

# 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 continued its strength in May 2021, advancing 1.8% in local currency terms. In the early part of the month, KOSPI renewed the record high on strong 1st quarter of 2021 earnings results and fiscal spending. However, subsequently the Korean stock market index was pulled back due to the inflation and following tapering concerns and the weakened investment sentiment on crypto market's volatility. Re-opening beneficiaries got more interests from investors as the vaccination rate continued to accelerate after exceeding the 10% mark. Korean Electric Vehicle (EV) battery stocks have lagged regional peers after LG Chem's holding company discount issue was re-highlighted by few brokers. The US and Korea summit went well, bringing some growth prospect to leading industries such as semiconductor, EV battery, and biologics. While short sale ban was lifted for major stocks and MSCI had its regular rebalancing, there were no observations of any major change in market liquidity and volatility.

On a sector basis, Consumer, Communication Services, and Financials significantly outperformed the market, while Materials and Technology underperformed.

Korean won appreciated 0.2% against the US dollar during the month. Korean won benefitted from strong export momentum and the correlation with Chinese yuan.

In terms of sector, positive performance from overweight in Consumer and Communication was mostly offset by the lagging performance from overweight in Materials.

In terms of individual stocks, top contributors included Samsung Electronics, Kakao, Hyundai Motor, LG Corp, and SK IE Technology. On the other hand, LG Chemical, Samsung SDI, Doosan Heavy, E-Mart and Lotte Chemical were among bottom contributors.

We remain positive on Korean market's outlook. In terms of growth, Korea will continue to benefit from the global tech industry's structural growth given Korea has broad-based relevant sectors already opportunistically aligned, which include well-built supply chains for Semiconductor, EV, Batteries, Organic Light-Emitting Diode (OLED) display, Bio healthcare, and media contents. Even after Financial Year 2020 earnings' outperformance, Corporate Korea's earnings growth has been accelerating in 2021, which has been well observed from the first quarter of 2021's earnings results so far across all major sectors.

On the other hand, the valuation of Korea market is incrementally appealing to investors. Based on the structural growth in major sectors and the improving capital reward, Korea should continue to decrease its valuation discount. We have been observing a number of meaningful signals about generational changes and major restructuring from large corporate groups, where Environmental, Social and Governance perspectives are increasingly highlighted.

Since the beginning of the year, Korea market has had sizable price volatilities from major stocks amidst speedy sector rotations and re-ratings. We estimate temporary market corrections may repeat on the global market's volatilities. However, the strong domestic retail liquidity is expected to keep supporting the market against the structural backdrop of Korean household's portfolio shift towards financial assets.

We keep our strategy of optimizing positions of individual stocks in disequilibrium, which stems from exogenous noise and intra-sectorial bifurcation. Candidate areas include e-commerce platforms, EV battery value chain, 5G innovation, digital contents globalization, tech materials localization, OLED form factor change, Fintech enablers, Industrial automation, innovative healthcare leaders, cyclical beneficiary with earnings leverage, and re-open beneficiary in deep value.

## Performance (%)

		1-year*	3- years p.a.	5- years p.a.	10- years p.a.	Since Inception p.a.
SGD Class <sub>1</sub>	NAV	56.6	6.1	10.1	4.6	10.4
	NAV <sup>^</sup>	48.7	4.3	9.0	4.0	10.2
	Benchmark <sup>#</sup>	65.7	11.3	15.8	6.8	14.0
USD Class <sub>1</sub>	NAV	67.6	6.5	11.0	3.9	8.8
	NAV <sup>^</sup>	59.2	4.7	9.9	3.3	8.5
	Benchmark <sup>#</sup>	77.3	11.7	16.8	6.1	10.5

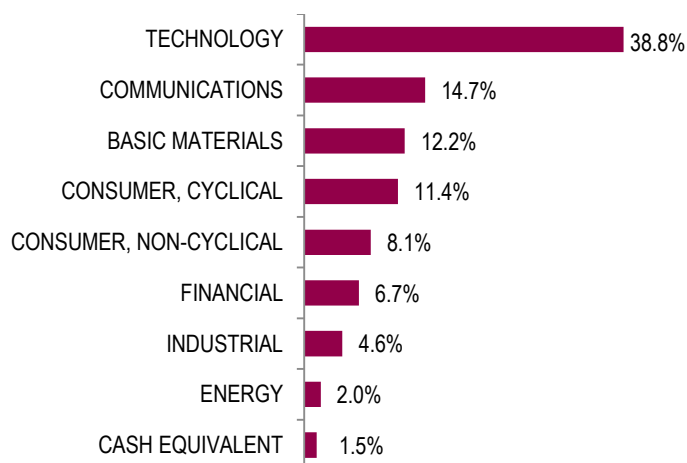
Past performance is not necessarily indicative of future performance

Source: Lion Global Investors Ltd / Morningstar

## 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\$1.515/US\$1.146
Fund Size:	S\$18.7 million

## Sector Allocation (% of NAV)



## 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.

\*Past performance is due to exceptional circumstances which may not be sustainable and not necessarily indicative of future performance.

<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. 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 31 May 2021, 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	11.4
SAMSUNG ELECTRONICS CO LTD PREF	9.1
SK HYNIX INC	8.7
NAVER CORP	6.1
KAKAO CORP	5.5
LG CHEMICAL LTD	5.4
SAMSUNG SDI CO LTD	4.4
HYUNDAI MOTOR CO	4.1
KB FINANCIAL GROUP	3.4
HANSOL CHEMICAL CO	3.1

For further information or to  
obtain a copy of the prospectus:

Funds Hotline | +65 6417 6900  
Facsimile | +65 6417 6806  
[www.lionglobalinvestors.com](http://www.lionglobalinvestors.com)

**Lion Global Investors Limited**  
65 Chulia Street #18-01  
OCBC Centre  
Singapore 049513

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