

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.

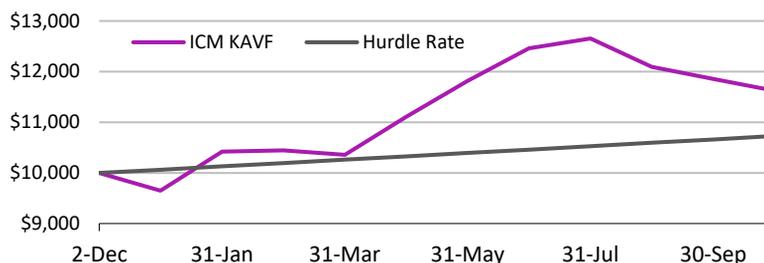
The Fund

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\$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%	-2.6%				21.9%

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.

ICM KAVF Korea Active Value-up Fund



Fund letter October 2025

Market insight

October was a landmark month for Korean equities, with the KOSPI surging 19.9% to break above the 4,000 level for the first time in history. The rally was driven by continued enthusiasm around AI and renewed optimism following a trade agreement with the US to reduce reciprocal tariffs from 25% to 15%.

The month began with a high-profile visit by OpenAI CEO Sam Altman, who met President Lee and senior executives from Samsung Electronics and SK Hynix to advance large-scale AI infrastructure partnerships, including data centre development and semiconductor supply arrangements. Later in the month, after the now famous “chicken and beer” gathering in Seoul by leaders from Nvidia, Samsung, and Hyundai, Nvidia announced a major chip supply agreement with the Korean government and leading conglomerates, reinforcing Korea’s ambition to become a regional AI hub. These developments fuelled a sharp rally in semiconductor stocks, with Samsung Electronics and SK Hynix soaring 28.1% and 60.9%, respectively, both reaching new all-time highs.

On the trade front, Korea successfully hosted the Asia-Pacific Economic Cooperation meetings, which included a series of summits with key partners including the US, China, and Japan. Discussions with the US resulted in an agreement to reduce tariffs while easing the upfront cash investment requirements previously demanded by Washington, a move hailed by Korean media as a major diplomatic success. Although some implementation details remain to be finalised, the agreement removes a significant overhang and reduces uncertainty surrounding future trade policy.

On the policy front, regulators are advancing the third amendment to the Korea Commercial Code, expected to pass by year-end, which includes introducing the mandatory cancellation of treasury shares to enhance shareholder value. In parallel, proposed revisions to the Capital Markets Act aim to strengthen minority shareholder protections in mergers and spin-offs through preferential share allocations and mandatory tender offer requirements.

The government is also reviewing a revision to the dividend tax regime. Several ruling-party lawmakers have proposed lowering the top rate proposed under

the separate dividend taxation system from 38.5% to 27.5%, aligning it with the top capital gains tax rate for major shareholders. As dividend income and capital gains are considered the same source of income, aligning the rates is expected to better encourage higher dividend payouts by controlling shareholders.

Separately, discussions continue around a proposed amendment to the Inheritance and Gift Tax Act, under which listed companies with a P/B below 0.8x would be taxed based on fair value, calculated using asset- and earnings-based methods with a 0.8x P/B floor, rather than market price. The proposal seeks to ensure fair taxation and discourage deliberate share price suppression ahead of ownership succession. In our view, if enacted, this would be a game changer for unlocking value in deep-value stocks, as it would remove one of the strongest incentives for controlling shareholders to keep share prices artificially low, though we expect significant resistance in the absence of corresponding cuts to inheritance tax rates.

Fund performance

The Fund’s NAV declined by 2.6% in October. The weakness of the Korean won against the USD was the main driver of the decline. Since the Fund’s launch, the won has depreciated by 2.1%, ending the month at USD/KRW 1,430. The 1,400 level is considered psychologically significant, as the exchange rate has breached this threshold only twice in history, during the Asian Financial Crisis, when Korea asked for an IMF bailout, and during the GFC. Since 2022, the USD/KRW has traded within the 1,200-1,500 range. While broad USD strength has been the primary driver for the weaker won, several additional factors, some of them structural, have also contributed. These include substantial capital outflows by Korean investors into overseas assets, particularly US equities; rising global protectionism, which has increased uncertainty in international trade and weighed on Korea’s export-driven economy; and the recent weakness of the yen, driven by expectations of further stimulus under the new prime minister.

ICM KAVF Korea Active Value-up Fund



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.