

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

KOSPI declined 2.2% during April 2022, largely driven by global equity markets' downfall amid rising concerns about rising interest rates, the US FED's quantitative tightening, and potential stagflations. Most of large Korean corporates reported 1st Quarter 2022 earnings that turned out to be better than expected with a very small number of exceptions. However, the Korean market index could not save itself from the broad market's downfall. Local market's expectations about the President-elect Mr Yoon Suk-Young's de-regulation policies lost some steam, as the president's transition committee did not provide more clarity ahead of the inauguration date on 10th of May 2022. Notably, Korean battery makers came out with improved margins, successfully passing through raw material price hikes on battery pricing, whereas the Chinese rival Contemporary Amperex Technology saw a significant margin decline from cost hikes.

On a sector basis, Consumer Staples/Discretionary, Energy and Healthcare outperformed for the month while Communication Services and Technology were relative underperformers.

Korean won depreciated 3.6% against the US dollar for the month, as risk-averse trading flows continued on with concerns such as inflations, geopolitics, and China's lockdown.

Although Industrials and Consumer Discretionary saw some positive contribution, Communication Services predominantly detracted from performance.

In terms of individual stocks, top contributors included Samsung Electronics, KIA Corp, Hyundai Motor Co Preferred Shares, LG Display, and Pearl Abyss. On the other hand, KakaoBank, NAVER, Kakao, WeMade, and SK Hynix were among bottom contributors.

Global equity markets are likely to remain challenging in the face of rising interests on inflation fears, central banks' tightening, geopolitical uncertainties, and potential stagflation concerns. While it is difficult to see Korea markets rising when global markets are struggling, we believe Korea has already priced in most concerns and reached close to a bottom. In terms of valuation, Korea is trading at historically the lowest level and also relatively cheapest among Asia regional peers. We also keep our constructive stance on the prospected de-regulation policy momentum and the strong earnings fundamental of the leading growth industries.

Korea will still continue to benefit from global tech industry's structural growth given Korea has broad-based sectors already opportunistically aligned, which include well-built supply chains for Semiconductor, Electric Vehicle, Batteries, Organic Light Emitting Diode display, Bio healthcare, and online contents. In terms of valuation impact, Korea should be relatively lesser affected because Korea has been trading at substantially lower multiples than peers. As the market gradually digests the interest rates hike worries, structural growth in major sectors and capital rewards improvement should consistently drive Korea to decrease its valuation discount. We have been observing a number of meaningful signals about generational changes and major restructuring efforts from large corporate groups, where Environmental, Social and Governance perspectives are increasingly highlighted.

We keep our strategy of optimizing positions of individual stocks in disequilibrium, which stems from exogenous noise and intra-sectoral bifurcation. Candidate areas include e-commerce platforms, Electric Vehicle battery value chain, digital contents globalization, tech materials localization, Hydrogen economy enablers, IT device form factor beneficiaries, Financial technology enablers, Industrial automation, innovative healthcare leaders, policy beneficiary, and deep-value re-opening sector leaders.

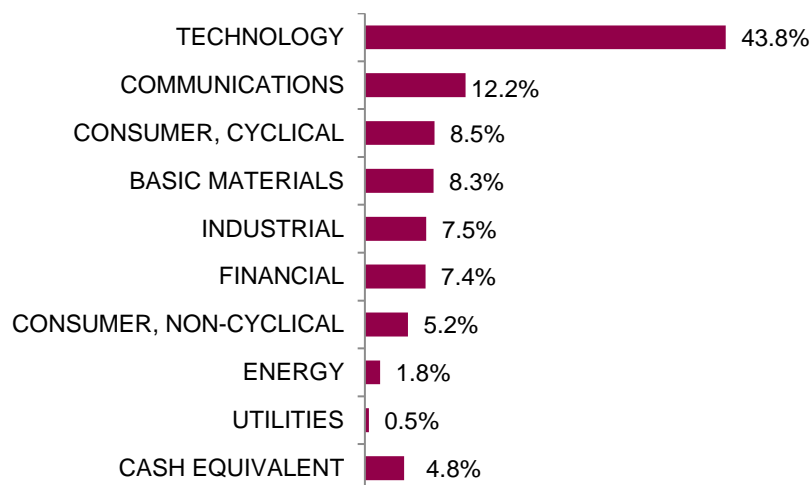
Performance (%)

		1- year	3- years p.a.	5- years p.a.	10- years p.a.	Since Inception p.a.
SGD Class¹	NAV	-20.9	6.0	1.5	3.8	8.9
	NAV [^]	-24.8	4.2	0.4	3.3	8.7
	Benchmark [#]	-23.0	6.7	4.2	4.9	12.2
USD Class¹	NAV	-23.7	5.5	1.7	2.7	6.7
	NAV [^]	-27.5	3.7	0.7	2.2	6.4
	Benchmark [#]	-25.8	6.2	4.5	3.8	8.1

Past performance is not necessarily indicative of future performance

Source: Lion Global Investors Ltd / Morningstar

Sector Allocation (% of NAV)



Fund Facts

Fund Inception Date:	SGD Class: 03 Jul 1998 USD Class: 16 Aug 2004
Subscription Mode:	Cash, SRS ²
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 ³ :	S\$1.207/US\$0.874
Fund Size:	S\$15.0 million

Codes

SGD Class:	SG9999002356 OCBSKFI
USD Class:	SG9999002364 OCBKRUS

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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.

¹ 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.

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

³ Price reflects 2 for 1 subdivision of units on 1 October 1999 and 3 for 1 subdivision of units on 1 June 2006. Distribution of income and capital will be at the Managers' sole discretion. Any distributions made out of capital will reduce the net asset value of the Fund.

The above is based on information available as of 30 April 2022, 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.

Top 10 Holdings (% of NAV)

SAMSUNG ELECTRONICS CO LTD	9.4
SAMSUNG ELECTRONICS CO LTD PREF	9.0
SK HYNIX INC	8.9
SAMSUNG SDI CO LTD	6.5
KIA CORP	5.3
NAVER CORP	5.0
KAKAO CORP	3.9
HANSOL CHEMICAL CO LTD	3.5
KB FINANCIAL GROUP	3.4
SFA ENGINEERING CORP	2.6

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