

ICM KAVF Korea Active Value-up Fund



Fund details

ICM KAVF (the “Fund”) employs a specialised strategy targeting deeply undervalued South Korean stocks poised to benefit from supportive policy tailwinds. Led by an experienced, locally based team that engages directly with management, the Fund aims to unlock value through governance reform, operational improvement and capital structure optimisation, accelerating policy-driven re-ratings and delivering attractive risk-adjusted absolute returns.

Investment approach

The Fund seeks to invest in a concentrated portfolio of 10-20 holdings, selected through rigorous bottom-up analysis and 360-degree primary research, while pursuing active engagement strategies aimed at delivering absolute returns. Position sizes are tailored to suit the engagement strategy for each company.

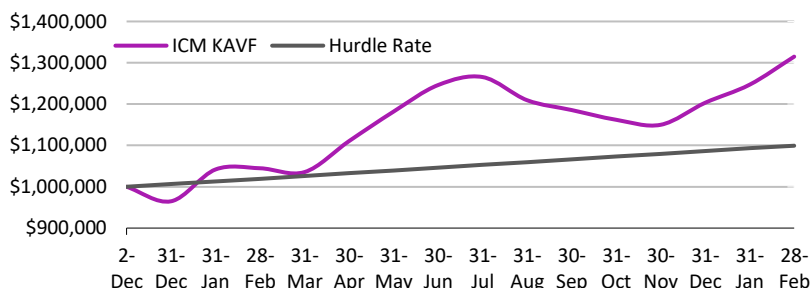
The Fund

The Fund is a registered sub-fund of ICMGF Innovation VCC (the “VCC”), a variable capital company incorporated in the Republic of Singapore. In accordance with Section 29 of the VCC Act, the Fund’s assets and liabilities are segregated from those of other sub-funds within the VCC. The Fund is managed by ICM Global Funds Pte. Ltd. as an open-ended collective investment scheme with no fixed duration.

Performance

Cumulative performance

(after all fees and expenses, including performance fee accruals)



Illustrates the growth of a US\$1,000,000 investment since the Fund’s inception.

NAV monthly performance

(after all fees and expenses, but prior to performance fee accruals)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
2024													-3.5%	-3.5%
2025	8.0%	0.3%	-0.9%	8.4%	7.8%	6.5%	1.7%	-5.5%	-2.5%	-2.6%	-1.4%	5.6%	26.9%	
2026	4.4%	6.6%											11.3%	

Summary of key investment terms and service providers

Eligible Investors	Accredited or Institutional Investors ¹ only
Minimum Initial Investment	US\$500,000 or subject to the discretion of the Board of ICMGF Innovation VCC
Management Fee	1.0% per annum of NAV
Hurdle Rate	8.0% per annum
Performance Fee	20.0% of the outperformance of the Hurdle Rate, subject to high watermark
Pricing	Monthly in US dollars
ISIN	SGXZ94742145
Administrator	ASCENT Fund Services (Singapore) Pte. Ltd.
Auditor	EisnerAmper PAC
Counsel	BTPLaw LLC

Note 1: Accredited Investors and Institutional Investors as defined in section 4A of the Singapore Securities and Futures Act.

Investment team lead



Jae Yoo

Jae Yoo, CFA, brings over 18 years of experience in capital markets and corporate finance. Before joining ICM in 2019, he held senior positions at leading investment banks and consulting firms, where he advised blue-chip corporates on strategic and capital structure matters and executed M&A mandates for global and top-tier private equity sponsors, including non-core asset divestitures and public-to-private transactions. This experience underpins his leadership of engagement initiatives focused on creating value through governance reform, operational enhancement, and capital structure optimisation. Bilingual in Korean and English, Jae is based in Seoul, South Korea.

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Market insight

Korean equities extended their re-rating in February, with the KOSPI breaking above 6,000 for the first time on 25 February. The index is already up 48% YTD, following a 76% gain in 2025, with Samsung Electronics acting as a major bellwether and rising 81% YTD on the back of sustained AI momentum. While the semiconductor sector remains a key growth driver, broader market strength also reflects growing investor conviction that the long-entrenched “Korea discount” is finally beginning to narrow. This optimism is underpinned not only by earnings momentum, but also by meaningful shareholder rights reforms and a broader push for stronger capital allocation discipline.

On the macroeconomic front, the Bank of Korea (“BOK”) held policy rates steady on 26 February, aligning with market expectations. Strong semiconductor exports and stabilising inflation have allowed policymakers more flexibility to manage currency volatility and monitor elevated household debt. Reflecting this somewhat firmer economic backdrop, the BOK also upgraded its annual growth forecast from 1.8% to 2.0%.

February’s most significant policy development was the National Assembly’s passage of the third amendment to the Korea Commercial Code (“KCC”) on 25 February. A key provision requires listed companies to cancel newly acquired treasury shares within one year. As noted in our previous newsletters, this measure closes a widely criticised loophole that allowed companies to deploy treasury shares as a tool for control rather than as a means of enhancing shareholder value. In practical terms, this shift from nominal buybacks to genuine capital returns should significantly expand engagement opportunities for shareholders focused on balance sheet efficiency and the equal treatment of minority investors.

The 2026 AGM season represents a critical inflection point for shareholder activism in Korea. It will be the final AGM cycle before several key reforms to the KCC take full effect, including mandatory cumulative voting for large listed companies, the broader separate election of audit committee members, and the expanded application of the 3% voting cap. It will also be the first AGM season following the Supreme Court’s landmark April 2025 ruling involving the former chairman of Namyang Dairy Products, which

held that a director with a personal financial interest in a remuneration resolution constitutes a “specially interested party” under Article 368(3) of the KCC and therefore may not exercise voting rights on resolutions approving directors’ remuneration caps. The decision directly challenges the longstanding practice at many Korean companies whereby controlling shareholders effectively participated in approving their own pay.

While these developments structurally strengthen minority shareholders’ ability to influence board composition and oversight, there is a growing risk that some companies will attempt to blunt the practical impact of the reforms. We expect to see procedural workarounds, such as amendments to articles of incorporation, staggered board terms, or board-size adjustments, that remain technically lawful while undermining the spirit of the changes.

As a result, shareholders are likely to broaden their focus beyond traditional demands such as dividends and buybacks to scrutinise AGM agenda design itself. In particular, greater attention will be paid to proposed amendments to the articles of incorporation, the processes by which directors are nominated, the structure of audit committees, and whether remuneration caps unfairly advantage insiders. Ultimately, the next phase of governance reform in Korea will depend not only on legislation, but also on whether shareholders, proxy advisers, and institutional investors actively enforce the substance of these reforms at the company level.

Fund performance

The Fund’s NAV increased by 6.6% in February, with the USD/KRW exchange rate remaining broadly flat during the month at 1,440.

As we approach the March AGM season, we are seeing mixed outcomes across our portfolio following recent engagements. Over the past few weeks, we sent letters to boards and engaged directly with management teams to propose initiatives for enhancing shareholder value. Encouragingly, six of our eleven portfolio companies announced higher dividends, achieving an average dividend per share (DPS) increase of 41%. In these instances, management and boards aligned with our proposals to improve shareholder returns. The newly introduced separate dividend taxation regime has

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been particularly helpful in persuading some companies to implement these meaningful payout increases.

We are continuing to work with other investee companies to optimise capital allocation policies and establish direct dialogue with controlling shareholders. The current level of receptiveness marks a significant improvement from five to six years ago, when our constructive engagement success rate (in terms of companies implementing some of our proposals) hovered around 20-30%. Today, more than half of our portfolio companies have implemented, or are actively considering, our proposals and are engaging constructively with us. We believe the policy and tax reforms introduced over the past year have been instrumental in shifting corporate attitudes regarding shareholder value and minority rights.

However, constructive engagement has not succeeded in every instance. We currently anticipate proxy contests at the upcoming AGMs of three investee companies, reflecting a shift from dialogue to a more assertive approach. In these cases, we are working with other like-minded shareholders to increase pressure on the controlling shareholders and improve the likelihood of a successful outcome. For the remaining companies, we are maintaining open channels, with 1-on-1 meetings scheduled with management and board members post-AGM.

Overall, we believe Korean companies are increasingly aware of the evolving policy environment. They are becoming more receptive to shareholder engagement, while also recognising the growing likelihood of activist intervention when governance and capital allocation remain misaligned with shareholder interests.

Important notes

The information presented in this document is solely for information purposes and is not intended to be, and should not be construed as, an offer or recommendation to deal in ICMGF Innovation VCC - ICM KAVF (Registration number T23VC0027A-SF001). Investments in the Fund are subject to investment risks and the value of investments and the income derived from them may fall as well as rise and investors may not get back the principal amount invested. Past performance is not indicative of future performance. Investors should read the information memorandum along with the supplement(s) and seek relevant professional advice before making any investment decision. The information presented has been obtained from sources believed to be reliable, but no representation or warranty is given or may be implied that they are accurate or complete. The Investment Manager, ICM Global Funds Pte. Ltd. (UEN: 202031600G), reserves the right to make any amendments to the information at any time, without notice. This document is intended solely for institutional investors and accredited investors as defined under the Securities and Futures Act (Cap 289) of Singapore. This document has not been reviewed by the Monetary Authority of Singapore.

About the Investment Manager

ICM Global Funds Pte. Ltd. is incorporated and based in Singapore, and is a wholly owned subsidiary of ICM Limited. ICM Global Funds Pte. Ltd. is a fund management company serving accredited and institutional investors across a range of asset classes and strategies from traditional equity and fixed income, to alternative investments such as private equity, private debt/convertibles, and structured products. ICM Global Funds Pte. Ltd. is regulated by the Monetary Authority of Singapore and holds a Capital Markets Services license to conduct fund management activity. ICM Global Funds Pte. Ltd. manages funds primarily through variable capital company structures which provide flexibility, tax efficiency and privacy to clients.