

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.

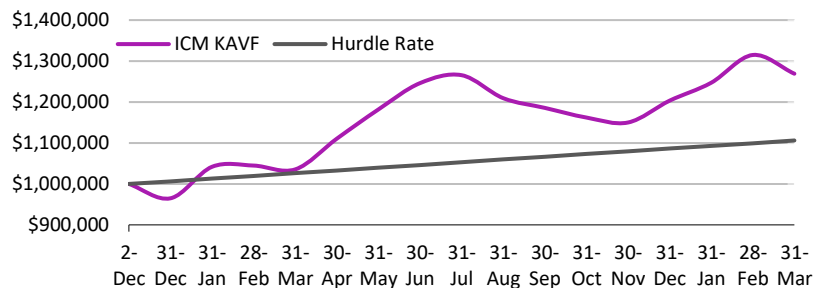
The Fund

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%	-4.4%										6.3%

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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Fund letter March 2026

Market insight

March was defined by a sharp escalation of conflict in the Middle East, with the US and Israel intensifying military action against Iran, which quickly became the dominant macro driver for global markets. The conflict led to significant disruptions in the Strait of Hormuz, driving oil prices sharply higher. Korean markets were heavily impacted, with the KOSPI falling 19.1% during the month, alongside a sharp depreciation of the won. Given that c.70% of Korea's oil imports originate from the Middle East, the shock has immediate implications for inflation and trade dynamics.

According to the Korea International Trade Association, Korea's supply chain vulnerability is particularly acute in energy and petrochemical inputs, with crude oil and naphtha exhibiting high import dependence from the Middle East, each exceeding 70%, and limited substitution options. Strategic materials such as helium and bromine also present risks due to their critical role in semiconductors and advanced manufacturing, while items such as LPG are relatively more resilient due to diversified sourcing.

In response, policymakers moved swiftly with a coordinated and expansionary policy package. The government announced a supplementary budget of ₩26tn (c.US\$17bn), largely funded by stronger than expected tax revenues, alongside expanded fuel tax cuts (25% for diesel, 15% for gasoline), increased utilisation of nuclear energy, removal of coal generation caps, and export controls on naphtha. While these measures should cushion near term shocks, a prolonged conflict could still have meaningful economic consequences.

Monetary policy also entered a new phase with the nomination of Shin Hyun-song as Governor of the Bank of Korea, with a parliamentary hearing scheduled in April. While inflation came in below expectations at 2.2% (vs. 2.4% consensus), underlying pressures remain, particularly from energy and transport costs. The emerging policy mix suggests fiscal policy will take the lead in stabilisation, with monetary policy remaining flexible but attentive to inflation risks.

March also marked the peak of Korea's AGM season, highlighting a meaningful evolution in corporate governance. While 2025 AGMs were primarily

focused on routine matters such as director elections, 2026 saw a clear pivot toward structural reform. According to data from the Korea Listed Companies Association, 84.5% of listed companies amended their articles of incorporation, largely to comply with recent Korea Commercial Code ("KCC") revisions, most notably the transition to "independent directors" and the formalisation of directors' fiduciary duties.

A key development was the increased friction around board proposals. Following the landmark Supreme Court ruling restricting the voting rights of interested directors, 6.2% of companies failed to pass director remuneration caps, an unprecedented outcome that signals a meaningful shift in shareholder power and provides minority shareholders with a more effective "stick". Similarly, new treasury stock rules forced 266 companies to seek shareholder approval to retain or dispose of shares, further strengthening minority influence.

Shareholder activism also gained momentum, with the number of companies facing shareholder proposals rising from 41 to 56, and total proposals increasing from 82 to 133. Passage rates improved modestly to 26.8% (from 24.4% in 2025), suggesting growing effectiveness, while increased adoption of electronic voting (64.9% vs. 61.0%) is lowering barriers to participation.

Overall, the 2026 AGM season reinforces a key structural shift that governance reform in Korea is becoming increasingly institutionalised. While valuation gaps remain wide, the combination of regulatory change, increasing shareholder assertiveness, and improving engagement dynamics continues to strengthen the opportunity set for investors.

Fund performance

The Fund's NAV rose 0.7% in local currency terms in March but declined 4.4% in USD terms due to the weaker won. Despite this, the Fund significantly outperformed the KOSPI, which fell 23.1% in USD terms. March was also a busy month, with our team attending AGMs across several portfolio companies.

A standout performer was Komelon, a global tape-measure manufacturer with c.60% domestic market share and a top-three brand position in the US,

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generating EBIT margins in excess of 20%. Despite strong fundamentals and cash generation, the stock traded at just 3-4x earnings and at a c.60% discount to our assessed NAV. This presented a compelling asymmetric opportunity: downside was well protected by its balance sheet (net cash exceeding 100% of market cap), while upside was underpinned by clear catalysts around improved capital returns and governance reforms.

The increasing government pressure on improving shareholder value and returns, and recent KCC amendments supported our engagement efforts. In February, Komelon raised its annual dividend to ₩700 per share (from ₩300 in the prior year), triggering an over 60% share price re-rating from our May 2025 entry. Into March, shareholders, including ourselves, pushed for further shareholder returns and governance improvements, alongside proposals on board structure and remuneration. The company responded with a value-up plan targeting a 30-40% payout ratio and an initial ₩10bn buyback (equivalent to c.7% of the market cap at the time).

At the AGM, minority shareholders, including us, demonstrated sufficient voting power to challenge the Chairman's 35% stake in the company, ultimately forcing a significant concession. Following discussions during the AGM, the Chairman agreed to support a materially increased buyback programme,

significantly larger than the company's initial proposal. This drove a further re-rating, with the share price exceeding ₩22,000, over 100% above our average cost.

The Komelon case shows how deep value, aligned shareholder pressure, and a supportive regulatory backdrop can combine to unlock substantial value in Korean equities. However, our key takeaway is that policy changes alone are not enough, and active engagement remains crucial to driving meaningful outcomes.

Looking ahead, we expect the ongoing conflict in the Middle East to remain a persistent driver of broader market volatility. We are closely monitoring the situation's downstream impact on our portfolio companies, particularly regarding supply chain resilience and cost exposures. Simultaneously, we remain alert to new opportunities that may emerge from the market dislocation.

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.