

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.

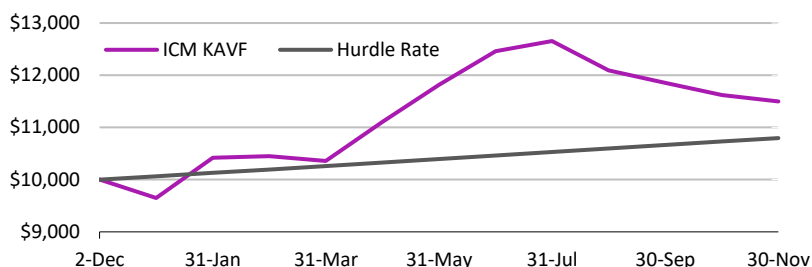
The Fund

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%	-1.4%		20.2%

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
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 November 2025

Market insight

Korean equities took a breather in November, with the KOSPI down 4.4% for the month (-7.2% in USD terms), though still up 63.6% YTD and among the best performers globally. This strength has yet to feed through to the broader economy, with the Bank of Korea (BoK) projecting subdued GDP growth of 1.0% in 2025 and 1.8% in 2026. The BoK held the policy rate at 2.50% in November and indicated that the rate-cut cycle has effectively concluded, citing firmer inflation, a slightly improved growth outlook, and continued attention to financial stability risks.

Against this backdrop, a combination of higher bond yields and a weaker won has raised some concern, as these can at times suggest stress or early outflow pressure. However, the moves appear more closely linked to shifting policy expectations than to any deterioration in fundamentals. Through the middle of the year, soft growth, subdued inflation, a stable USD/KRW in the mid-1,300s and a cooling housing market supported the case for easing, and yields drifted lower as markets priced in that possibility. By year end, the picture had changed. Growth expectations improved, inflation firmed, USD/KRW moved into the 1,400s and housing activity picked up. In this environment, a more cautious stance from the BoK became more likely, prompting markets to unwind earlier expectations for rate cuts and generating some policy disappointment that lifted both yields and the exchange rate. Importantly, other indicators do not point to elevated risk. The KOSPI remains near record highs and Korea's CDS spreads are low, suggesting markets continue to view Korea's fundamentals as stable.

Korea's external position also provides a meaningful buffer. Unlike during the Asian Financial Crisis (AFC), when Korea was a net external debtor and vulnerable to currency shocks, the country now holds a sizeable net external asset position, with external financial assets exceeding liabilities by more than US\$1 trillion. This strengthens resilience and means that the impact of a weaker won is more mixed than in past episodes. As a result, a USD/KRW level above 1,400 carries far less systemic risk than during the AFC or the GFC, and it seems increasingly likely that a softer

won may be a feature of the current environment rather than a sign of stress.

A further external factor worth monitoring is Japan's policy direction and the trajectory of the yen. Japan's new prime minister, Sanae Takaichi, is widely viewed as favouring Abenomics-style policies focused on fiscal expansion, reluctance to endorse higher rates and closer alignment between government and central bank objectives. Historically, this approach has contributed to yen weakness and supported exporter profitability. Unlike in the original Abenomics period, however, Japan is now contending with meaningful inflationary pressures. With inflation expectations rising and the BOJ tightening only gradually, Takaichi's US\$130+ billion stimulus package announced this month pushed the yen to a 10-month low and drove long-term JGB yields to their highest level since 2007. A weaker yen has real implications for Korea, particularly in this cycle, as it increases competitive pressure on Korean exporters at a time when US tariff policy is already weighing on regional competitiveness.

Two notable policy developments we highlighted last month continued to advance this month. The National Assembly passed the amendment introducing a separate taxation regime for dividend income, featuring revised eligibility criteria and a more detailed progressive structure. Compared with the government's initial proposal, the final version applies stricter dividend growth requirements while lowering the top rate from 38.5% to 33.0% and adding a new bracket for dividend income above KRW 5 billion (c.US\$3.4 million). The Ministry expects this highest tier to affect only around 100 individuals, with most taxpayers falling within the 15.4% to 27.5% range. The regime is set to take effect for dividends paid from 1 January 2026, earlier than originally planned, and will operate with a three-year sunset through 2028. In parallel, the third phase of amendments to the Korea Commercial Code was formally proposed this month, with the authorities aiming for approval by year end.

In our view, the revised tax structure should provide a strong incentive for controlling shareholders with

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significant holdings to favour higher dividends, as the effective tax burden on dividends is now materially lower than the progressive income tax rate on wages, which tops out at 49.5%, and broadly in line with the CGT rates for major shareholders. We look forward to engaging with our investee companies on this ahead of the AGM season.

Fund performance

The Fund's NAV declined by 1.4% in November, partly due to the won weakening a further 2.7% against the USD. This quarter, we are meeting with our investee companies to discuss recent policy developments and explore ways to strengthen alignment and enhance shareholder value.

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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. 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.