ICM KAVF Korea Active Value-up Fund

MANAGED BY ICM GLOBAL FUNDS

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.

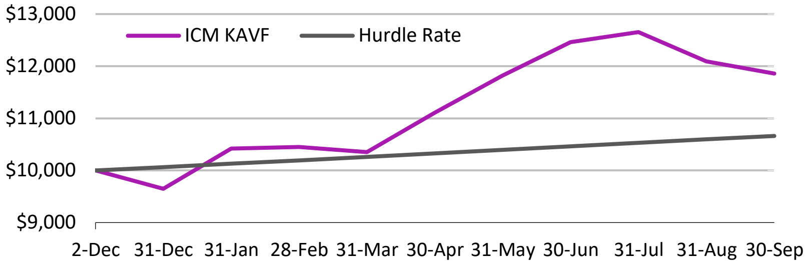
The Fund

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$10,000 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%				25.2%

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
Redemption Notice	20 business days
Redemption Fee	5.0% fee charged on any redemption made within 12 months of investment
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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Fund letter September 2025

Market insight

Korean equities advanced strongly in September. Market gains during the month were largely concentrated in a narrow group of AI and semiconductor-related stocks, as investors rotated heavily into large-cap technology and chipmakers. Samsung Electronics and SK Hynix were standout performers, gaining 20.4% and 29.2%, respectively, and driving the KOSPI Index up 7.5% for the month. As the two largest constituents of the Korean market, together representing roughly one-third of the index's market capitalisation, their performance had an outsized impact. Year to date, both stocks have delivered exceptional returns, with Samsung Electronics up 57.7% and SK Hynix nearly doubling with a 99.8% gain.

On the policy side, Korea continues to advance its corporate governance reform agenda. The second amendment to the Korean Commercial Code ("KCC") took effect on 9 September, following earlier reforms that expanded directors' fiduciary duties to explicitly include shareholder protection, introduced cumulative voting, and required separate elections for audit committee members in large listed companies. A third amendment is under review, which would require the mandatory cancellation of treasury shares. Complementing these policy changes, the government unveiled a broader corporate governance and capital market reform initiative, covering updated KCC guidelines, rationalisation of merger valuation methods, and measures to improve transparency and market efficiency. These efforts were reaffirmed at the President's 100-day press conference on 11 September, which emphasised eliminating unfair trading practices, encouraging higher dividends, expanding domestic pension fund investment in equities, and maintaining the KRW 5 billion threshold for classifying major shareholders subject to capital gains tax, a decision later confirmed on 15 September.

During the month, these reforms began to influence the judicial landscape. In a closely watched case involving Taekwang Industrial, the court rejected minority shareholders' request to block the company's issuance of exchangeable bonds backed by treasury shares. The plaintiffs argued that the transaction was intended to strengthen the controlling shareholders' position amid a management dispute and constituted a breach of the directors' duty of loyalty. The court disagreed, ruling that fiduciary duty should be evaluated in the context of all shareholders' collective interests, and that fundraising decisions fall within the board's legitimate business judgment, provided they comply with relevant laws and the company's articles of incorporation. In particular, the court noted that the exchange price for the treasury shares, set at a 10% premium, and the company's detailed explanation of the intended use of proceeds (for investments in core business) were both appropriate. The court's endorsement of the board's decision may set an important precedent for future transactions involving treasury shares, clarifying the balance between directors' discretion and their obligations to shareholders.

Following the ruling, Taekwang Industrial announced that it is reviewing measures to serve the joint interests of the company and its shareholders, taking into account shareholder views, government policy trends, and prevailing market conditions. A board meeting is expected in October to determine whether to proceed with the bond issuance. While the judgment ultimately favoured the company, we believe it highlights a tightening governance environment in which listed firms will need to place greater emphasis on shareholder engagement, board accountability, and alignment with evolving fiduciary standards.

Fund performance

The Fund's NAV declined by 2.5% in September. Market activity was largely concentrated in a narrow group of large-cap technology and semiconductor stocks, leaving limited interest in other areas, particularly value-oriented sectors where the Fund has greater exposure. Consequently, the Fund's performance was affected by weakness in select industrial and cyclical names.

The Fund remains focused on undervalued companies with long-term structural catalysts rather than short-term momentum themes. We believe this positioning will prove beneficial over time as we continue to engage with investee companies on our proposals and look to build larger positions ahead of the AGM record date in December.

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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, which is headquartered in Bermuda. 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 an umbrella variable capital company structure which provides flexibility, tax efficiency and privacy to clients.