

**Audited Annual Report
For the year ended 31 December 2018**

KIM Investment Funds

Investment company with variable capital with multiple sub-funds

No subscriptions should be made on the basis of the financial report alone. Subscriptions should only be made on the basis of the current Prospectus supplemented by the KIIDs, the latest Annual Report and the latest Semi-Annual Report, if published thereafter.

Unless otherwise indicated, all defined terms used herein shall have the same meaning as set out in the Prospectus of the Company.

R.C.S. B 181321

KIM Investment Funds

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KIM Investment Funds

Directors and Administration

Registered Office:	49, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.
Board of Directors of the Company:	Haeman Yang, CIO (appointed on 1 February 2018) Korea Investment Management Co., Ltd., 88, Uisadang-daero, Yeongdeungpo-gu, Seoul, Korea (Chairman of the Board). Chai Won Lee, CEO, Korea Investment Value Asset Management Co, Ltd., 70, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea. Dimitri Brunwasser Lemanik Asset Management S.A., 106, route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg.
Management Company:	Lemanik Asset Management S.A. 106, route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg.
Administrator, Domiciliary, Depositary, Paying Agent, Registrar and Transfer Agent:	State Street Bank Luxembourg S.C.A. 49, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.
Investment Managers:	Korea Investment Management Co., Ltd. For the Sub-Funds KIM Korea Navigator Fund and KIM Vietnam Growth Fund 70, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea. Korea Investment Value Asset Management Co., Ltd. For the Sub-Fund KIVAM Korea Value Fund 70, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea.
Auditor of The Fund:	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg, Grand Duchy of Luxembourg.
Luxembourg Legal Adviser:	Elvinger, Hoss & Prussen 2, Place Winston Churchill, L-2014 Luxembourg, Grand Duchy of Luxembourg.

KIM Investment Funds

General Information

KIM Investment Funds is an umbrella investment Fund with variable capital (société d'investissement à capital variable) incorporated under the form of a société anonyme in the Grand Duchy of Luxembourg. It qualifies as an undertaking for collective investment in transferable securities ("UCITS") under Part I of the 2010 Law, as amended.

The Funds' financial year ends on 31 December of each year.

The audited financial statements contained herein present the financial information of the 3 following Sub-Funds as at 31 December 2018:

Sub-Fund	Launch Date
KIM Korea Navigator Fund	21 November 2013
KIVAM Korea Value Fund	18 December 2013
KIM Vietnam Growth Fund	8 June 2017

The Annual General Meeting of Shareholders of the Company is held on the third Wednesday of April in each year at 10 a.m..

The Sub-Funds are managed by Korea Investment Management Co., Ltd and Korea Investment Value Asset Management Co., Ltd. The registered office of both Investment Managers 88, Uisadang-daero, Yeongdeungpo-gu, Seoul, Korea.

Copies of the prospectus and the financial statements of the Company are available by writing to the Company at the following address:

**State Street Bank Luxembourg S.C.A.
49, Avenue J.F. Kennedy,
L-1855 Luxembourg.**

KIM Investment Funds

Directors' Report

On 31 December 2018, the total net assets of KIM Investment Funds (“the Company”) were USD 150,492,562.

During the period under review, no sub-funds were launched within the Company.

During the period under review, the following classes of shares were launched within the Company’s sub-funds and made available:

09 May 2018 KIM Korea Navigator Fund A EUR share.

17 January 2018 KIM Vietnam Growth Fund I USD share.

15 June 2018 KIM Vietnam Growth Fund I EUR share.

Furthermore, the following decision took effect during the period under review:

01 February 2018 Mr. Hae Man Yang was co-opted as new director.

The Board of Directors

KIM Investment Funds

31 December 2018

KIM Vietnam Growth Fund**1. Markets Review**

The VNIndex closed at 892.54 (-9.32% YoY) at the end of 2018, ending the most volatile year since 2008. The Index started the year strongly and reached all-time high of 1,211.34 in April before correcting to 888.92 in October (36% correction), and then recovered in November & December. Real Estate was the winning sector as the whole sector increased 13.91% mostly thanks to Vingroup (HSX: VIC), while Communication Services, Industrials and Energy were the most lagging sectors, which dropped 43%, 31% and 28% respectively.

The Vietnam market outperformed China (CSI 300 -25.31%), Hong Kong (Hang Seng Index -14.76%), Korea (Kospi -17.28%), Japan (Nikkei 225 -12.08%), Philippines (PSEI -12.76%), Thailand (SET -10.82%) while it underperformed Malaysia (KLCI -5.8%) and Indonesia (JCI -2.5%).

On a macro level, we see lots of positive results for the year. GDP grew by 7.08% in 2018, outpacing China's GDP - the fastest pace in 11 years, coupled with record high trade surplus of \$7.2bn (+41% YoY). Whole year CPI increased by 3.54% on average, well below the government target of 4%. Vietnam's stock market capitalization reached a record high of USD170.93 billion (+13.5% YoY), equivalent to 79.6% of the country's GDP. Trading liquidity improved 25% YoY to USD228 million/day for all HSX, HNX and UPCOM markets. Foreign capital inflows into the stock market were estimated at USD2.8 billion, slightly lower than the USD2.92 billion recorded in 2017, but much more positive than other emerging markets which mostly saw outflows.

2. Performance Review

In 2018, KIM Vietnam Growth X USD fund is down 15.6% while FTSE Vietnam Total Return Index is down 10.72%. The underperformance between the fund and FTSE Index could be explained by the heavier weights of the Real Estate sector in FTSE Index, which consists mostly of Vingroup (HSX: VIC) and Vinhomes JSC (HSX: VHM), both take roughly 15% each. We see these stocks being traded at very high valuations and will likely underperform in the near future due to other developers' legal issues which cast uncertainties onto the whole sector's earnings.

Contributors

VietJet Aviation JSC (HSX: VJC): FY2018 was another strong year with core-airlines net profit growing 40% YoY, thanks to 76% YoY growth in international passenger number and higher than expected domestic demand. Despite a hike in fuel prices compared to 2017, VJC's core airlines GPM was slightly affected as the company successfully raised revenue of ancillary services to offset higher fuel cost.

Vietnam Dairy Products JSC (HSX: VNM): 2018 is a tough year for Vinamilk (VNM) where revenue increased 1.9% and NPAT stayed flat. VNM used to see very strong growth rate of more than 20% p.a. over the past many years as the baby boom in Vietnam drive milk consumption. However, we have seen some deceleration starting from 2017 and decided to underweight the name last year. We believe the company has reached its mature stage of growth.

Detractors

Vietnam Prosperity Joint Stock Commercial Bank (HSX: VPB): VPBank, one of leading private retail banks with a largest market share in consumer finance segment, experienced a tough year in 2018 due to higher competition and bad debt rising. In 2018 VPB recorded a 27% yoy strong growth in Pre-Provision Operating Profit, but higher credit loss provision booking eroded the NPAT growth to 14% yoy. Given consumer finance segment resumes its high growth momentum, the NPAT is expected to continue to see a 10-15% yoy in 2019.

Binh Son Refinery (UPCOM: BSR): In 2018, BSR was affected by bad sentiment, coupled with sharp drop in earning. (1) the stock sentiment was continuously affected due to key personnel under arrest, failure to find strategic partner, and failure to move to HOSE. Meanwhile, earnings dropped harsh due to crack spread squeeze from high base of 2017, to dropped to almost 0 in 4Q2018.

3. 2019 Outlook and investment plan

- We maintain our bullish view on the banking sector even though the sector earnings growth will slow down in 2019 due to a high base last year. Retail banking remains the key driver, thanks to low penetration of retail products in the population. While credit growth should be lower, NIM still has room for further improvement. That said, we think there will be a divergence of performance among stocks in the sector.

- We like energy sector as we see a strong project pipeline which implies more jobs for company in the sector. We believe exploration activities will accelerate as Vietnam is in urgent need for further supply of oil and gas.

- We see some utilities companies can offer attractive dividend yield, which can provide us some sort of defensive play among global economic slowdown. Thermal power plant that run on gas can also see some increase in earnings as oil and gas price dropped.

Our core holdings

PetroVietnam Power Corporation (HSX: POW) is the largest listed power plant with market cap \$1.6bn and a well diversified portfolio of coal, gas and hydro power plants. 2019 earning outlook is very positive with core EPS is forecast to up 30%, thanks to lower input price (oil price), lower depreciation expense, and recovery from low-base in output.

Masan Group Corporation (HSX: MSN) is the consumer company that presumably is doing the best in the sector now. MSN will likely deliver 50% growth in 2018 core EPS thanks to fruitful results from the restructuring process. 2019F EPS growth will slow down a bit however it is still more than 20%.

Hoa Phat Group (HSX: HPG) continues to be the best construction steel company in the sector. Although earnings growth will stay low at 10% yoy in 2019 on concerns of falling margins as the company intends actively gaining the market share for their new capacity expansion, we still maintain HPG is our top pick of this sector in long term prospects. Given its high growth in steel sector, HPG would be the most beneficiary thanks to its low production cost advantage and large market share.

KIM Korea Navigator Fund**1. Performance Review**

In 2018 KIM Korea Navigator Fund is down -20.38% (I USD Class), net of fee while the KOSPI is down -20.64% during the same period. The fund outperformed the benchmark as of the end of the second quarter of 2018. However, in latter half of the year, Korean stock market fell sharply over the concern of Fed's faster pace of interest hikes and ongoing trade tensions between the U.S. and China. The growth stocks has shown relatively weak performance and this negatively contributed the yearly performance of fund, which ended in line with the benchmark.

2. Performance Analysis

Increasing influence on global market through global media platform led the solid earnings of media/entertainment stocks (SM Ent., JYP Ent.), contributing positively to the overall fund performance. FILA Korea, sportswear company, posted strong earnings improvement, supported by successful rebranding measures and helped the results. Additionally, as IT sector has shown a sluggish return in 2018, fund's underweight exposure to IT sector also helped the performance.

Among our overweight position of Chinese consumer related stocks, AmorePacific showed a sluggish earnings result. Due to the concerns about the China's consumption slowdown, the stock posted poor performance, hurting the fund results. Although the stocks related to inter-Korean relation posted rally, thank to optimism driven by inter-Korean and US-N. Korea summit in 2018, our underweight exposure put negative contribution to the fund.

Contributors

JYP Entertainment: The company posted improved earnings helped by revenue growth in Japan generated from new idol group 'TWICE'. Further, we expect the revenue coming from global platforms such as Netflix and YouTube as well as growing number of concert tours will increase thanks to global popularity of K-pop artists. We are also optimistic about potential revenue growth from other regions outside of Korea and Japan.

FILA Korea: Supported by successful rebranding measures in Korea as well as strong potential of improvement through Acushnet, oversea subsidiary of FILA Korea, we purchased the stock in 2017. The company generated a strong earnings improvement both from the company and its subsidiaries in domestic and overseas markets including US, Europe and China. However, as we think earnings improvement and upward revision are already priced in the price and expect slowdown of growth in 2019, we sold off all position.

Detractors

AmorePacific: Poor sales in the domestic market due to some aging brands and slowdown in Chinese market growth dragged down the earnings and share price. While we expect to observe better-than-expected earnings growth based on its attempts to domestic restructuring and sales growth of luxury brands in China, other negativities overblew the poor performance. Risks raised on poor domestic sales and sluggish growth of cosmetic brands in China were mostly realized.

Hyundai Construction Equipment: With the company's high exposure in EM countries, the stock was included in the portfolio as benefits from EM infrastructure expansion were expected. However, weak EM currencies and additional cost after its spin-off from Hyundai Heavy Industries led the worse than expected earnings, having negative contribution to the fund. Amid low earnings visibility we expect uptrend of excavator sales in China will not be sustained; hence sold off the position.

3. Portfolio Positioning**Overweight Positions**

Media/Entertainment: With the advent of global media platform, revenue growth from overseas markets led the stock price rally last year. However, as revenue from those markets are relatively small compared to revenue from major markets including Korea and Japan, the industry poses upside potentials in terms of sales and earnings growth. Within the sector, we will selectively invest in companies having strong earnings momentum (e.g. expansion in artist lineup and new drama productions).

China consumer spending-related: Chinese consumer spending-driven stocks showed a weak performance reflecting the concerns over China's consumption slowdown in midst weak Chinese yuan and tighter restrictions on Chinese shuttle traders (Daigong) upon implementation of China's new E-commerce law. However, we still bullish on those stocks as they have higher visibility of earnings improvement given the rise in middle and high income classes thanks to the rise in Chinese household income even in 3rd tier cities as well as the lift of ban on Chinese group tour to South Korea.

Underweight Positions

Semiconductor: The share prices experienced huge drop due to the downward earnings revision sparked by memory price decline. Given that earnings sway easily upon D-ram price fluctuation, we believe it is difficult to see turnaround in share price until the memory price is stabilized. Although we may take an advantage of short-term trading strategy upon excessive decline in share price, we will maintain the underweight position before we see a sign of turnaround in global semiconductor cycle.

Bank: While favorable business environment was formed in banking sector – improvement in net interest margin in rising interest rate, low credit cost and continued loan growth, opposite direction can be expected in the future. Amid low possibility of additional rake hike, the growth of household debt will be limited due to the government's restriction on real estate market and control on household debt. Further, with no clear sign of additional improvement in credit cost we expect low possibility of further earnings growth, having underweight position within the portfolio.

4. 2019 Market Outlook and Investment Plan

In 2019, overall Korean corporate profit growth is likely to slow down compared to the previous years. Therefore, it is expected that the value of companies that can show a relatively high growth rate from mid to long term perspectives should be in a spotlight. As such, we plan to seek the stocks with differentiated earnings visibility through mid/long-term forecasts and will find investment opportunities in excessive share price drop.

We are bullish on media/entertainment stocks that are expecting to grow global footprint through social media platforms. Also we are bullish on China consumer spending-related stocks given that the number of Chinese tourists to Korea is being recovered and the rise in Chinese household income in 3rd tier and below cities has been increasing.

In addition, given the increasing price of Food and Beverage products while falling down of raw materials, we see favorable environment is ahead for F&B sector. We observe an investment opportunity in F&B companies with high potentials of sales growth and significant earnings growth under current environment.

We believe that recent expansion of activist investors and introduction of the stewardship code serve to encourage Korean corporates to become more shareholder friendly, virtually offering attractive investment opportunities. Among these we will seek to selectively invest in the stocks that have strong potentials to improve shareholder value.

KIVAM Korea Value Fund

Performance Review

In 2018 KIVAM Korea Value Fund is down -15.98% (I USD Class), net of fee while the KOSPI is down -20.64% during the same period. In October 2018, both global and domestic stock markets panicked. The US stock market nosedived, losing its strength that had carried on until then. Before October, the prolonged US-China trade conflict and concerns over EMs' weakening growth momentum drove down the Korean stock market. The KOSPI's plunge in October was mainly attributable to global risk aversion in response to the sharp hike in market interest rates. While the Fund has large exposure to value stocks that offer stability, small/mid-cap stocks with low trading volume represent a lion's share of the value stocks. For this reason, along with the bearish market, the Fund struggled in October, hit hard by an excessive selling spree. However, as our investment history has taught us, patience pays off. Following its excessive plunge, the market rebounded, with certain stocks showing differentiated performances amid restored stability. After hitting the bottom at the end of October, the Fund started to generate sound returns, backed by certain stocks that had been oversold due to low trade volume (and despite their solid fundamentals). This year, led by large-cap stocks, the KOSPI is showing signs of restoring its stability on the back of increasing capital inflows from DMs into EMs, including Korea.

Performance Attribution

The Fund maintains large exposure to the Auto Components sector, which considerably outperformed the KOSPI during the previous quarter. In particular, DTR Automotive and Dong-A Tire shares outperformed the KOSPI by 20.8% and 45.76%, respectively. In addition, the strong performances of NICE (credit rating service) and Youngone Holdings (outdoor apparel) also contributed to the Fund's returns.

On the other hand, ATGen (assay kit) and KAIT (real estate investment trust) posted poor returns, whilst the sluggishness of F&B shares held in the Fund—such as Farmsco, Sajo and Seonjin—diluted the Fund's performance.

Contributors

DTR Automotive / Dong-A Tire: For the past 12 years since 2006, KIVAM has invested in DTR Automotive/Dong-A Tire. Having been one company, DTR Automotive/Dong-A Tire was split off into two separate entities and were re-listed in November 2017. Specializing in the production of rubber automotive parts, DTR Automotive/Dong-A Tire manufactures automotive batteries and retreaded tires. Major clients include top-3 US automakers as well as European and Japanese automotive OEMs. While the firm has sustained sound earnings growth led by the senior management's excellent leadership, it remains undervalued.

NICE: As a holding company for the NICE group, NICE Holdings manages affiliates (e.g. NICE I&T, NICE Information, NICE D&B) whose main businesses cover financial infrastructure-related services, including credit evaluation of corporations and individuals, management of ATM and credit card value-added networks (VAN), among others.

As a high entry barrier exists to would-be providers of financial infrastructure-related services, which require constant accumulation of massive data and information, only a small number of companies tend to oligopolize the segment, enjoying strong profitability and sound business stability. Given that, NICE Holdings has posted a 10 year CAGR 29% for operating income and 10 year CAGR 5% for net income.

Detractors

ATGen: ATGen, as a biotech company, manufactures and supplies a wide array of recombinant proteins and antibodies worldwide. ATGen specializes in the production of test kits dubbed as "NKVue Kit" to measure the activity of natural killer (NK) cells, which are part of the innate immune system and present the first-line defense against infections and cancer. We point out that abnormally low levels of NK cell activity have been associated with an increased risk of cancer and autoimmune diseases. This, in turn, means that highly active NK cells are crucial for maintaining the strength of our immune system. In this regard, ATGen's NK Vue Kit looks highly promising in that it enables prediction of disease susceptibility by way of measuring the activity of NK cells. Benefitting from the growing interest in healthcare, ATGen enjoys increasing demand for its NKVue Kit. With its test kit serving a wide range of application (including medical check-up and cancer diagnosis) at the moment, ATGen aims to expand its product offerings from the current diagnostic kit to NK cell-based therapies, going forward. We believe that ATGen deserves investor attention, when considering its strong growth potential amid the rapidly-growing healthcare solutions market.

Portfolio Positioning

Overweight Positions

Auto Components: Due to Hyundai/Kia Motors' anemic earnings performance, the auto sector's earnings consensus continues to be lowered. However, the firm's equity portfolio has little to no exposure to Hyundai/Kia Motors, and the portfolio constituents have secured strong competitiveness in the global markets and are not exposed to the auto sector's earnings volatility. Remaining unaffected by any changes in industry conditions, the firm should be revalued when value stocks are re-rated.

Insurance: Regardless of macro variables' impact on the economy, the insurance industry generates stable profits to pay out dividends to shareholders. For this reason, we have maintained high exposure to the insurance industry.

Underweight Positions

Retail: The domestic retail industry is struggling, hit hard by the increasing portion of online transactions and unfavorable policy measures. Traditional retailers, such as department stores and discount stores, are suffering from shrinking market share, amid an increasing onset from online commerce giants, like Amazon (US). We note that major online retailers have yet to be listed. At the same time, the sharp hike in minimum wage serves to undermine the cost structure of not only department stores and discount stores, but also convenience stores which are counter-cyclical. Unless the industry undergoes significant structural changes, we will continue to have difficulty spotting undervalued retail stocks that are worth investing.

Materials: A large number of materials players tend to display severe fluctuations in net profit, depending on the ups and downs of the economic cycle. Such cyclicity does not conform to our management principle for the Fund that centers on attaining stable returns. For this reason, we strive to spot materials makers that have “wide economic moats” and that maintain profit stability—a task that is never easy.

2019 Market Outlook and Investment Plan

In our view, once the stock market index stabilizes, value stocks and small/mid-cap stocks will probably advance, mainly for the following reasons. First, global growth stocks are losing their bullishness. For the past 10 years, growth stocks sustained their rally in the US. However, major tech/Internet companies’ growth momentum is weakening, and the tax cut-driven earnings momentum (seen last year) is unlikely to repeat this year. Once large cap growth stocks start to lose their momentum, value stocks should take over. Second, investor awareness of shareholder value is strengthening. Besides KCGI’s participation in the Hanjin Group’s management, we are highly likely to witness minority shareholders (who have been thus far neglected) raise voices at 2019 general shareholders meetings for their rights and interests as well as for shareholder value. Such developments are anticipated to lead long-undervalued value stocks to re-rate. For our part, we will also do our best to make sure—via actively communicating with/exercising voting rights over the target companies—that their intrinsic value is revalued and shareholder value is enhanced. Although it takes quite a long time for long-neglected stocks to be revalued and re-rated, we are confident that such stocks will eventually restore their justified value. With this in mind, we remain grateful to our investors for their patience, and would like to inform them that our confidence will be evidenced by the Fund’s better performance.



Audit report

To the Shareholders of
KIM Investment Funds

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of KIM Investment Funds and of each of its sub-funds (the “Fund”) as at 31 December 2018, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2018;
- the statement of investments as at 31 December 2018;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund and those charged with governance for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;

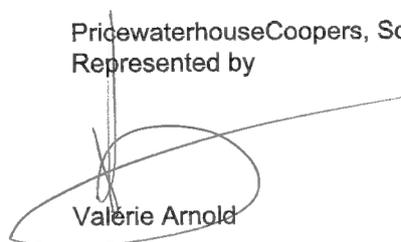


- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 4 April 2019

A handwritten signature in black ink, appearing to be 'Valérie Arnold', is written over a circular stamp. The signature is somewhat stylized and loops around the text.

Valérie Arnold

KIM Investment Funds

Statement of Net Assets as at 31 December 2018

	Notes	KIM Korea Navigator Fund USD	KIVAM Korea Value Fund USD
Assets			
Current Assets			
Market value of investments	2.2	81,101,702	52,356,955
Cash at bank	2.1	3,390,569	2,529,180
Receivable for investments sold		958,125	37,845
Receivable for shares issued		425,000	-
Dividends receivable		-	-
Other receivables		3,299	98
Total Assets		85,878,695	54,924,078
Liabilities			
Current Liabilities			
Payable for shares redeemed		1,461,274	-
Payable for investments purchased		63	160,574
Other charges and expenses		181,950	106,364
Total Liabilities		1,643,287	266,938
NET ASSETS		84,235,408	54,657,140
Number of shares outstanding			
Class A (USD)		10	-
Class A (EUR)		3,000 ^{a)}	-
Class I (USD)		265,068	14,632
Class I (EUR)		8,065	66,902
Class X (USD)		444,468	481,969
Net asset value per share			
Class A (USD)		95.97	-
Class A (EUR)		93.74 ^{a)}	-
Class I (USD)		114.95	88.37
Class I (EUR)		154.37	121.72
Class X (USD)		117.53	93.83

^{a)} Launched on 9 May 2018

KIM Investment Funds

Statement of Net Assets as at 31 December 2018

	Notes	KIM Vietnam Growth Fund USD	Combined USD
Assets			
Current Assets			
Market value of investments	2.2	10,695,439	144,154,096
Cash at bank	2.1	1,146,509	7,066,258
Receivable for investments sold		-	995,970
Receivable for shares issued		-	425,000
Dividends receivable		4,983	4,983
Other receivables		65	3,462
Total Assets		11,846,996	152,649,769
Liabilities			
Current Liabilities			
Payable for shares redeemed		196,556	1,657,830
Payable for investments purchased		3,357	163,994
Other charges and expenses		47,069	335,383
Total Liabilities		246,982	2,157,207
NET ASSETS		11,600,014	150,492,562
Number of shares outstanding			
Class A (USD)		-	
Class A (EUR)		-	
Class I (USD)		28,386	^{b)}
Class I (EUR)		1,700	^{c)}
Class X (USD)		87,195	
Net asset value per share			
Class A (USD)		-	
Class A (EUR)		-	
Class I (USD)		77.63	^{b)}
Class I (EUR)		97.67	^{c)}
Class X (USD)		105.86	

^{b)} Launched on 17 January 2018

^{c)} Launched on 15 June 2018

KIM Investment Funds

Statement of Operations for the year ended 31 December 2018

	Notes	KIM Korea Navigator Fund USD	KIVAM Korea Value Fund USD
Income			
Net dividend income		947,553	584,086
Bank interest		2,371	6,522
Other income		1,567	1,806
Total Income		951,491	592,414
Expenses			
Management Company fees	4.1	84,873	47,749
Depository fees	4.4	63,785	78,182
Administrator fees	4.3	110,594	58,874
Investment Manager fees	4.2	313,537	84,243
Professional fees	4.5	57,073	29,060
Taxe d'abonnement	3	10,022	5,968
Transfer Agent Fees	4.3	41,990	16,435
Other charges and expenses	4.6	62,184	34,739
Total Expenses		744,058	355,250
Net Investment Income (loss)		207,433	237,164
Net realised gain/(loss) on investments		473,133	(1,091,570)
Net realised gain/(loss) on foreign currencies		(109,997)	122,176
Net change in unrealised appreciation/(depreciation) on investments		(22,909,759)	(9,048,093)
Net change in unrealised appreciation/(depreciation) on foreign currencies		(11,130)	(237,009)
Net increase/(decrease) in net assets resulting from operations		(22,350,320)	(10,017,332)

KIM Investment Funds

Statement of Operations for the year ended 31 December 2018

	Notes	KIM Vietnam Growth Fund USD	Combined USD
Income			
Net dividend income		217,978	1,749,617
Bank interest		61	8,954
Other income		18,155	21,528
Total Income		236,194	1,780,099
Expenses			
Management Company fees	4.1	26,582	159,204
Depository fees	4.4	48,806	190,773
Administrator fees	4.3	54,104	223,572
Investment Manager fees	4.2	36,999	434,779
Professional fees	4.5	1,932	88,065
Taxe d'abonnement	3	1,326	17,316
Transfer Agent Fees	4.3	11,831	70,256
Other charges and expenses	4.6	351	97,274
Total Expenses		181,931	1,281,239
Net Investment Income (loss)		54,263	498,860
Net realised gain/(loss) on investments		(41,055)	(659,492)
Net realised gain/(loss) on foreign currencies		(121,778)	(109,599)
Net change in unrealised appreciation/(depreciation) on investments		(2,956,367)	(34,914,219)
Net change in unrealised appreciation/(depreciation) on foreign currencies		2,516	(245,623)
Net increase/(decrease) in net assets resulting from operations		(3,062,421)	(35,430,073)

KIM Investment Funds

Statement of Changes in Net Assets for the year ended 31 December 2018

	KIM Korea Navigator Fund USD	KIVAM Korea Value Fund USD
Net assets at beginning of the year	82,309,873	63,898,562
Net investment income/(loss)	207,434	237,164
Net realised gain/(loss) on investments	473,133	(1,091,570)
Net realised gain/(loss) on foreign currencies	(109,997)	122,176
Net realised profit/(loss) for the year	570,570	(732,230)
Proceeds from subscription of shares	34,132,623	1,093,348
Payments for redemption of shares	(9,856,769)	(317,438)
Net proceeds from shares transactions	24,275,854	775,910
Net change in unrealised appreciation/(depreciation) on investments	(22,909,759)	(9,048,093)
Net change in unrealised appreciation/(depreciation) on foreign currencies	(11,130)	(237,009)
Net assets at the end of the year	84,235,408	54,657,140

KIM Investment Funds

Statement of Changes in Net Assets for the year ended 31 December 2018

	KIM Vietnam Growth Fund USD	Combined USD
Net assets at beginning of the year	6,271,096	152,479,531
Net investment income/(loss)	54,263	498,861
Net realised gain/(loss) on investments	(41,055)	(659,492)
Net realised gain/(loss) on foreign currencies	(121,778)	(109,599)
Net realised profit/(loss) for the year	(108,570)	(270,230)
Proceeds from subscription of shares	10,513,237	45,739,208
Payments for redemption of shares	(2,121,898)	(12,296,105)
Net proceeds from shares transactions	8,391,339	33,443,103
Net change in unrealised appreciation/(depreciation) on investments	(2,956,367)	(34,914,219)
Net change in unrealised appreciation/(depreciation) on foreign currencies	2,516	(245,623)
Net assets at the end of the year	11,600,014	150,492,562

KIM Investment Funds

Statement of Changes in Shares Outstanding

For the year ended 31 December 2018

	Number of shares outstanding as at 31 December 2017	Number of shares issued	Number of shares redeemed	Number of shares outstanding as at 31 December 2018
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KIM Korea Navigator Fund

Class A (USD)	260	-	(250)	10
Class A (EUR) ^{a)}	-	3,000	-	3,000
Class I (USD)	113,336	220,698	(68,966)	265,068
Class I (EUR)	4,299	7,093	(3,327)	8,065
Class X (USD)	444,468	-	-	444,468

KIVAM Korea Value Fund

Class I (USD)	16,748	187	(2,303)	14,632
Class I (EUR)	60,360	7,363	(821)	66,902
Class X (USD)	481,969	-	-	481,969

KIM Vietnam Growth Fund

Class I (USD) ^{b)}	-	53,194	(24,808)	28,386
Class I (EUR) ^{c)}	-	1,700	-	1,700
Class X (USD)	50,000	37,195	-	87,195

^{a)} Launched on 9 May 2018

^{b)} Launched on 17 January 2018

^{c)} Launched on 15 June 2018

KIM Investment Funds

Statistical Information

As at 31 December 2018

	As at 31 December 2018 (in USD)	As at 31 December 2017 (in USD)	As at 31 December 2016 (in USD)
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KIM Korea Navigator Fund

Class A (USD)	Net assets	996	31,639	46,225
	Net asset value per share	95.97	121.51	90.57
Class A (EUR) ^{a)}	Net assets	281,212	-	-
	Net asset value per share	93.74	-	-
Class I (USD)	Net assets	30,469,880	16,361,928	20,575,676
	Net asset value per share	114.95	144.37	106.79
Class I (EUR)	Net assets	1,245,032	833,484	337,963
	Net asset value per share	154.37	193.87	143.42
Class X (USD)	Net assets	52,238,289	65,082,822	47,761,517
	Net asset value per share	117.53	146.43	107.46

KIVAM Korea Value Fund

Class A (USD) ^{b)}	Net assets	-	-	1,633,038
	Net asset value per share	-	-	84.27
Class I (USD)	Net assets	1,293,034	1,761,573	3,686,065
	Net asset value per share	88.37	105.18	88.07
Class I (EUR)	Net assets	8,142,988	8,744,071	7,772,182
	Net asset value per share	121.72	144.87	121.30
Class X (USD)	Net assets	45,221,131	53,392,931	44,353,219
	Net asset value per share	93.83	110.78	92.03

KIM Vietnam Growth Fund

Class I (USD) ^{c)}	Net assets	2,203,586	-	-
	Net asset value per share	77.63	-	-
Class I (EUR) ^{d)}	Net assets	166,040	-	-
	Net asset value per share	97.67	-	-
Class X (USD) ^{e)}	Net assets	9,230,387	6,271,096	-
	Net asset value per share	105.86	125.42	-

^{a)} Launched on 9 May 2018

^{b)} Closed on 20 March 2017

^{c)} Launched on 17 January 2018

^{d)} Launched on 15 June 2018

^{e)} Launched on 8 June 2017

KIM Investment Funds

KIM Investment Funds - KIM Korea Navigator Fund

Statement of Investments

As at 31 December 2018 expressed in USD

Investments	Currency	Shares	Market value in USD	% of net assets
Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market.				
Common Stocks				
South Korea				
Amorepacific Corp	KRW	18,268	3,429,956	4.07
AMOREPACIFIC Group	KRW	16,067	1,046,846	1.24
Celltrion, Inc.	KRW	3,309	659,843	0.78
CJ CheilJedang Corp	KRW	6,041	1,789,344	2.12
CJ ENM Co. Ltd	KRW	26,325	4,763,414	5.65
Cuckoo Holdings Co. Ltd	KRW	13,922	1,478,542	1.76
Daesang Corp	KRW	67,968	1,525,899	1.81
GMB Korea Corp	KRW	124,768	925,864	1.10
Grand Korea Leisure Co. Ltd	KRW	32,182	718,168	0.85
GS Holdings Corp	KRW	44,768	2,070,289	2.46
Hanjin Kal Corp	KRW	34,414	919,105	1.09
Hanmi Pharm Co. Ltd	KRW	5,697	2,369,070	2.81
HDC Holdings Co. Ltd	KRW	53,804	831,797	0.99
Hyundai Glovis Co. Ltd	KRW	8,616	996,114	1.18
Hyundai Heavy Industries Co. Ltd	KRW	2,855	328,793	0.39
Hyundai Heavy Industries Holdings Co. Ltd	KRW	4,109	1,274,166	1.51
Hyundai Mobis Co. Ltd	KRW	12,885	2,194,076	2.61
Hyundai Motor Co. -Pref.	KRW	31,200	1,962,933	2.33
Industrial Bank of Korea	KRW	63,547	800,175	0.95
JYP Entertainment Corp	KRW	56,774	1,539,177	1.83
KCC Corp	KRW	8,036	2,225,420	2.64
Kolon Life Science, Inc.	KRW	11,796	787,598	0.94
Korea Gas Corp	KRW	33,897	1,464,273	1.74
Korean Air Lines Co. Ltd	KRW	15,909	471,225	0.56
Korean Reinsurance Co.	KRW	218,508	1,695,895	2.01
LG Chem Ltd	KRW	4,658	1,448,580	1.72
LG Corp	KRW	21,180	1,326,835	1.58
LG Household & Health Care Ltd	KRW	1,446	1,426,820	1.69
Mando Corp	KRW	19,231	498,958	0.59
Meritz Fire & Marine Insurance Co. Ltd	KRW	35,799	701,029	0.83
Modetour Network, Inc.	KRW	37,338	806,458	0.96
NAVER Corp	KRW	28,826	3,151,794	3.74
NH Investment & Securities Co. Ltd - C	KRW	129,243	1,511,580	1.80
NHN Entertainment Corp	KRW	43,694	2,243,831	2.66
Pearl Abyss Corp	KRW	9,457	1,762,063	2.09
Samsung C&T Corp	KRW	31,160	2,946,209	3.50
Samsung Electronics Co. Ltd	KRW	197,903	6,863,996	8.15
Samsung Engineering Co. Ltd.	KRW	101,600	1,602,581	1.90
Samsung Life Insurance Co. Ltd	KRW	23,110	1,690,066	2.01
Samsung Securities Co. Ltd	KRW	58,694	1,656,983	1.97
SBS Contents Hub Co. Ltd	KRW	40,841	180,816	0.22
Shinhan Financial Group Co. Ltd	KRW	28,013	994,188	1.18
Shinsegae Information & Communication Co. Ltd	KRW	10,157	1,028,626	1.22
Shinsegae, Inc.	KRW	17,940	4,116,006	4.89
SK Holdings Co. Ltd	KRW	4,926	1,147,840	1.36
SK Hynix, Inc.	KRW	15,218	825,138	0.98
SK Telecom Co. Ltd	KRW	2,045	493,930	0.59
SKC Co. Ltd	KRW	24,484	785,559	0.93
SM Entertainment Co. Ltd	KRW	51,434	2,410,825	2.86
Studio Dragon Corp	KRW	14,648	1,213,009	1.44
Total for South Korea			81,101,702	96.28
Total for Common Stocks			81,101,702	96.28
Total for transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market.				
			81,101,702	96.28
Total Investments in securities			81,101,702	96.28
Other Assets/(Liabilities)			3,133,706	3.72
NET ASSETS			84,235,408	100.00

KIM Investment Funds

KIM Investment Funds - KIVAM Korea Value Fund

Statement of Investments

As at 31 December 2018 expressed in USD

Investments	Currency	Shares	Market value in USD	% of net assets
Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market.				
Common Stocks				
South Korea				
ATGen Co. Ltd	KRW	235,659	2,735,064	5.00
Chongkundang Holdings Corp	KRW	9,926	555,991	1.02
CJ ENM Co. Ltd	KRW	6,059	1,096,354	2.01
Dong Ah Tire & Rubber Co. Ltd	KRW	270,571	3,079,630	5.62
Dongwon Development Co. Ltd	KRW	361,778	1,296,928	2.37
DTR Automotive Corp	KRW	175,310	5,027,711	9.20
Farmsco	KRW	138,873	968,303	1.77
HDC Hyundai Development Co.	KRW	22,312	963,827	1.76
IDIS Holdings Co. Ltd	KRW	216,952	2,644,333	4.84
KISCO Holdings Co. Ltd	KRW	160,381	1,976,375	3.62
Korea Asset In Trust Co. Ltd	KRW	532,115	2,098,320	3.84
Korean Reinsurance Co.	KRW	230,263	1,787,128	3.27
Meritz Financial Group, Inc.	KRW	244,374	2,529,593	4.63
Meritz Fire & Marine Insurance Co. Ltd	KRW	131,717	2,579,330	4.72
Nexen Corp	KRW	536,578	2,644,900	4.84
NICE Holdings Co. Ltd	KRW	168,487	2,710,469	4.96
NPC	KRW	739,014	2,493,626	4.56
NS Shopping Co. Ltd	KRW	194,164	2,227,370	4.08
Pearl Abyss Corp	KRW	3,237	603,130	1.10
PSK, Inc.	KRW	49,574	546,478	1.00
Sajo Industries Co. Ltd	KRW	4,366	195,058	0.36
Sam Yung Trading Co. Ltd	KRW	46,839	589,790	1.08
Sebang Co. Ltd	KRW	260,661	2,803,309	5.13
Sebang Global Battery Co. Ltd	KRW	18,415	593,314	1.09
Suheung Co. Ltd	KRW	25,367	531,984	0.97
Sunjin Co. Ltd	KRW	431,644	4,390,715	8.03
Taekwang Industrial Co. Ltd	KRW	425	502,778	0.92
Youngone Holdings Co. Ltd	KRW	39,011	2,185,147	4.00
Total for South Korea			52,356,955	95.79
Total for Common Stocks			52,356,955	95.79
Total for transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market.			52,356,955	95.79
Total Investments in securities			52,356,955	95.79
Other Assets/(Liabilities)			2,300,185	4.21
NET ASSETS			54,657,140	100.00

KIM Investment Funds

KIM Investment Funds - KIM Vietnam Growth Fund

Statement of Investments

As at 31 December 2018 expressed in USD

Investments	Currency	Shares	Market value in USD	% of net assets
Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market.				
Common Stocks				
Vietnam				
Airports Corp of Vietnam JSC	VND	65,000	252,210	2.17
Asia Commercial Bank	VND	57,500	73,378	0.63
Bank for Foreign Trade of Vietnam JSC	VND	260,800	601,543	5.19
Bank for Investment and Development of Vietnam JSC	VND	180,000	266,954	2.30
Bao Viet Holdings	VND	30,470	116,914	1.01
Coteccons Construction JSC	VND	26,500	182,798	1.58
Dat Xanh Group JSC	VND	158,255	162,383	1.40
Dry Cell & Storage Battery JSC	VND	69,800	116,609	1.01
FPT Corp	VND	278,900	507,419	4.37
Gemadept Corp	VND	310,758	350,348	3.02
Ho Chi Minh City Development Joint Stock Commercial Bank	VND	207,800	271,452	2.34
Ho Chi Minh City Securities Corp	VND	141,100	284,998	2.46
Hoa Phat Group JSC	VND	359,480	479,668	4.14
Khang Dien House Trading and Investment JSC	VND	105,000	149,386	1.29
Lien Viet Post Joint Stock Commercial Bank	VND	48,300	19,158	0.17
Masan Group Corp	VND	161,900	540,946	4.65
Military Commercial Joint Stock Bank	VND	464,793	389,749	3.36
Nam Kim Steel JSC	VND	127,750	43,566	0.38
Nam Long Investment Corp	VND	58,277	64,822	0.56
No Va Land Investment Group Corp	VND	62,000	171,606	1.48
PetroVietnam Gas JSC	VND	137,500	513,365	4.43
PetroVietnam Power Corp	VND	536,000	369,735	3.19
Pha Lai Thermal Power JSC	VND	660	515	0.00
Refrigeration Electrical Engineering Corp	VND	193,898	257,472	2.22
Saigon Beer Alcohol Beverage Corp	VND	15,000	172,990	1.49
Saigon Securities, Inc.	VND	146,700	168,552	1.45
Viet Capital Securities JSC	VND	108,000	216,745	1.86
Vietjet Aviation JSC	VND	56,392	291,746	2.52
Vietnam Airlines JSC	VND	7,787	11,079	0.10
Vietnam Dairy Products JSC	VND	114,600	592,886	5.11
Vietnam Electrical Equipment JSC	VND	30,000	28,648	0.25
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	319,940	266,214	2.28
Vietnam National Petroleum Group	VND	92,600	211,589	1.82
Vietnam Prosperity JSC	VND	795,813	684,478	5.90
Vietnam Rubber Group Ltd	VND	229,000	101,690	0.88
Vietnam Technological & Commercial Joint Stock Bank	VND	83,197	92,720	0.80
Vincom Retail JSC	VND	164,689	198,095	1.71
Vingroup JSC	VND	155,130	637,373	5.49
Vinhomes JSC	VND	263,437	833,640	7.19
Total for Vietnam			10,695,439	92.20
Total for Common Stocks			10,695,439	92.20
Rights				
Vietnam				
Lien Viet Post Bank	VND	46,000	0	0
Total for Vietnam			0	0.00
Total for Rights			0	0.00
Total for transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market.				
			10,695,439	92.20
Total Investments in securities			10,695,439	92.20
Other Assets/(Liabilities)			904,575	7.80
NET ASSETS			11,600,014	100.00

Notes to the Financial Statements as at 31 December 2018

Note 1 - General information

1.1 The Company

KIM Investment Funds is an umbrella investment Fund with variable capital (société d'investissement à capital variable) incorporated on 24 October 2013 under the form of a société anonyme in the Grand Duchy of Luxembourg. It qualifies as an undertaking for collective investment in transferable securities ("UCITS") under Part I of the 2010 Law, as amended.

1.2 The Fund

As at 31 December 2018, the Company has three active Sub-Funds:

- **KIM Korea Navigator Fund**
- **KIVAM Korea Value Fund**
- **KIM Vietnam Growth Fund**

1.3 Investment Objectives and Policy

The investment objective of KIM Korea Navigator Fund is to provide long-term capital appreciation by principally investing in equity securities quoted on the stock exchanges of Korea. The Sub-Fund may also invest in other transferable securities such as bonds, promissory notes, Certificates of Deposits (CD), to earn additional interest income.

The Sub-Fund strives to earn capital gains by investing primarily in stocks with growth potentials. The Investment Manager will seek to add value with a stock selection based on bottom-up approach and a buy and hold strategy in terms of investment.

The investment objective of the KIVAM Korea Value Fund is to achieve superior long-term capital appreciation by investing in equity securities listed in Korea. The Sub-Fund may also invest in convertible securities and similar instruments to earn additional interest income.

The Sub-Fund will directly invest in shares of companies, which the Investment Manager believes to be undervalued. In assessing value, the Investment Manager may consider factors such as book to value, price to earnings ratios, asset qualities and trends of cash flow as well as dividend policies and management efficiency.

The investment objective of KIM Vietnam Growth Fund is to achieve superior long-term capital appreciation by investing principally in transferable equity and equity-related securities of companies of any market capitalization which are incorporated or listed in Vietnam, and/or listed or incorporated elsewhere in the world but which have their principal business activities in Vietnam.

The Sub-Fund strives to earn capital gains by investing primarily in stocks with growth potentials. The Investment Manager will seek to add value with a stock selection and a buy and hold strategy in terms of investment.

The Sub-Fund may, on a temporary basis, invest its net assets in money market instruments, deposits, units or shares of money market UCIs or in cash.

1.4 The Shares

- **KIM Korea Navigator Fund**

KIM Korea Navigator Fund currently offers five Class of Shares:

Share class name	Launch Date
Class A (USD) – Accumulating shares	6 July 2015
Class A (EUR) – Accumulating shares	9 May 2018
Class I (USD) – Accumulating shares	26 March 2014
Class I (EUR) – Accumulating Shares	21 January 2014
Class X (USD) – Accumulating Shares	21 November 2013

Class X is available to certain investors, which at the time the relevant subscription order is received, are clients or affiliates of Investment Manager.

- **KIVAM Korea Value Fund**

KIVAM Korea Value Fund currently offers three Class of Shares:

Share class name	Launch Date
Class I (USD) – Accumulating shares	17 March 2014
Class I (EUR) – Accumulating Shares	21 January 2014
Class X (USD) – Accumulating Shares	18 December 2013

Class X is available to certain investors, which at the time the relevant subscription order is received, are clients or affiliates of Investment Manager.

Notes to the Financial Statements as at 31 December 2018 (continued)**Note 1 - General information (continued)****1.4 The Shares (continued)**

- **KIM Vietnam Growth Fund**

KIM Vietnam Growth Fund currently offers three Class of Shares:

Share class name	Launch Date
Class I (USD) – Accumulating Shares	17 January 2018
Class I (EUR) – Accumulating Shares	15 June 2018
Class X (USD) – Accumulating Shares	8 June 2017

Class X is available to certain investors, which at the time the relevant subscription order is received, are clients or affiliates of Investment Manager.

Note 2 - Accounting policies

The accounts of the Company have been prepared in accordance with the Luxembourg regulations relating to UCITS. The significant accounting policies used detail as follows:

2.1 Cash and other liquid assets

Cash and other liquid assets are valued at their face value.

2.2 Valuation of investments in securities

Securities (including a share or unit in a closed-ended undertaking for collective investment and in an exchange traded fund) and/or financial derivative instruments which are listed and with a price quoted on any official stock exchange or traded on any other organized market at the closing price will be valued at the last available price on the principal market on which such securities are traded. Where such securities or other assets are quoted or dealt in or on more than one stock exchange or other organised markets, the Board of Directors shall select the principal of such stock exchanges or markets for such purposes;

The shares or units in open-ended undertakings for collective investment, which do not have a price quotation on a Regulated Market, will be valued at the actual net asset value for such shares or units as of the relevant Valuation Day, failing which they shall be valued at the last available net asset value which is calculated prior to such Valuation Day.

2.3. Investment Income and Investment Transactions

Dividend income is recorded on the ex-dividend date, net of withholding tax. Investment gains and losses are determined on an average cost basis.

2.4. Foreign Currency Translation

The value of all assets and liabilities not expressed in the reference currency of a Sub-fund is converted into the reference currency of such Sub-funds at the rate of exchange ruling in Luxembourg on the relevant Valuation Day.

Transactions occurring during the year in currencies other than the base currency are translated at rates of exchange ruling at the transaction dates.

Financial Statements are presented for each of the Sub-funds in the base currency of the Sub-fund and the combined Statement of Net Assets and Statement of Operations and Statement Changes in Net Assets are presented in US Dollar, based on the exchange rate ruling at the date of these financial statements.

The main exchange rates as at 31 December 2018 are:

1 USD = EUR	0.873820
1 USD = KRW	1,115.800000
1 USD = VND	23,195.000000

Note 3 - Taxation**LUXEMBOURG**

The Company is not liable to any Luxembourg tax on profits or income, nor are dividends paid by the Company liable to any Luxembourg withholding tax.

Notes to the Financial Statements as at 31 December 2018 (continued)**Note 3 – Taxation (continued)**

The Company is, however, liable in Luxembourg to a subscription tax of 0.05% per annum of its net asset value, such tax being payable quarterly on the basis of the value of the net assets of the Company at the end of the relevant calendar quarter. This tax rate is reduced to 0.01% per annum for Classes of shares reserved to institutional investors within the meaning of Article 174 of the 2010 Law. In addition, the value of the Sub-Fund(s)' assets represented by units held in other Luxembourg undertaking for collective investment shall be exempt from this tax, provided such units have already been subject to this subscription tax.

No stamp duty or other tax is payable in Luxembourg on the issue of shares.

No Luxembourg tax is payable on the realised or unrealised capital appreciation of the assets of the Company.

Subject to the provisions of the Savings Directive and the Law, non-resident shareholders are not subject to any income, withholding, estate, inheritance or other taxes in Luxembourg.

Note 4 - Significant agreements**4.1 Management Company fees**

In consideration for the management company services provided to the Company, the Management Company is entitled to receive a management company fee of a percentage of the net assets of the relevant Class, as further detailed in the relevant Sub-Fund Particular (the "Management Company Fee"). This fee will be accrued on each Valuation Day and payable monthly in arrears out of the assets of the relevant Sub-Fund.

The Management Company is entitled to receive a fee from the Class A (USD), the Class I (USD), the Class I (EUR) and the Class X (USD) Accumulating shares of up to 0.07% per annum per Sub-Fund (with a minimum of EUR 15,000 per Sub-Fund).

As at 31 December 2018, the Management Company fees correspond to USD 159,204.

4.2 Investment Management/Advisory fees

In consideration for the investment management/advisory services provided to the Company, the investment managers/advisers (if any) are entitled to receive from the Company any investment management/advisory fee of a percentage as further detailed below.

Sub-funds	Class of Shares	Investment Management fee
KIM Korea Navigator Fund	Class A (USD)	Up to 2%
	Class A (EUR) ^{a)}	Up to 2%
	Class I (USD)	Up to 0.8%
	Class I (EUR)	Up to 0.8%
	Class X (USD)	0%
KIVAM Korea Value Fund	Class I (USD)	Up to 0.8%
	Class I (EUR)	Up to 0.8%
	Class X (USD)	0%
KIM Vietnam Growth Fund	Class I (USD) ^{b)}	Up to 1.5%
	Class I (EUR) ^{c)}	Up to 1.5%
	Class X (USD)	0%

The rates are the effective ones.

- a) Class A (EUR) launched on 9 May 2018
- b) Class I (USD) launched on 17 January 2018
- c) Class I (EUR) launched on 15 June 2018

4.3 Administrator fees

The Company has appointed State Street Bank Luxembourg S.C.A. (the 'Administrator') as its Administrator, Domiciliary, Paying, Registrar and Transfer Agent. For its services as Administration Agent, State Street Bank Luxembourg S.C.A. receives an annual fee based upon a reducing scale, of up to 0.08%, depending upon the value of the Company's net assets, subject to a minimum annual central administration fee of EUR 48,000 per Sub-Fund. This fee is calculated and accrued on each Valuation Day and is payable by the Company monthly in arrears and as agreed from time to time in writing.

4.4 Depositary fees

For its services as Depositary, State Street Bank Luxembourg S.C.A. receives an annual fee of up to 0.02% of the Company's net assets and safekeeping fees for this service which can vary dependent upon the markets in which the assets of the Company are invested. This fee can range from 0.008% p.a. of the value of the assets of a Sub-Fund of the Company when safe kept in developed markets to 0.30% p.a. of the value of the assets of such Sub-Funds which are safe kept in emerging markets (excluding sub-custodian out-of pocket expenses). Trade Settlement is charged on a per transaction basis based on the countries in which the securities are settled. This fee can range from EUR 10 to EUR 65 per transaction.

Notes to the Financial Statements as at 31 December 2018 (continued)**Note 4 - Significant agreements (continued)****4.5 Professional fees**

Professional fees are composed of tax services, audit and legal fees.

4.6 Other charges and expenses

The Company pays all brokerage and any other fees arising from transactions involving securities in the Company's portfolio, clearing, taxes and governmental duties and charges payable by the Company, and fees and expenses involved in registering and maintaining the authorisation in Luxembourg and elsewhere and the listing of the Company's shares (where applicable), cost and expenses for subscriptions to professional associations and other organisations in Luxembourg or in other jurisdiction where it may be registered for offer of its shares, which the Company will decide to join in its own interest and in that of its shareholders, the cost of publication of prices and costs relating to distribution of dividends, the remuneration of the Directors, if any, and their reasonable out-of-pocket expenses and its other operating expenses such as accounting and pricing costs, expenses for legal, auditing and other professional services relating to the management of the Company and of its Sub-Funds, costs of printing, translating, and publishing information for the shareholders and in particular the costs of printing, translating and distributing the periodic reports, as well as the Prospectuses, litigation and other recurring or non-recurring expenses.

Any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets will be borne by the Company.

The costs and expenses for the formation of the Company and the initial issue of its shares will be borne by the first Sub-Funds of the Company (namely the KIM Korea Navigator Fund and the KIVAM Korea Value Fund) and amortized over a period not exceeding 5 years. Any additional Sub-Fund(s) which may be created in the future shall bear their own formation expenses to be amortized over a period not exceeding 5 years. Notwithstanding the foregoing, Korea Investment Management Co., Ltd. and Korea Investment Value Asset Management Co., Ltd may pay all or part of the set-up costs of the Company.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial asset or liability.

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs on the purchase and sale of money market instruments, bonds, forward foreign exchange currency contracts and swaps are included in the purchase and sale price of the investment.

Custody transaction costs include transaction costs paid to custodians and sub-custodians. Purchases and sales transaction costs include identifiable brokerage charges, commissions, transaction related taxes and other market charges.

For the year ended 31 December 2018, the Sub-Funds incurred transaction costs as follows:

	KIM Korea Navigator Fund (USD)	KIVAM Korea Value Fund (USD)	KIM Vietnam Growth Fund (USD)	Combined (USD)
Purchase and sales transaction fees	426,340	229,418	35,033	690,791

Note 5 – Changes in the Schedule of Investments

The list of movements in investments composition of each Sub-Fund of the Company for the financial year may be obtained free of charge at the Company's registered office.

Note 6 – Subsequent events

None.

Information to Shareholders as at 31 December 2018 (Unaudited)

KIM Korea Navigator Fund, KIVAM Korea Value Fund and KIM Vietnam Growth Fund utilize the commitment approach in order to monitor and measure global exposure.

The global exposure monitoring is the commitment approach in accordance with CSSF 11/512.

As at 31 December 2018, the Company did not hold derivative instruments.

ALFI Code of Conduct

The Board of Directors of the Company (the "Board") has adopted the ALFI Code of Conduct issued in July 2013, which sets out the principles of good governance, and considers that the Company has been in compliance with it in all material respects throughout the financial year ended December 31, 2018. Any subsequent amendment to the ALFI Code of Conduct will be considered by the Board prior to adoption and necessary disclosures will be made in the audited annual report.

Remuneration Policy Statement as at 31 December 2018 (Unaudited)**Remuneration policies and practices**

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, the Prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the SICAV (the Remuneration Policy).

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the SICAV or the Sub-Funds. Within the Management Company, these categories of staff represent 22 persons.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the SICAV and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

The following table shows the fixed and variable remuneration in 2018 for the Identified Staff (22 persons), who is fully or partly involved in the activities of all the funds managed by the Management Company. For the purposes of the below disclosures, where portfolio management activities have been formally delegated to another entity, the remuneration of the relevant identified staff of the delegate has been excluded, as it is not paid out by the Management Company or by the SICAV.

Staff expenses split into fixed and variable remuneration

Wages and salaries

- a. Fixed
- b. Variable

Staff expenses broken down by categories of staff subject to UCITS V pay rules

Staff code	Fixed remuneration	Variable Remuneration	Total
S	1,637,510.59	753,648.12	2,391,158.71
R	451,755.00	25,876.50	477,631.50
C	575,921.11	7,175.00	583,096.11
O	0	0	0

Remuneration Policy Statement as at 31 December 2018 (Unaudited) (continued)

Remuneration policies and practices (continued)

S = Senior Management

R = Risk takers, which includes staff members whose professional activities can exert material influence on UCITS or AIFs managed by Lemanik Asset Management S.A.

C = Staff engaged in control functions (other than senior management) responsible for risk management, compliance, internal audit and similar functions.

O = Any other staff member receiving total remuneration that takes them into the same remuneration bracket as senior management and risk-takers, whose professional activities have a material impact on LAM's risk profile.

A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.

No material changes have been made to the remuneration policy.