

KOREA FUND INC  
Form N-Q  
November 25, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

OMB APPROVAL  
OMB  
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**FORM N-Q  
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY**

Investment Company Act File Number: 811-04058

Registrant Name: The Korea Fund, Inc.

Address of Principal Executive Offices: 4 Embarcadero Center, 30<sup>th</sup> Floor, San Francisco, CA 94111

Name and Address of Agent for Service: Brian S. Shlissel 1345 Avenue of the Americas, New York, New York 10105

Registrant's telephone number, including area code: 212-739-3369

Date of Fiscal Year End: June 30, 2009

Date of Reporting Period: September 30, 2008

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b 1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ( OMB ) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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**Item 1. Schedule of Investments****The Korea Fund, Inc. Schedule of Investments**

September 30, 2008 (unaudited)

| Shares   |  | Value*       |
|--|--|--------------|
| <b>COMMON STOCK 93.5%</b>                          |  |              |
| <b>Chemicals 2.1%</b>                              |  |              |
| 27,873   | KCC Corp. (d)                                    | \$ 8,694,594 |
| <b>Commercial Banks 7.9%</b>                       |  |              |
| 291,410  | Hana Financial Group, Inc.                       | 6,853,205    |
| 1,397,260  | Korea Exchange Bank                              | 12,976,660   |
| 384,106  | Shinhan Financial Group Co., Ltd.                | 13,742,387   |
|  |  | 33,572,252   |
| <b>Commercial Services &amp; Supplies 2.8%</b>     |  |              |
| 231,633  | S1 Corp. (d)                                     | 11,800,365   |
| <b>Communications 3.8%</b>                         |  |              |
| 462,110  | KT Corp.   | 15,956,634   |
| <b>Construction &amp; Engineering 9.3%</b>         |  |              |
| 107,942  | GS Engineering & Construction Corp. (d)          | 8,717,018    |
| 300,000  | Heerim Architects & Planners                     | 2,129,001    |
| 258,378  | Hyundai Development Co. (d)                      | 9,651,198    |
| 234,802  | Hyundai Engineering & Construction Co., Ltd. (d) | 14,084,672   |
| 213,890  | Korea Plant Service & Engineering Co., Ltd.      | 4,941,855    |
|  |  | 39,523,744   |
| <b>Consumer Finance 2.2%</b>                       |  |              |
| 269,899  | Samsung Card Co., Ltd.                           | 9,206,748    |
| <b>Diversified Industrials 2.4%</b>                |  |              |
| 192,519  | LG Corp. (d)                                     | 10,024,735   |
| <b>Electronic Equipment &amp; Instruments 1.4%</b> |  |              |
| 134,591  | SFA Engineering Corp. (d)                        | 6,001,037    |
| <b>Food &amp; Staples Retailing 6.3%</b>           |  |              |
| 60,748   | CJ Cheil Jedang Corp. (b)                        | 9,877,510    |
| 41,051   | CJ Home Shopping                                 | 2,356,557    |
| 30,365   | Nong Shim Co., Ltd. (d)                          | 5,576,916    |
| 18,615   | Shinsegae Co., Ltd.                              | 8,785,931    |
|  |  | 26,596,914   |

**Insurance 3.0%**

|        |   |            |
|--------|---|------------|
| 71,704 | Samsung Fire & Marine Insurance Co., Ltd. | 12,552,219 |
|--------|---|------------|

**Internet Software & Services 5.2%**

|         |                                  |           |
|---------|----------------------------------|-----------|
| 155,719 | Daum Communications Corp. (b)(d) | 5,339,903 |
|---------|----------------------------------|-----------|

|         |                |            |
|---------|----------------|------------|
| 684,503 | LG Dacom Corp. | 12,158,116 |
|---------|----------------|------------|

|        |                  |           |
|--------|------------------|-----------|
| 34,326 | NHN Corp. (b)(d) | 4,403,072 |
|--------|------------------|-----------|

21,901,091

**Media 2.2%**

|        |                            |           |
|--------|----------------------------|-----------|
| 49,437 | Cheil Communications, Inc. | 9,280,887 |
|--------|----------------------------|-----------|

**Metals & Mining 11.3%**

|         |                              |            |
|---------|------------------------------|------------|
| 392,595 | Dongkuk Steel Mill Co., Ltd. | 12,124,225 |
|---------|------------------------------|------------|

|         |                       |            |
|---------|-----------------------|------------|
| 221,930 | Hyundai Steel Co. (d) | 11,134,426 |
|---------|-----------------------|------------|

|        |       |            |
|--------|-------|------------|
| 65,892 | POSCO | 24,718,693 |
|--------|-------|------------|

47,977,344

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

September 30, 2008 (unaudited)

| Shares  |  | Value*                |
|---|--|-----------------------|
| <b>Pharmaceuticals 3.0%</b>                                 |  |                       |
| 72,005  | Yuhan Corp. (d)  | \$ 12,914,060         |
| <b>Road &amp; Rail 2.1%</b>                                 |  |                       |
| 108,846   | Korea Express Co., Ltd. (b)                                      | 8,817,191             |
| <b>Semi-conductors 13.0%</b>                                |  |                       |
| 866,880   | Hynix Semiconductor, Inc. (b)(d)                                 | 14,364,683            |
| 88,669  | Samsung Electronics Co., Ltd.                                    | 40,632,869            |
|   |  | 54,997,552            |
| <b>Shipbuilding 3.0%</b>                                    |  |                       |
| 252,693   | Daewoo Shipbuilding & Marine Engineering Co., Ltd. (d)           | 6,378,554             |
| 28,147  | Hyundai Heavy Industries Co., Ltd. (d)                           | 6,516,131             |
|   |  | 12,894,685            |
| <b>Tobacco 4.6%</b>   |  |                       |
| 258,896   | KT&G Corp.   | 19,323,243            |
| <b>Wholesale 6.6%</b>                                       |  |                       |
| 496,560   | Daewoo International Corp. (d)                                   | 13,060,194            |
| 333,320   | Samsung Corp. (d)  | 14,772,371            |
|   |  | 27,832,565            |
| <b>Wireless Telecommunications Services 1.3%</b>            |  |                       |
| 31,799  | SK Telecom Co., Ltd.   | 5,443,133             |
|   | Total Common Stock (cost \$347,183,901)                          | 395,310,993           |
| <b>SHORT-TERM INVESTMENT 22.9%</b>                          |  |                       |
| <b>Collateral Invested for Securities on Loan (c) 22.9%</b> |  |                       |
| 97,296,755  | BNY Institutional Cash Reserves Fund, 2.089% (cost \$97,296,755) | 97,072,002            |
|   | <b>Total Investments</b> (cost \$444,480,656) (a) <b>116.4%</b>  | <b>492,382,995</b>    |
|   | Liabilities in excess of other assets (16.4)%                    | (69,384,274)          |
|   | <b>Net Assets 100.0%</b>   | <b>\$ 422,998,721</b> |

Notes to Schedule 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 last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value, are fair-valued, in good faith, by the Board of Directors or persons acting at the Board's direction pursuant to guidelines established by the Board of Directors. 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 dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the last quoted mean price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. With respect to Korean equity securities, the Fund fair values its 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 securities 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 their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold.

- (a) Securities with an aggregate value of \$395,310,993, representing 93.5% of net assets, have been valued utilizing modeling tools provided by a third-party vendor.
  - (b) Non-income producing.
  - (c) Security purchased with cash proceeds from securities on loan.
  - (d) All or portion of securities on loan with an aggregate market value of \$89,399,847; cash collateral of \$97,296,755 was received with which the Fund purchased short-term investments.
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**Fair Value Measurements** Effective July 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( SFAS 157 ). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of the fair value measurements. The three levels of the fair value hierarchy under SFAS 157 are described below:

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The valuation techniques used by the Fund to measure fair value during the three months ended September 30, 2008 maximized the use of observable inputs and minimized the use of unobservable inputs. The Fund utilized the following fair value technique: estimation of the price that would have prevailed in a liquid market for international equities given information available at the time of evaluation.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used at September 30, 2008 in valuing the Fund's investments carried at value:

| Valuation Inputs                            | Investments in Securities |
|---|---------------------------|
| Level 1 Quoted Prices                       | \$                        |
| Level 2 Other Significant Observable Inputs | 492,382,995               |
| Level 3 Significant Unobservable Inputs     |                           |
| Total                                       | \$ 492,382,995            |

**Item 2. Controls and Procedures**

(a) The registrant's President & Chief Executive Officer and Treasurer, Principal Financial & 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 controls over financial reporting (as defined in Rule 30a-3 (d) under the Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits**

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

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**SIGNATURES**

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/ Robert Goldstein  
Robert Goldstein  
President & Chief Executive Officer

Date: November 25, 2008

By: /s/ Brian S. Shlissel  
Brian S. Shlissel  
Treasurer, Principal Financial & Accounting  
Officer

Date: November 25, 2008

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/ Robert Goldstein  
Robert Goldstein  
President & Chief Executive Officer

Date: November 25, 2008

By: /s/ Brian S. Shlissel  
Brian S. Shlissel  
Treasurer, Principal Financial & Accounting  
Officer

Date: November 25, 2008