

# LionGlobal Korea Fund

The LionGlobal Korea Fund aims for medium to long-term capital appreciation by investing in Korean equities and equity-related instruments.

## Fund Manager's Commentary

The Korea Composite Stock Price Index (KOSPI) had a strong rally of 5.8% in February 2024, outperforming Asian peer markets. This was largely due to encouraged investor sentiment for Korean government's corporate value-up program. While major value sectors (trading at low price to book (P/B) ratio) including financials, autos, and conglomerates have outperformed the market, significant value rotation play expanded to broader sectors during the month.

The Financial Services Commission and Korea Exchange have announced details of the first Value-Up Program on 26 February 2024, which focuses on voluntary plans to enhance shareholder's value. Although there was some dampening sentiment on the lack of specific details, the Korean government indicated that there will be a second round of discussion on value-up program in May 2024, with more details about action plans and supportive law revisions. Given the ruling party's minority position in the National Assembly, the general election (on 10 April 2024) will be important for the government to accelerate the value-up program momentum. Recent surveys indicate meaningful improvement in the ruling party's approval rating.

On a sector basis, Utilities, Consumer Discretionary, Financials, and Industrials outperformed, whereas Communication Services, Materials, Technology, and Consumer Staples underperformed.

Korean Won slightly appreciated 0.2% for the month, helped by foreign inflows to buy Korean equities.

The Fund managed to perform well during the month mostly due to stock selections. In terms of individual stocks, top contributors included SK Square, Hanwha Aerospace, Samsung Electronics, SK Hynix, and Hyundai Motor (pref. 2B). On the other hand, Hyundai Marine Fire, Hansol Chem, Eugene Tech, EMRO, and Samsung Electro-Mechanics Co were among bottom contributors.

We keep our positive market view on Korea's fundamental, based on cyclical recovery as well as structural growth. For the cyclical recovery front, semiconductors' upturn should continue not only by leading growth drivers like Artificial Intelligence (AI) or High Bandwidth Memory (HBM) but also by turn-around in legacy areas including smartphones and PC or servers. Other long-duration cyclical sectors such as shipbuilding and power equipment are expected to extend upturns. For the structural growth pillar, there is a good number of attractive growth sectors that should benefit from global market penetrations, which include, defence, Electric Vehicle (EV) batteries, entertainment, aesthetic equipment, contents, and food & beverage. Meanwhile, we had a view that the politics can generate challenges like populism to domestic-oriented sectors ahead of the general election on 10 April 2024. However, we built up more confidence on the value-up program to drive great re-rating opportunities given President Yoon's strong willingness to execute it as his top priority to tackle the Korea discount – a lower valuation of Korean stocks compared to global peers.

We keep our strategy of optimizing positions of individual stocks in disequilibrium, which stems from exogenous noise and intra-sectoral bifurcation. Candidate areas include value stocks with shareholder returns enhancement, defence globalization, shipbuilding super-cycle, e-commerce platforms, AI or Software as a Service (SaaS) leaders, entertainment globalization, tech materials localization, fintech & zero carbon enablers, industrial automation, innovative healthcare leaders, and EV battery value chain.

**All data are sourced from Lion Global Investors and Bloomberg as of 29 February 2024 unless otherwise stated.**

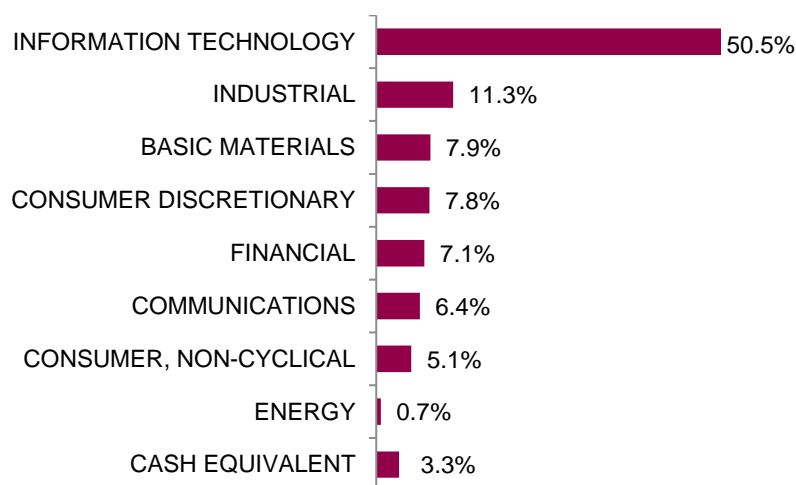
## Performance (%)

		1- year	3- years p.a.	5- years p.a.	10- years p.a.	Since Inception p.a.
SGD Class <sup>1</sup>	NAV	8.2	-6.8	3.1	3.3	8.3
	NAV^	2.7	-8.3	2.0	2.8	8.1
	Benchmark <sup>#</sup>	13.7	-8.4	2.9	3.7	11.1
USD Class <sup>1</sup>	NAV	8.2	-7.1	3.2	2.7	6.2
	NAV^	2.8	-8.7	2.2	2.1	5.9
	Benchmark <sup>#</sup>	13.9	-8.8	3.0	3.0	7.2

Past performance is not necessarily indicative of future performance

Source: Lion Global Investors Ltd / Morningstar

## Sector Allocation (% of NAV)



# Benchmark:

Inception to 29 February 2004: MSCI Korea Index.

1 March 2004 to 30 April 2011: Korea Stock Exchange (SE)

Composite (Kospi Index).

From 1 May 2011: MSCI Korea Index. (in respective fund's Currency)

^ NAV: Figures include Initial Charge.

<sup>1</sup> Returns are based on a single pricing basis. Return periods longer than 1 year are annualised. Dividends are reinvested net of all charges payable upon reinvestment and in respective share class currency terms.

<sup>2</sup> Supplementary Retirement Scheme ("SRS") monies may be used to purchase SGD Class Units only.

<sup>3</sup> Price reflects 2 for 1 subdivision of units on 1 October 1999 and 3 for 1 subdivision of units on 1 June 2006.

The above is based on information available as of 29 February 2024, unless otherwise stated. Securities referenced are not intended as recommendations to buy or sell. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice. For explanation of additional technical terms, please visit [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com)

## Fund Facts

Fund Inception Date:	SGD Class: 03 Jul 1998
	USD Class: 16 Aug 2004
Subscription Mode:	Cash, SRS <sup>2</sup>
Minimum Investment:	S\$ / US\$ 1,000
Initial Charge:	Currently 5% Maximum 5%
Management Fee:	Currently 1.25% p.a. Maximum 2.0% p.a.
Valuation Dealing:	Every dealing day
NAV Price <sup>3</sup> :	S\$1.207/US\$0.897
Fund Size:	S\$14.3 million

## Codes

SGD Class:	SG9999002356 OCBSKFI
USD Class:	SG9999002364 OCBKRUS

## Top 10 Holdings (% of NAV)

SK HYNIX INC	11.9
SAMSUNG ELECTRONICS CO LTD	9.9
SAMSUNG ELECTRONICS CO LTD PREF	9.4
SK SQUARE CO LTD	5.1
HANWHA AEROSPACE CO LTD	4.6
SAMSUNG ELECTRO MECHANICS CO LTD	3.6
POSCO HOLDINGS INC	3.4
S M ENTERTAINMENT CO	2.9
KB FINANCIAL GROUP	2.8
SAMSUNG SDI CO LTD	2.7

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