

The Korea Fund Inc



Proxy Solicitation, April 2007

Background & Manager Identification Process

- Oct 05 Investment Committee Formed & Mercer Investment Consultants engaged
- Sep 06 Detailed report commissioned on DeAM leading to an Initial report covering 19 Managers of Korean equities
- Oct 06 'Manager Long List' researched & evaluated on Mercer's quality assessment
- Nov 06 In person beauty parades for 5 managers
- Dec 06 Single unanimous choice selected from 3 finalists

RCM

- Founded in 1970: offices in San Francisco, London, Frankfurt, Hong Kong, Tokyo & Sydney
- Member of Allianz Global Investors but operating as an independent meritocracy managing US\$128.2bn including US\$8.8bn from HK
- Over 200 investment professionals including 52 career analysts supported by GrassrootsSM analysts
- Strong team-oriented culture, driven by innovative research

RCM IN ASIA

- 23 years Asian experience: based in HK, Tokyo & Sydney
- 41 investment professionals including 26 analysts & GrassrootsSM research
- AUM US\$12 bn
- AGI Korea office AUM US\$9bn. With 15 investment professionals

RCM Korean Resources

Korean investment team based in Hong Kong consisting:

CIO

Chief Portfolio Manager

Portfolio Manager

Korean Analyst – domestic sectors

Regional Analyst – regional small cap.

& 5 regional sector analysts

Grassroots Analysts

AGI Korea Team

Investment Style grounded in bottom-up so therefore growth oriented

Why RCM?

Your board's in depth analysis identified RCM's:

1. **Idea Generation:** deep, sector focussed, proprietary research at both 'top down' and 'bottom up' levels
2. **Portfolio Construction:** driven by a strong research conviction, portfolios tend to be concentrated in some 35-45 stocks
3. **Implementation:** RCM's boutique niche will not hinder dealing
4. **Business Management:** clear and observable support is provided the Asian div. which continues to grow both in terms of human resources and AUM

RCM's Team

- **Dr Mark Konyn** CEO Asia Pacific
- **Raymond Chan** CFA CIO Asia Pacific Head of Investment Process and Performance.
- **Matthew Lee** Senior Portfolio Manager 20 years experience pan Asia with Schroders, Credit Suisse & AXA.
- **Brian Shlissel** Director of Fund Administration at AGI Fund Management
- **Christoph Hofmann** Director of Closed-End Funds at AGI

Historic Performance

RCM seeks to consistently deliver superior investment results using its innovative and proprietary fundamental and Grassroots research

RCM's Asian office has provided historically successful results

Excess Return over the KOSPI 5 years to Dec 31 2006 (Rank)

RCM Korean Equity*	30.4%	(2)
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Korean i-share	23.6%	(8)
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Source: Mercer

** Gross of fees (1.5% PA)*

Investment Management Summary

1. Impressive & focussed research
2. Concentrated portfolio construction methodology, driven by research
3. Risk management separate from the PM
4. Strong and expanding Asian presence
5. A boutique asset management culture under the strong Allianz umbrella
6. Historically successful performance in Korea and other markets
7. Strong and integrated US & local compliance oversight
8. Infrastructure and US/global marketing support from affiliate AGI particularly in the Investment companies sector

Stock Dividend Proposal

- Investment Manager clearly hampered by the very high proportion of capital gains
- Cash pay backs induce the 'Cascade' affect
- Stock dividends are appropriate for both institutional and retail stockholders if combined with a cash alternative

Contact Details

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