of the policies and procedures applied on a group-wide basis, as well as in the local code of ethics and applicable standards and procedures. Where there is a risk of conflict of interest in light of the policies and procedures, in the absence of standard protocols, our Compliance team is normally involved to ensure a fair and equitable handling of the issues presented.

Policies and procedures are based on reviews of local and international regulatory requirements as well as on standards of the industry, and seek to achieve best-practice results. Internal processes are regularly reviewed and tested for adequacy and compliance with these policies.

Compliance policies are made available on our intranet site and are communicated to every new employee upon joining, which they have to acknowledge in an initial declaration. Compliance training is provided to all staff members in informational sessions that are mandatory for each staff member on an annual basis. Attendance is recorded.

Chinese-walled business activities are located in physically separate areas. Employees of walled business activities are not permitted to enter business areas other than their own except for legitimate work or company-related purposes, and should not seek to obtain information from a walled area except on a legitimate need to know basis.

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**(a) (3)**

The following explains the compensation structure of the individuals that have the primary responsibility for day-to-day portfolio management of the Fund:

Allianz Global Investors acknowledges the importance of financial incentives, and rewards employees competitively in line with market practice and local regulations, as applicable. Individual compensation is typically a function of individual, team and company performance, and is also benchmarked against comparable market pay.

The primary components of compensation are the **base salary**, which typically reflects the scope, responsibilities and experience required in a particular role, and an **annual discretionary variable compensation payment**. The variable compensation typically includes both an annual **cash award** that pays out immediately at the end of the performance year and a **deferred component** for all members of staff whose variable compensation exceeds a certain threshold.

The deferred component consists of a Long-Term Incentive Programme Award (LTIPA) but, for those members of staff whose variable compensation exceeds a certain threshold, the deferred component is split 50% / 50% between the aforementioned LTIPA and a Deferral into Funds programme (DIF), which enables employees to invest in Allianz Global Investors investment strategies.

Deferral rates increase in line with the amount of variable compensation and can reach up to 50%. Awards, splits, components and deferral percentages are regularly reviewed to ensure they meet industry best practice and, where applicable, comply with regulatory standards.

Discretionary variable compensation is primarily designed to reflect the achievements of an individual against set goals over a certain time period. For an investment professional, these goals will typically be 70% quantitative and 30% qualitative. The quantitative element will reflect investment performance over a three-year rolling time period (calculated as one-year plus three-year results at 25% and 75% weightings respectively). For portfolio managers, the performance metric is aligned with the benchmarks of the client portfolios they manage or, if there is no reference benchmark, with the client's stated investment outcome objective. The qualitative element reflects contributions to broader team goals, such as idea sharing, contributions made to client review meetings, product development or product refinement initiatives, and the way behaviours reflect our core values of excellence, passion, integrity and respect.

The LTIPA element of the variable compensation, if applicable, cliff vests three years after each (typically annual) award. Its value is directly linked to the operating profit of Allianz Global Investors.

The DIF element of the variable compensation cliff vests three years after each (typically annual) award and enables qualifying members of staff to invest in a range of Allianz Global Investors funds. Investment professionals are encouraged to invest into their own funds or funds of a similar nature to those that they manage. The value of the DIF award is determined by the performance of the fund over the three-year period covering each award.

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**(a) (4)**

The following summarizes the dollar range of securities the portfolio manager for the Fund beneficially owned of the Fund that he managed as of June 30, 2015.

**The Korea Fund, Inc.**

<b>Portfolio Manager</b>	<b>Dollar Range of Equity Securities in the Funds</b>
Chris Leung	None
Raymond Chan	None

**Table of Contents****ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES**

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		(d) Maximum Number of Shares (or Units) that May Be Purchased Under the Plans or Programs
			(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	
July 1-31, 2014	53,536	43.22 <sup>1</sup>	53,536 <sup>2</sup>		745,337 <sup>2</sup>
August 1-31, 2014	48,574	43.99 <sup>1</sup>	48,574 <sup>2</sup>		696,763 <sup>2</sup>
September 1-30, 2014	46,400	42.57 <sup>1</sup>	46,400 <sup>2</sup>		650,363 <sup>2</sup>
October 1-31, 2014	74,640	39.78 <sup>1</sup>	74,640 <sup>2</sup>		575,723 <sup>2</sup>
November 1-30, 2014	53,400	38.26 <sup>1</sup>	53,400 <sup>2</sup>		522,323 <sup>2</sup>
December 1-31, 2014	66,409	37.73 <sup>1</sup>	66,409 <sup>2</sup>		455,914 <sup>2</sup>
January 1-31, 2015	46,300	38.97 <sup>1</sup>	46,300 <sup>2</sup>		409,614 <sup>2</sup>
February 1-28, 2015	46,932	39.05 <sup>1</sup>	46,932 <sup>2</sup>		362,682 <sup>2</sup>
March 1-31, 2015	52,468	39.46 <sup>1</sup>	52,468 <sup>2</sup>		310,214 <sup>2</sup>
April 1-30, 2015	60,100	42.22 <sup>1</sup>	60,100 <sup>2</sup>		250,114 <sup>2</sup>
May 1-31, 2015	57,300	41.93 <sup>1</sup>	57,300 <sup>2</sup>		192,814 <sup>2</sup>
June 1-30, 2015	28,800	40.69 <sup>1</sup>	28,800 <sup>2</sup>		164,014 <sup>2</sup>
<b>Totals</b>	<b>634,859</b>		<b>634,859</b>		

<sup>1</sup> Subject to fees of up to \$0.03 per share repurchased.

<sup>2</sup> The Fund has a share repurchase program under which the Fund repurchases its common stock in the open market on any day that the Fund's shares are trading at a discount of 8% or more from NAV the prior day and there is a daily average discount of 8% or more from NAV over the 5-day period ending the prior day. On each day that shares are repurchased, the Fund repurchases its shares to the maximum extent permitted by law unless the Investment Manager determines that such a repurchase would be detrimental to the Fund and its stockholders. In addition, on a day that shares are repurchased, in addition to the limits set forth above, the Fund will repurchase shares only at such times that the market price represents a discount of 8% or more from the Fund's closing NAV on the prior day. Under the program, the Fund is authorized to repurchase in each twelve month period ended June 30 up to 10% of its common stock outstanding as of June 30 of the prior year.

**ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Directors since the Fund last provided disclosure in response to this item.

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**ITEM 11. CONTROLS AND PROCEDURES**

(a) The registrant's President and Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a-3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**ITEM 12. EXHIBITS**

(a) (1) Exhibit 99.CODE ETH Code of Ethics

(a) (2) Exhibit 99.302 Cert. Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(a) (3) Not applicable

(b) Exhibit 99.906 Cert. Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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Signature

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) The Korea Fund, Inc.

By: /s/ Joseph Quirk  
Joseph Quirk  
President & Chief Executive Officer

Date: August 27, 2015

By: /s/ Lawrence G. Altadonna  
Lawrence G. Altadonna  
Treasurer, Principal Financial &  
Accounting Officer

Date: August 27, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Joseph Quirk  
Joseph Quirk  
President & Chief Executive Officer

Date: August 27, 2015

By: /s/ Lawrence G. Altadonna  
Lawrence G. Altadonna  
Treasurer, Principal Financial &  
Accounting Officer

Date: August 27, 2015