

# 2024 Annual Report



## KOREA INVESTMENT CORPORATION



# KIC 20 Years of Investing Globally

2024 Annual Report

04	Letter from the CEO
14	Investment Highlights
24	Investments
54	Governance & Organization
70	Financial Statements

## Letter from the CEO



Dear readers,

In 2024, amid a challenging global environment, KIC maintained a sound balance between profitability and stability by remaining committed to a long-term investment perspective, strategic asset allocation and disciplined risk management. As of year-end, our assets under management reached a record high of USD 206.5 billion. Our annual investment return was 8.49%, with an annualized return since inception of 4.75%, underscoring our commitment to fulfilling our mandate as Korea's sovereign wealth fund.

The global economy in 2024 showed a modest recovery despite persistent inflationary pressures, tight monetary policy, recessionary concerns and heightened geopolitical tensions. At the same time, the re-election of President Donald Trump brought sharp policy shifts in trade, diplomacy and regulation. Global financial markets face unprecedented uncertainty and volatility as a result.

Beyond short-term volatility, and from a long-term, historical perspective, there is a growing view that the post-World War II global economic order -- centered on free trade and the U.S. dollar -- is undergoing a fundamental reconfiguration. And investment paradigms must be realigned accordingly.

Howard Marks, Co-Chairman of Oaktree Capital Management, who visited KIC last year, has emphasized an enduring investment principle: "You can't predict. You can prepare." At KIC, we are doing exactly that. We are reinforcing our investment framework and capabilities, grounded in rigorous macroeconomic scenario analysis.

We are adjusting our exposure to sectors vulnerable to geopolitical risk and high interest rates, strengthening scenario analysis and stress testing for key risk factors, including monetary policy, interest rates and regulatory shifts. We continue to upgrade our ability to respond swiftly to changes in the global macroeconomic environment.

We are also sharpening our responsiveness to global market developments by leveraging the on-the-ground investment capabilities of our offices in New York, San Francisco, London, Singapore and Mumbai alongside our Seoul headquarters.

At the same time, we are actively expanding our investments in new growth areas. These include not only leading AI innovators, but also industries and companies expected to see productivity gains and business model transformation through AI adoption. We are also diversifying investment strategies and sectors across both traditional and alternative assets to strengthen the resilience and flexibility of our portfolio.

While the current environment is marked by short-term uncertainty, KIC remains grounded in its investment principles and long-term perspective. We are committed to identifying intrinsic value in global markets and investing steadily in assets with long-term growth potential. This is the basis for KIC's role as a genuine long-term investor in global markets and key to ensuring the stable management and growth of Korea's sovereign assets.

This year marks the 20<sup>th</sup> anniversary of KIC's founding—a meaningful opportunity to reflect on the decades past and to prepare for those ahead.

Drawing upon our experience in and understanding of global markets, we will continue to deliver stable and sustainable results, serving as a pillar for Korea's future generations. And as always, we will strive to keep growing as a globally trusted sovereign wealth fund that contributes to the advancement of global capital markets. Thank you.

**Il Young Park**  
Chairman and Chief Executive Officer



# 20 Years of Shaping Korea's Financial Future

## 20 Years of Investing Globally





# 20 Years of Shaping Korea's Financial Future

Since its founding in 2005 as the sovereign wealth fund of Korea, the Korea Investment Corporation<sup>KIC</sup> has paved the way in global financial markets.

Beginning with equities and fixed income, KIC has diversified its investment portfolio into alternative assets while enhancing its asset management capabilities as a responsible long-term investor. We have built a 24-hour global operating system and network through five overseas branches, including those in New York and London. Having navigated multiple financial crises, our risk management framework has grown more sophisticated and robust.

Our journey is not a mere record of numbers, but also a testament to our conviction in the future of Korea and our tireless efforts to achieve it -- and a guidepost for the road ahead.

We remain committed to our mission of preserving the nation's future purchasing power.

With a long-term investment horizon, we will continue to grow as a sovereign wealth fund leading Korea's future -- one that sees not only the trees, but also the forest and the ridgelines of the mountain range stretching beyond.



# 20 Years of Investing Globally, Shaping Korea's Financial Future

## 2005

### Promulgation of the Korea Investment Corporation Act

On March 2, 2005, the Korea Investment Corporation Act was passed by the National Assembly and was promulgated as Law No. 7393 on March 24, establishing the legal basis for the Korea Investment Corporation.



## 2006

### Establishment of Investment Policy, risk management guidelines and IT systems

Ahead of its first investment, in June 2006, KIC formulated a mid-to-long-term Investment Policy Statement and risk management guidelines, thereby establishing systems for risk management and performance evaluation. From its founding in 2005 through 2006, KIC also built its IT system in three phases, establishing an information strategy plan and developing business support computer systems and investment operation systems. KIC thus became the first domestic institution specializing in overseas investment.

2005 U.S. Federal Reserve continues policy rate hikes

## 2005

### Establishment of KIC

On July 1, 2005, KIC was established as the sovereign wealth fund of Korea.



2006.7. Japan ends zero-rate era

## 2006

### First investment: Indirect global fixed-income investment

In November 2006, KIC made its first investment -- an indirect investment of USD 1 billion in passive fixed-income products. This was followed by indirect equity investments in April 2007 through external asset managers. In selecting them, KIC conducted rigorous proposal analyses and on-site due diligence to verify not only management capabilities but also whether their investment philosophies aligned with KIC's, and whether their track records were consistent.

## 2007

### Start of direct global fixed-income investments

In August 2007, KIC made its first direct investment -- in a USD 1 billion fixed-income index fund. Building direct investment capabilities has been an important and meaningful objective for KIC as a long-term investor. It enables us to reduce fees paid to external asset managers, enhance our competitiveness in global financial markets and strengthen our ability to respond to market volatility.



## 2009

### Establishment of the Risk Management Division

The 2008 global financial crisis shook financial markets and economies around the world. At the time, KIC was in the early stages of direct investment and actively explored response strategies to turn the crisis into a springboard for new opportunities. It also pursued structural changes to enable stable, long-term investment operations. As part of these efforts, KIC established a Risk Management Division in February 2009. The aim was to strengthen firm-wide risk management governance and improve related systems by ensuring the independence of the risk management unit.

2009. 3. U.S. Fed buys back government bond

2007. 3. Countrywide Financial shows signs of severe distress

2007. 8. BNP Paribas suspends redemptions from three hedge funds, signaling the onset of the global financial crisis

## 2008

### Start of direct global equity investments

In March 2008, KIC began direct equity investments with a USD 1 billion passive strategy tracking a global index of developed market equities. In the second half of 2007, KIC had established an equity investment division and benchmarked leading global systems and processes to develop a proprietary platform optimized for its operating environment. It also built a world-class electronic trading system and network, and constructed portfolios using a variety of risk models and optimized strategies.

2008. 9. Lehman Brothers files for bankruptcy  
2008.11. U.S. Fed announces purchase of MBS

## 2009

### Start of global alternative investments

In August 2009, KIC began expanding its investment targets to include alternative assets and diversify its portfolio. It established a new investment policy direction aimed at strengthening its alternative investment capabilities to generate long-term returns exceeding inflation and enhance the real purchasing power of national wealth.





# 20 Years of Investing Globally, Shaping Korea's Financial Future

## 2010 - 2011

### Establishment of New York and London offices

In July 2010, KIC established in New York its first overseas office, which was followed by the opening of an office in London in December 2011. KIC also built an infrastructure system that enabled integrated global portfolio management between headquarters and overseas offices. This helped reduce transaction costs caused by time zone differences with major financial markets, created a foundation for capturing asset-class-specific opportunities amid rapid market changes and enhanced KIC's ability to respond swiftly to emerging risks.



- 2012. 1. S&P lowers credit ratings of nine Euro zone countries
- 2013. 12. U.S. Fed announces tapering of bond purchase program
- 2014. 12. U.S. Fed announces end of QE3

- 2011. 3. Japan earthquake sparks volatility in global markets
- 2011. 8. S&P lowers U.S. credit rating

## 2012

### Relocation to State Tower Namsan

In August 2012, KIC relocated its headquarters from the Seoul Finance Center in Gwanghwamun to its current location at State Tower Namsan, marking the beginning of its "Namsan era." The move provided KIC with a work environment capable of accommodating its rapidly growing assets under management and expanding workforce.



## 2014

### Launch of the Public Community for Overseas Investment

In April 2014, KIC launched the Public Community for Overseas Investment<sup>PCOI</sup>. This was part of an effort to expand its network with domestic financial institutions to more efficiently support policy objectives related to the development of Korea's finance industry.

Today, the PCOI stands as Korea's only consultative body for overseas investment among institutional investors. Membership has grown from 16 institutions at the start to 26 as of 2024.



## 2015

### Proposal of KIC growth plan

KIC developed and proposed to the government four initiatives under a plan to advance KIC, which outlined a vision for KIC's growth into a leading global sovereign wealth fund. Key initiatives include: increasing entrusted assets, strengthening KIC's global investment network, enhancing KIC's role in supporting Korea's financial hub policy and establishing an HR and organizational structure suited to an investment institution.

- 2015. 12. U.S. Fed implements first rate hikes since 2006
- 2016. 6. UK votes for Brexit
- 2016.11. Donald Trump is elected U.S. president

## 2017

### Establishment of Singapore office

KIC established its Singapore office in September 2017 as its third global investment base. The office is responsible for identifying attractive investment opportunities in emerging markets across Southeast Asia, India and Oceania, particularly in comparison to developed markets.



## 2016

### Announcement of Innovation Measures

In February 2016, KIC announced a set of Innovation Measures to strengthen internal controls and enhance management transparency. These measures were established in response to the expansion of KIC's assets under management, organizational growth and portfolio diversification, with the aim of managing investment and operational risks more efficiently and transparently. Earlier, in September 2015, KIC had undergone a restructuring to separate the roles of Chief Risk Officer and Compliance Officer, established a Risk Management and Audit Subcommittee under the Steering Committee and strengthened its internal audit function—laying the foundation for a three-tiered internal control system.



## 2018

### Establishment of Stewardship Principles

In December 2018, KIC established the Stewardship Principles to fulfill its fiduciary duty as Korea's sovereign wealth fund and to lay the policy foundation for the expansion of responsible investment.

The following year, KIC swiftly incorporated a provision on responsible investment into its Investment Policy Statement, establishing a firm-wide framework for its implementation. This was followed by the adoption of internal guidelines on responsible investment, which systematized specific procedures and standards for related activities.

- 2018.10. U.S.-China trade dispute



## 20 Years of Investing Globally, Shaping Korea's Financial Future

### 2019

#### Introduction of an absolute return framework

In January 2019, KIC adopted an absolute return framework in response to growing recognition of the need for a proactive investment strategy capable of delivering returns above inflation to preserve future purchasing power.

2020. 03. WHO declares COVID-19 a pandemic

2020. 04. The U.S., Europe and other major economies implement large-scale liquidity and fiscal stimulus measures

### 2020

#### Establishment of mid- to long-term strategy, SGV 2035

To mark its 15<sup>th</sup> anniversary, KIC established its mid- to long-term strategy, SGV 2035. The strategy outlines KIC's vision of becoming a world-class investment institution that grows national wealth based on trust, and its mission to efficiently manage sovereign assets and contribute to the advancement of the finance industry.



2021. 11. U.S. Fed officially announces decision to implement tapering

2022. 02. Russia-Ukraine war breaks out, U.S. Fed aggressively raises interest rates

2019. 01. U.S. Fed Chair Jerome Powell declares patient approach to monetary policy, suggesting a halt to tightening

2019. 12. U.S.-China Phase 1 Trade Agreement

### 2020

#### Publication of first Sustainable Investment Report

KIC published its first Sustainable Investment Report, detailing its responsible investment principles and practices, including its ESG investment framework and shareholder engagement activities. KIC has continued to publish the report annually to enhance transparency and provide direction on its responsible investment efforts.

### 2021

#### Establishment of San Francisco office

KIC established its San Francisco office in March 2021. It is KIC's fourth overseas office and second location in the United States. With the New York office in the east and San Francisco office in the west, KIC has built a well-balanced presence in North America—its largest investment region. We have been actively identifying investment opportunities across such areas as AI, cybersecurity and space technology in Silicon Valley, particularly through research, venture capital and startup channels.



2022. 11. Launch of generative AI and surge in its popularity

### 2022

#### Launch of the International Finance Academy

In April 2022, KIC launched the International Finance Academy to nurture overseas investment professionals in Korea's finance sector. Drawing on KIC's experience and expertise in global investing, the academy offers comprehensive courses covering practical aspects of investing, including global alternative assets, ESG and risk management. Today, it is Korea's leading education program specializing in overseas investment.

### 2023

#### Active shareholder engagement

In line with its Stewardship Principles, KIC began directly exercising voting rights for major listed stocks, establishing a foundation for active shareholder engagement to enhance the long-term corporate value of its investee companies and strengthening its responsible investment capabilities as a global sovereign wealth fund.

2023. 03. Silicon Valley Bank<sup>SVB</sup> bankruptcy and emergency liquidity supply from the US Federal Reserve

2024. 03. Bank of Japan<sup>BOJ</sup> raises interest rates for the first time in 17 years, strengthening the yen

### 2024

#### Establishment of Mumbai Office

In April 2024, KIC established its Mumbai office -- our fifth overseas investment base and first in an emerging market. As India's economy continues to grow in the mid- to long term, driven by the world's largest population and a vibrant IT ecosystem, we will focus on finding investment opportunities in sectors including infrastructure, real estate, venture capital and private equity.



2024. 08. Major sell-off on Wall Street due to shifts in Japanese monetary policy and concerns about U.S. economic slowdown

### 2022

#### Becoming a PRI signatory

In December 2022, KIC became a signatory to the Principles for Responsible Investment (PRI), the world's largest responsible investment initiative and one launched under the auspices of the United Nations in 2006. Through collaboration and alignment with fellow signatories, KIC is strengthening its responsible investment capabilities and establishing itself as a leader in sustainable investing.

2025. 04. U.S. announces high tariff policy, heightening U.S.-China tensions and increasing financial market volatility

### 2025

#### Establishment of mid-to long-term management strategy

KIC established and announced its mid-to long-term development strategy.





# INVESTMENT HIGHLIGHTS

1

16

Key Figures

22

Global Presence

Key Figures



As of the end of December 2024, KIC managed approximately USD 206.5 billion in assets, with cumulative investment returns totaling about USD 93.9 billion.

Return on total assets

Category	2020	2021	2022	2023	2024
Total AUM <sup>USD billion</sup>	183.1	205	169.3	189.4	206.5
Annual return before expenses <sup>%</sup>	13.71	9.13	-14.36	11.59	8.49
Annual return after expenses <sup>%</sup>	13.52	8.94	-14.46	11.44	8.35
10-year annualized return <sup>%</sup>	6.13	7.50	4.68	4.92	5.36
Annualized return since inception <sup>%</sup>	5.22	5.47	4.12	4.54	4.75

Return on traditional investments

The return on traditional assets in 2024 was 9.30%, +3 bps compared to the benchmark.

Category		2020	2021	2022	2023	2024	Annualized return for the past 5 years	Annualized return since inception
Total	Return <sup>%</sup>	14.62	6.75	-17.58	14.35	9.30	4.74	4.89
	Excess return <sup>bp</sup>	144	-39	-52	-6	3	5	14
Equities	Return <sup>%</sup>	19.16	18.61	-19.27	22.44	18.83	10.67	6.26
	Excess return <sup>bp</sup>	261	-92	-137	-13	10	-6	-11
Fixed income	Return <sup>%</sup>	9.88	-4.62	-16.65	6.34	-0.19	-1.50	2.44
	Excess return <sup>bp</sup>	78	39	14	14	2	29	29

Return on alternative investments

Annualized return since inception: 7.68%

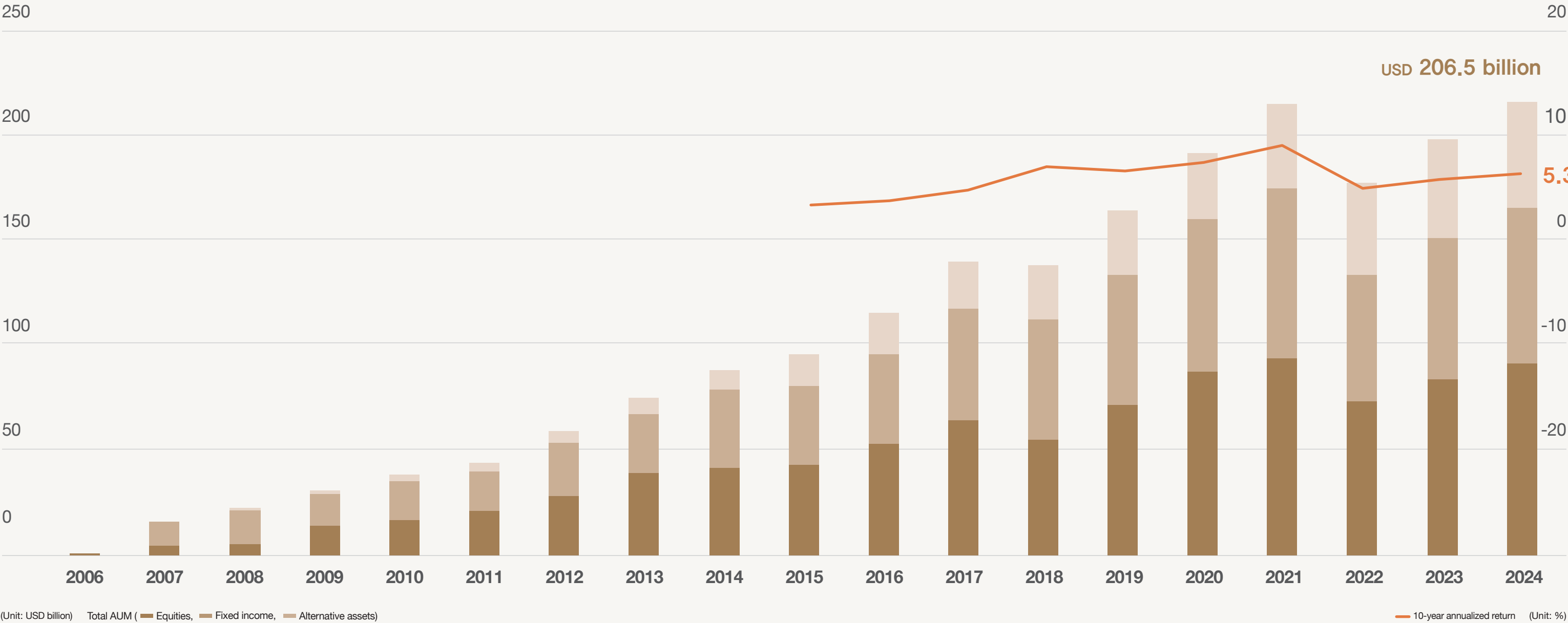
Category	Inception	Annualized return since inception <sup>%</sup>
Private equity	2009. 09. 16	9.41
Real estate, infrastructure	2010. 03. 15.	6.83
Hedge funds*	2010. 01. 29.	5.72
Private debt**	2024. 01. 02	-
Total for alternative assets		7.68

\* Total includes commodities. (Categorized as traditional assets since April 2011.)

\*\* Private debt has been managed as a separate asset class since January 2024.

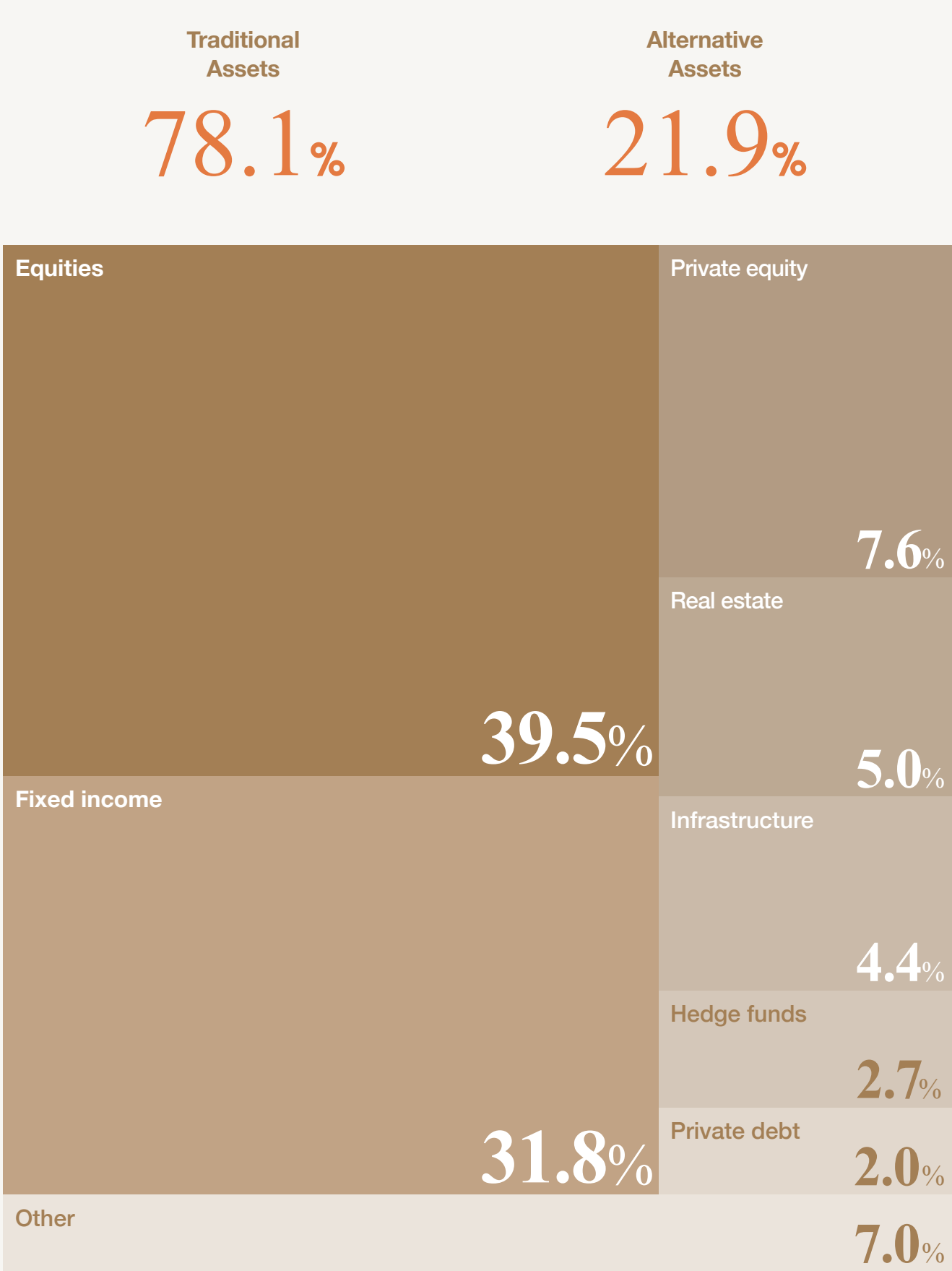
AUM and returns

In 2024, KIC posted an annual return of 8.49%. The 10-year annualized return was 5.36%, and the annualized return since inception, 4.75%. Since its establishment, KIC has delivered consistent and stable returns exceeding the rate of inflation.





Asset allocation in 2024



Asset allocation by year

(Unit: %)

	2023	2024
Equities	39.2	39.5
Fixed income	31.5	31.8
Alternative assets*	22.0	21.9
Other*	7.3	6.8
	100	100

\* Other assets include inflation-linked bonds and cash.

Benchmarks for each asset class

Asset class	Type	Benchmark
Traditional assets	Equities	Morgan Stanley Capital International All Country World Index ex Korea <sup>unhedged</sup>
	Fixed income	Bloomberg Global Aggregate Index ex KRW ex Korea
	Inflation-linked bonds	Bloomberg Barclays Global Inflation-Linked Bond Index
	Cash	ICE BofA Merrill Lynch 3-Month US Treasury Bill
Alternative assets	Private equity	Morgan Stanley Capital International All Country World Index ex Korea <sup>unhedged</sup> + 2%, 3 months lagged
	Real estate, infrastructure	G7 inflation rate + 4%, 3 months lagged
	Hedge funds	BofA Merrill Lynch 3-Month US Treasury Bill + 3.5%, 1 month lagged
	Private debt*	Morningstar Global Leveraged Loan Index +1.25%, 3 months lagged

\* Private debt has been managed as a separate asset class since January 2024.

Investments by region

Based on the market value of traditional assets as of the end of December 2024

(Unit: %)

Asia	12.19
North America	63.97
Europe	21.72
Other regions	2.12
	100

Investments by unit

KIC invests in funds around the world to generate more stable and sustainable returns.

(Unit: Count)

Countries	67
Currencies	39
Equities	2,962
Fixed income	9,832
Funds	593

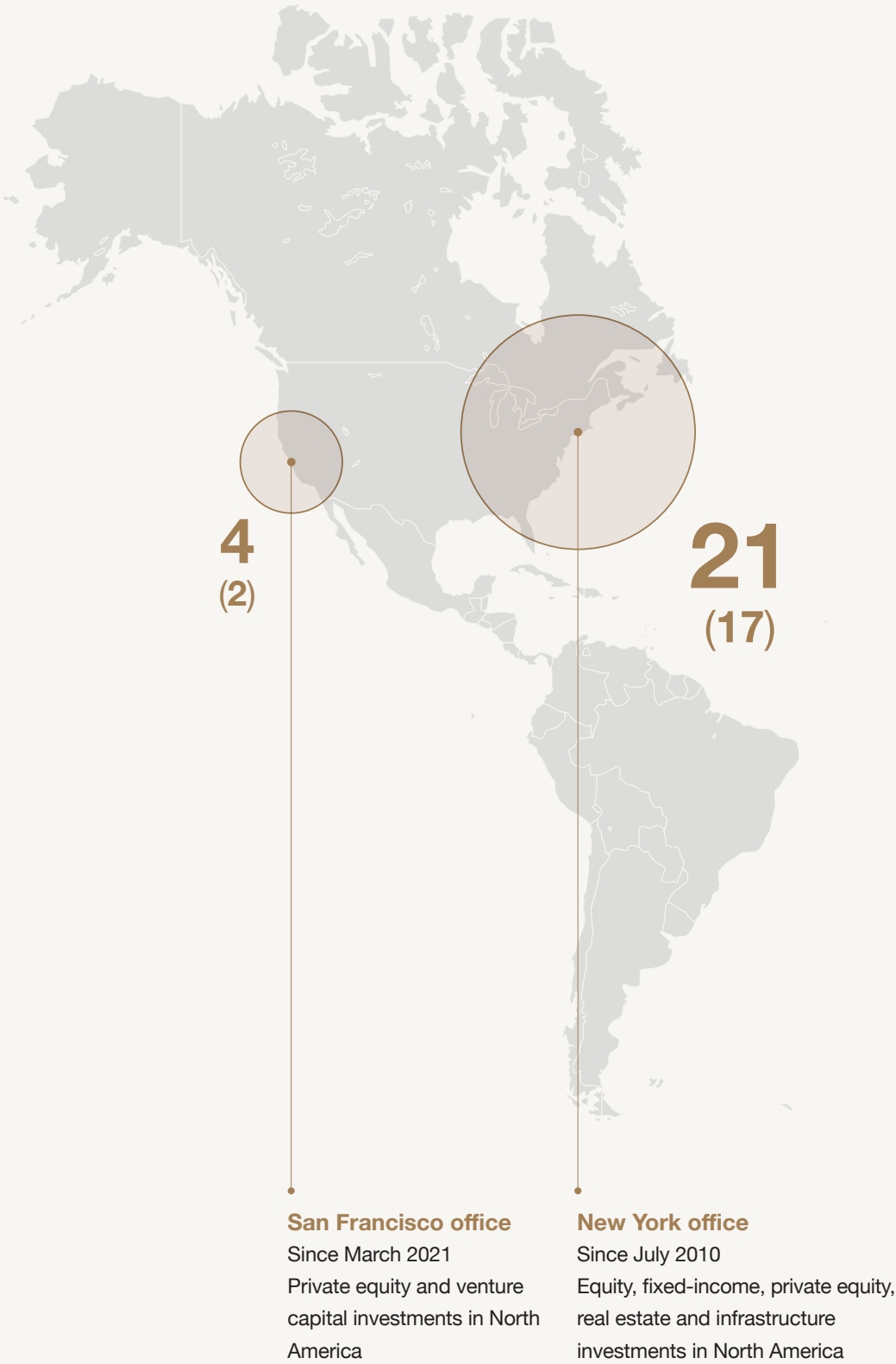
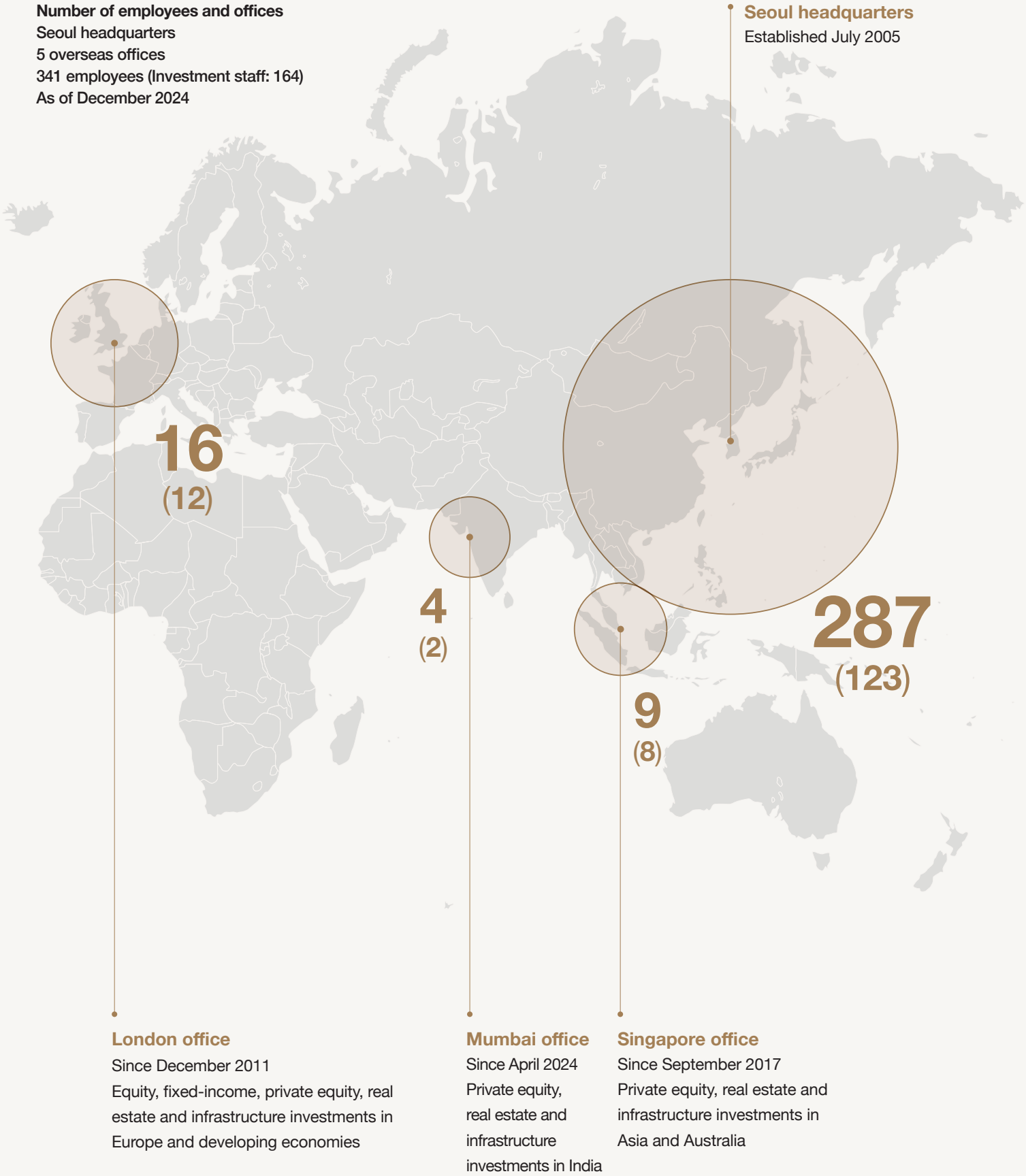
List of invested countries

(As of the end of December 2024)

Equity & fixed-income investments	Greece, South Africa, Netherlands, Norway, New Zealand, Denmark, Germany, Malaysia, Mexico, United States, Bermuda, Belgium, Brazil, Saudi Arabia, Sweden, Switzerland, Spain, Singapore, United Arab Emirates, Ireland, United Kingdom, Austria, Israel, Italy, India, Indonesia, Japan, China, Taiwan, Czech Republic, Chile, Kazakhstan, Qatar, Canada, Cayman Islands, Colombia, Kuwait, Thailand, Turkey, Peru, Portugal, Poland, France, Finland, Philippines, Hungary, Australia, Hong Kong
Equity investments	Jersey
Fixed-income investments	Latvia, Romania, Luxembourg, Lithuania, Macao, Bahrain, Bulgaria, Slovenia, Slovakia, Cyprus, Iceland, Andorra, Estonia, Uruguay, Egypt, Croatia, Panama

# Global Presence

Number of employees and offices  
Seoul headquarters  
5 overseas offices  
341 employees (Investment staff: 164)  
As of December 2024



# INVESTMENTS

## Investment Policy & Process

KIC's investment policy and process focus on boosting long-term returns through the management of assets entrusted by the Korean government and Bank of Korea.



### Investment Policy

#### Investment Objective

KIC's investment objective is to generate sustainable and stable investment returns within appropriate risk limits to preserve and increase the value of Korea's wealth.

#### Investment Principles

KIC adheres to the Prudent Investor Rule, pursuing a diversified investment strategy across asset classes and regions. This approach enables KIC to effectively manage overall portfolio risk while seeking sustainable returns.

#### Asset Classes

KIC's portfolio is primarily composed of traditional assets, alternative assets and strategic investments. Traditional assets refer to highly liquid financial assets listed on public exchanges, such as equities and fixed-income investments. Alternative assets encompass a broad range of assets outside the traditional space. While they typically offer lower liquidity due to the absence of standardized trading markets, they aim to generate additional returns through illiquidity premiums. Representative alternative assets include private equity, real estate, infrastructure, hedge funds and private debt. Strategic investments refer to assets in which KIC participates as a co-investor in the overseas investments of domestic companies.

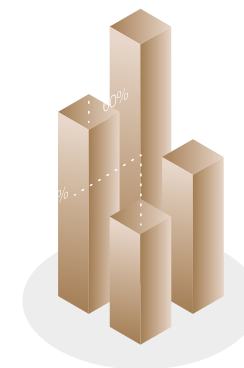
### Investment Guidelines

Investment guidelines serve as KIC's standards for managing entrusted assets. They define investment objectives, benchmarks, permitted assets, investment restrictions, performance evaluation criteria and reporting methods. KIC manages assets, controls risks and evaluates performance based on these standards.

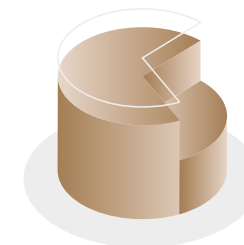
### Asset Allocation

KIC allocates assets based on financial market conditions, asset characteristics and investment horizons. To strengthen its asset allocation capabilities, KIC holds quarterly asset allocation forums, where it integrates top-down and bottom-up views from investment departments to formulate a house view. KIC's asset allocation framework comprises strategic asset allocation, strategic tilting and tactical asset allocation, with each applied according to investment horizon and purpose.

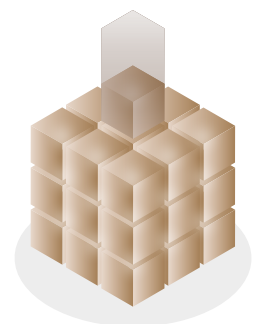
Strategic asset allocation defines the role and function of each asset class and sets KIC's policy portfolio based on expected returns and risks on a long-term horizon. Strategic tilting aims to enhance returns by adjusting allocations against the policy portfolio on a mid-term horizon. Tactical asset allocation manages the risks of short-term market volatility through various hedging strategies and pursues excess returns through using alpha strategies.



Strategic Asset Allocation



Strategic Tilting



Tactical Asset Allocation



Direct and Indirect Management

KIC manages entrusted assets through both direct and indirect investment approaches. In direct management, internal investment teams manage assets, aiming to achieve stable performance that exceeds benchmarks with relatively low risk. In indirect management, KIC selects external asset managers to manage assets. This approach employs more aggressive investment strategies targeting excess returns with relatively higher risk.

Risk Management

KIC minimizes unnecessary risk and controls downside risk levels through preemptive and systematic risk management. We set risk limits in accordance with a risk management policy approved by the Steering Committee, KIC's highest decision-making body, and regularly check compliance with these limits.

Investment Process

KIC's investment process is focused on improving long-term returns through stable asset management.



Investment Committee

KIC makes prudent and responsible investment decisions through the following investment-related committees.

Investment Committee

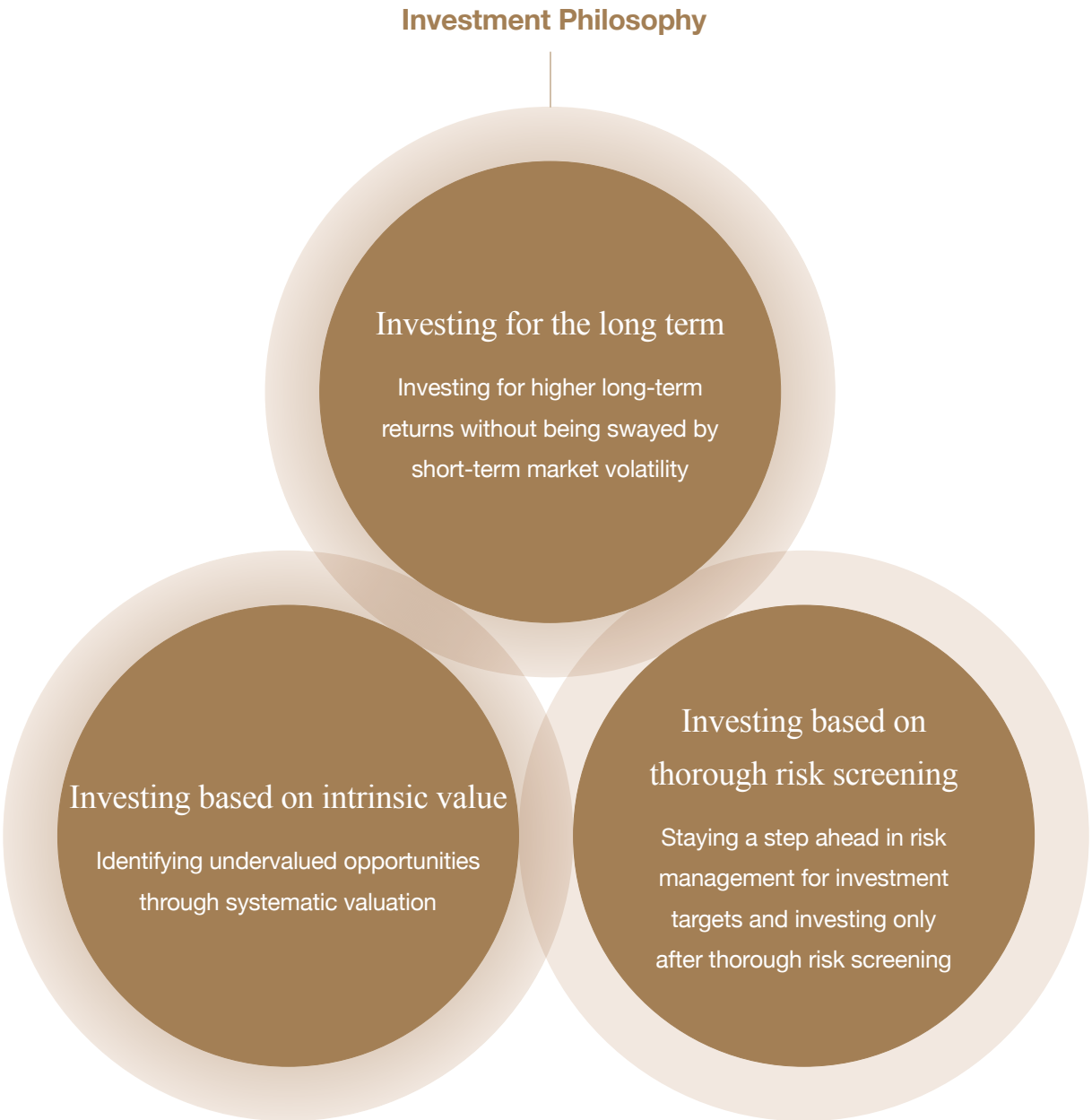
- Role: Deliberates and decides on investments
- Composition: CEO<sup>Chair</sup>, Chief Investment Officer, Chief Risk Officer, Chief Operating Officer and the heads of the Investment Strategy & Innovation, Public Market and Alternative Investment divisions

Investment Working Committee

- Role: Comprehensively review expected investment returns and risks
- Composition: Chief Investment Officer<sup>Chair</sup> and the heads of the investment and risk management groups

Risk Management Working Committee

- Role: Review and assess issues related to risk management
- Composition: Chief Risk Officer<sup>Chair</sup> and the heads of the investment and risk management groups



## Traditional Assets

Traditional assets make up the core of KIC's investment portfolio and consist of equities, fixed income and asset allocation. They play a pivotal role in achieving KIC's investment objectives.



Since initiating fixed-income investments in 2006, KIC has expanded the scale of its portfolio through diversifying into a broad range of asset classes, including equities and absolute return assets, and the development of new strategies. As of 2024, traditional assets account for 78.1% of KIC's total portfolio and have delivered stable performance, with an annualized return of 4.89% since inception. As KIC's investment scope and scale have steadily grown, it has strengthened its ability to adjust allocations across asset classes and manage risk companywide. Since 2019, KIC has convened quarterly asset allocation forums, attended by investment management experts, to engage in in-depth discussions that inform investment decisions.

KIC derives expected returns for each asset class based on its financial market outlook and asset class analyses. It then determines optimal asset class weights considering companywide risk levels. KIC develops various relative strategies within asset classes and adjusts asset class weights in response to changes in economic conditions and financial market fluctuations to achieve returns exceeding benchmarks.

To enhance portfolio returns, KIC rebalances between asset classes, applies currency hedging strategies, manages appropriate proportions of direct and indirect investments, diversifies strategies within asset classes and entrusts assets across multiple management firms.

### Macroeconomic Analysis

KIC analyzes global macroeconomic research from various perspectives to ensure effective asset allocation. Through considering the economic structures and political and social issues of major countries, we lay the groundwork to actively respond to changes in the investment landscape. We use the analysis for short-term market responses and to build our portfolio in the mid- and long-term.

Our regional managers also actively communicate and consult with one another, which allows for the mutual verification of investment ideas. We build a strategic portfolio based on the global economic and market outlook derived through this process, contributing to long-term returns.

### Equities

KIC uses fundamental analysis and quantitative models to identify equities around the world that are undervalued relative to their intrinsic value with a long-term investment perspective. While focusing on generating excess returns in accordance with investment guidelines, we manage our portfolios in consideration of various risk factors, such as changes in the macroeconomic environment.

We pursue stable and sustainable returns through building a balanced portfolio of fundamental and quantitative strategies and of direct and external investments.

### Fundamental Direct Investments

KIC's fundamental direct investment strategy, led by the Equity Investment & Strategy Group and Global Equity Investment Group, aims to deliver stable excess returns through long-term investments in undervalued companies identified via rigorous intrinsic value analysis.

The strategy is structured into global and regional portfolios. Headquarters constructs global portfolios by evaluating the relative strengths of companies from a broad, international perspective while the New York and London offices apply region-specific expertise to implement localized strategies. The offices work in close coordination with headquarters to ensure a synergistic approach to global equity investments.

### Quant Equity Management

The Quant Equity Investment Group's long-term vision is to strengthen KIC's direct investment capabilities. As such, it benchmarked advanced overseas systems and





developed an in-house global portfolio management and trading system. The group began investing in 2008 with passive index-tracking strategies and has since fully implemented quantitative excess return models based on mathematical and statistical algorithms. These efforts have evolved into enhanced index strategies that aim to improve cost efficiency and returns. To actively respond to changes in the global investment environment, the Quant Equity Investment Group leverages big data and machine learning technologies. It is also building an operational platform by strengthening ESG and thematic strategies. In addition, the group operates a quota program that delegates a portion of foreign equity trading to domestic securities firms, supporting mutual growth with Korea's finance industry.

#### External Equity Management

External equity investments, managed by the Equity

Investment & Strategy Group, aim to generate long-term excess returns by selecting and diversifying investments across global asset managers with strong operational capabilities. The team in charge employs a range of investment techniques, including fundamental and quantitative approaches, and seeks to deliver consistent long-term performance by constructing balanced portfolios across regional strategies, including global developed markets and Asia, based on differentiated investment philosophies such as value, growth and stability.

#### Fixed Income

KIC invests in a wide range of fixed-income instruments, including government bonds, agency bonds, corporate bonds and asset-backed securities across countries and currencies. It pursues a balanced portfolio management approach combining bottom-up investing

based on regional and sectoral expertise with top-down strategies grounded in comprehensive global market analysis, while effectively managing market, credit and liquidity risks. In addition, KIC actively capitalizes on diverse investment opportunities in the global fixed-income market by fostering the synergy created through seamless collaboration between our headquarters and overseas branches, as well as through an integrated approach to both direct and delegated asset management.

#### Direct Fixed-Income Investment

Our directly managed fixed-income portfolio is guided by a balanced integration of top-down and bottom-up strategies, with a strong focus on active risk management to navigate market volatility and pursue excess returns. By leveraging deep sector expertise and maintaining close coordination between our headquarters and global offices, we effectively capture a wide range of opportunities across the global fixed-income landscape.

#### External Fixed-Income Management

For externally managed fixed-income portfolios, KIC

seeks to generate stable mid- to long-term excess returns by selecting top-tier managers with strong alpha-generation capabilities in the global fixed-income market. We construct well-balanced portfolios and actively rebalance them in response to evolving global economic and market conditions.

#### Tactical Asset Allocation

KIC has established a process to formulate and implement tactical asset allocation strategies across its traditional asset portfolio. Tactical asset allocation aims to adjust asset class weights through spot allocation, hedging and alpha strategies in order to respond to short-term market volatility, manage overall return volatility across traditional assets and enhance returns. To address heightened market volatility, KIC continues to develop quantitative indicators based on economic and market data analysis and constructs expected scenarios through various analyses of past financial crises and geopolitical events. Through these efforts, KIC seeks to strengthen its systematic framework for investment management and risk analysis within the traditional asset portfolio.





## Alternative Assets

KIC invests in alternative assets, including private equity, real estate, infrastructure, hedge funds and private debt.



Alternative assets refer to assets not traded in public markets. They are typically characterized by longer investment horizons and lower liquidity compared to traditional assets. They also offer an illiquidity premium and exhibit distinct risk-return characteristics, often resulting in low correlation with traditional investments. As such, alternative assets serve as effective tools for reducing overall portfolio risk and diversifying sources of return.

KIC began investing in alternative assets in 2009 with private equity and has since broadened its exposure to include real estate, infrastructure, hedge funds and private debt. From the inception of its alternative investment program through 2024, KIC has delivered a solid annualized return of 7.7% in this asset class.

### Private Equity

Private equity, which enables illiquid, growth-oriented, long-term investments within the alternative asset portfolio, is a strategy that offers higher returns than other asset classes. KIC established its alternative investment division in 2009 and began investing in private equity funds immediately following the Global Financial Crisis. We started making direct private equity investments in 2010 and co-investments with GPs in 2011, diversifying our portfolio by region and strategy.

In 2024, the global private equity market experienced a rebound in buyout activity compared to the previous year, driven by improved conditions for acquisition financing. In the venture capital space, active investment in emerging technologies such as artificial intelligence contributed to higher valuations for related startups. However, investment in regions facing geopolitical risks remained subdued, and the monetization of invested capital continued to be delayed due to a contraction in the IPO market.

In response, KIC aims to secure stable long-term returns by building a well-diversified portfolio across regions and strategies, with a focus on high-quality, defensive assets.

To stay ahead of industrial paradigm shifts and identify promising tech assets early, KIC operates the KIC Venture Growth (KVG) fund, a dedicated venture investment program. KIC also actively pursues direct and co-investment opportunities, selectively investing

in mission-critical businesses. With this approach, KIC continues to strengthen its investment analysis capabilities and deepen strategic partnerships with leading investment managers.

### Real Estate

Real estate is one of the core alternative asset classes that can help diversify a portfolio. KIC has been making a diverse range of direct, indirect and co-investments in real estate in North America, Europe and Asia since 2010.

In 2024, the global real estate market continued to undergo price corrections, with transaction volumes remaining below historical averages. This trend was largely driven by central banks maintaining relatively high policy rates. However, performance varied by sector. Sectors such as residential, logistics and data centers—where sustained demand growth is anticipated—saw a rebound in transaction activity, reflecting renewed investor interest.

KIC has expanded investments in sectors with favorable supply-demand dynamics, including residential, logistics and data centers. At the same time, it has broadened its investment network by selecting high-quality GPs with deep expertise in specific markets and sectors/strategies. Considering the prolonged high-interest-rate environment and broader macroeconomic uncertainty, KIC has also strengthened its asset management practices by proactively monitoring existing holdings to maintain portfolio stability.



Looking ahead, KIC plans to actively take advantage of current market repricing to expand new investments across regions and sectors from a medium- to long-term perspective, with the goal of enhancing overall portfolio returns.

### Infrastructure

Infrastructure investments provide essential facilities and services to society while generating stable, long-term cash flows. With natural monopolistic characteristics, revenue structures tied to long-term contracts or inflation and relatively low return volatility across economic cycles, infrastructure is particularly well-suited for long-term investment.

Since launching its infrastructure investment program in 2010, KIC has steadily expanded its portfolio, now investing across a wide range of sectors—including telecommunications, energy, power, renewables, transportation, social and environmental — in North America, Europe, Asia and other regions.

In 2024, inflation showed signs of easing, but interest rates remained elevated, continuing to exert pressure on markets. Nonetheless, long-term global trends such as the energy transition and digitalization remained intact, consistently creating investment opportunities. As the infrastructure market matured, secondary transactions among market participants also continued.

KIC actively tracks market developments to pursue opportunities in regions and sectors aligned with global structural trends. In particular, KIC has worked to diversify its portfolio not only through investments in major infrastructure markets such as North America and Europe and traditional sectors, but also by exploring opportunities in emerging markets and niche sectors.

Going forward, KIC will continue to monitor global macroeconomic trends to respond agilely to infrastructure investment opportunities and to build a stable and resilient portfolio.

### Hedge Funds

Hedge fund investments aim to generate stable absolute returns over the medium to long term by building portfolios with low correlation to broader markets. KIC began investing in hedge funds in 2010. Since then, it has delivered complementary performance to other asset classes through a well-diversified portfolio, consistently achieving stable absolute returns over the long term.

Given the sustained high volatility in financial markets, KIC plans to continue building its portfolio around strategies expected to deliver steady absolute returns over the medium to long term.

KIC also supports the overseas hedge fund investments of Korean financial institutions through the establishment of joint ventures, leveraging its diverse hedge fund experience to contribute to the development of Korea's finance industry.

### Private Debt

In response to the rapid growth of the private debt market and the expansion of related investment opportunities, KIC began managing private debt as a standalone asset class in 2024.

Private debt typically involves shorter investment horizons than other alternative assets and begins generating cash flows from the early stages of investment, making it a relatively stable source of liquidity. As investments are primarily made in loans to high-quality companies, default rates tend to remain low.

KIC's private debt portfolio is currently in the early stages of construction and is expanding investments in various forms, including direct corporate lending. Looking ahead, KIC plans to continue investing in new strategies to diversify the portfolio and enhance its overall stability.

To further strengthen its private debt capabilities, KIC is also actively expanding partnerships with top-tier asset managers through the establishment of co-investment platforms.

## Strategic Investment

In 2024, KIC established the Strategic Investment Team to support Korean companies in strengthening their global competitiveness and securing new growth engines, while contributing to the resilience and growth of the Korean economy.



Strategic investment refers to KIC co-investing with Korean companies overseas, including in mergers and acquisitions of foreign firms. Through these investments, KIC aims to achieve both financial returns and strategic objectives. Leveraging its extensive overseas investing experience, global network and expertise in key industries, KIC will build partnerships with a broad range of Korean companies and seek investment opportunities that generate strategic synergies and financial gains.



## Investment Stewardship and Sustainable Investment

At KIC, we are expanding sustainable investments that incorporate environmental, social and governance (ESG) factors to pursue long-term, stable returns. Through doing so, we contribute to the sustainability of Korea's sovereign wealth.



### Sustainable Investment

KIC established its Stewardship Principles in 2018 to clearly define the objectives of its stewardship activities. At the same time, we began enhancing our role as Korea's sovereign wealth fund through sustainable investments that consider non-financial metrics, including environmental, social and governance (ESG) factors. This marked our first step toward supporting the global agenda for sustainable development, in line with global capital market trends. In September 2019, KIC included a responsible investment clause in its Investment Policy Statement, the authoritative guide to KIC's investment philosophy, principles and processes. The following month, KIC established the Responsible Investment Guidelines to define our sustainable investing procedures and standards. Then, in 2021, the National Assembly of Korea amended the Korea Investment Corporation Act to provide a legal foundation for KIC's pursuit of sustainable investing. In accordance with this legislative framework, KIC integrates ESG factors throughout the investment process and strives to increase stable, long-term returns.

### ESG Integration

KIC has implemented ESG integration across all asset classes and portfolio strategies, establishing a sustainable investment framework aligned with global best practices.

We apply ESG considerations to both traditional and alternative assets, in direct and indirect investments alike. By identifying ESG factors that could affect the value of investees and taking appropriate action during the investment process, we aim to enhance long-term asset value and returns. Our efforts include the following:

First, we pursue sustainable investments, which consider ESG factors as a core investment theme. They include ESG equity strategy funds and green and social projects within alternative investments. KIC also invests in green, social and sustainability bonds and has ESG-themed quant sub-strategies that integrate

ESG factors at the portfolio level.

Second, KIC conducts ESG reviews of all its traditional and alternative asset managers, as well as on direct investments and co-investments in alternative assets. Using ESG questionnaires and on-site inspections, we assess each firm's ESG policies and whether those policies are embedded in the investment process. We also review ESG factors of individual projects from multiple angles and reflect the findings in our investment decisions.

Third, KIC actively addresses climate-related risks. We conduct detailed assessments of carbon emissions across equity and fixed-income investments at the portfolio level. We have also expanded this work to include climate scenario analyses and have disclosed our findings in our Sustainable Investment Report since 2022 based on Task Force on Climate-related Financial Disclosures (TCFD) standards.

Fourth, KIC limits investments in companies with low ESG scores by maintaining a watchlist. We also operate an ESG program that incorporates exclusionary strategies, avoiding investments in themes and industries identified as problematic from an ESG perspective.

Beyond policy development, KIC launched an ESG strategy fund in 2019. It tracks an ESG index that adjusts constituent weightings based on ESG scores, and it was the first global ESG strategy fund in Korea to adopt this methodology.

Since then, KIC has increased its allocations to ESG strategy funds and diversified these strategies into ESG Core and ESG Global. In response to the fast-evolving ESG landscape, we are also developing new ESG strategies. From a long-term perspective, KIC will continue to monitor and evaluate ESG strategy fund performance while proactively seeking new opportunities to create future value and establishing advanced ESG investment strategies.

In 2019 and 2021, KIC received green and sustainable fixed-income issuance funds from the Korean government (Ministry of Economy and Finance), which we have been investing in green and social

ESG- dedicated Investing	ESG Strategy Fund	ESG Core and ESG Global Strategy Funds	EQ external management <small>April 2019</small>
	Green & Social Project	Investment proceeds of the government's Green & Sustainability Bond	Direct/indirect AI <small>June 2019</small>
	GSS Bonds	Investing in green, social, and sustainability bonds	Direct/indirect FI
	Quant ESG Sub Strategy	Long-short model based on ESG score	Direct quant investments <small>EQ June 2020</small>
ESG Review	ESG Review for Traditional and Alternative Investments	Reviewing external managers and alternative investments	KIC's entire portfolio <small>January 2020</small>
ESG Program	ESG Special Companies Program	Limiting investment allocation to ESG underperforming companies	Direct EQ/FI investments <small>November 2019</small>
	Exclusion Strategy	Excluding particular industries and themes	KIC's entire portfolio <small>March 2021</small>

projects. Following investment execution, we disclose both environmental impacts—such as greenhouse gas emissions reductions and renewable energy generation—and social outcomes, including job creation and increased access to medical and educational services.

Through these initiatives, KIC seeks to strengthen investor confidence in Korea’s green and sustainable sovereign bonds, promote the growth of global ESG investing and contribute over the long term to achieving the United Nations Sustainable Development Goals. Looking ahead, we will continue to strengthen our ESG analysis capabilities and apply sustainable investing practices across our process and portfolio. KIC is committed to delivering strong returns, generating positive environmental and social outcomes and building a sustainable investment model that serves as a global benchmark.

Stewardship Activities

Exercising voting rights is one of the most widely used stewardship activities for overseeing corporate

management, governance and sustainability, while enhancing long-term shareholder value. KIC exercises its voting rights in investee companies in accordance with the Santiago Principles, which emphasize the importance of sovereign wealth funds actively exercising shareholder rights, and the KIC Stewardship Principles, adopted in 2018, thereby fulfilling its fiduciary duty.

To strengthen its proxy voting capabilities for the directly managed portfolio and align with global best practices, KIC began working with a global proxy advisory firm in 2019. In 2023, KIC appointed a new advisory firm to better reflect the evolving shareholder rights landscape. Since 2023, KIC has directly exercised voting rights in major investee companies to enhance corporate value as a global investor. And starting in 2024, KIC has expanded the scope of its direct voting in accordance with its shareholder rights roadmap. For indirect investments, voting is carried out by external asset managers. KIC monitors all voting activities and outcomes, with a continued focus on enhancing the long-term value of its investee companies.

Shareholder engagement refers to active communication between companies and investors aimed at enhancing corporate value. This includes direct dialogue with management, written inquiries and shareholder letters. Such engagement contributes to improved management practices and has a positive impact on corporate value over the medium to long term. Effective engagement has become a key component of value-enhancement strategies, particularly in Asian markets.

As Korea’s sovereign wealth fund and a global investment institution, KIC integrates the UN Sustainable Development Goals (SDGs) into its shareholder engagement efforts and monitors the progress of related initiatives. Through this approach, KIC contributes to enhancing the value of its investee companies.

Partnerships

KIC has actively built sustainable investing partnerships with institutional investors in Korea and abroad. In 2019, KIC became the first Korean institutional investor to join the International Corporate Governance Network<sup>ICGN</sup>. In 2020, we joined the One Planet Sovereign Wealth Funds<sup>OPSWF</sup>, an initiative to respond to climate change. We were also the first Korean public institutional investor to pledge support for the Task Force on Climate-related Financial

Disclosures<sup>TCFD</sup>. In 2022, we joined the UN Principles for Responsible Investment<sup>PRI</sup>, the world’s largest sustainable investment initiative. Through these and other efforts, we continue to expand partnerships with global institutional investors through exchanges focused on sustainable investment.

In 2020, KIC became the first domestic public investor to publish a Sustainable Investment Report. In its 2024 report, KIC showed that it has strengthened its climate change analysis with emission pathway predictions and diversified scenarios, while adding case studies on proxy voting for emerging ESG issues such as generative AI. The report also included, for the first time, KIC’s sustainable management status.

KIC hosts the annual KIC ESG Day to promote information sharing on ESG investment among domestic institutional investors and to encourage dialogue on responsible investing. In 2024, KIC held the 6<sup>th</sup> KIC ESG Day, which was themed “ESG Investment Strategies and AI Use Cases” and featured global investment managers from both the public and private sectors. The event included lively presentations and discussions on how environmental, social and governance factors can be integrated into investments through AI. KIC plans to continue strengthening partnerships with domestic institutional investors and actively share responsible investment strategies and practices to enhance returns.

Stewardship Principles

Principle 1	Establish and publicly disclose our principles on investment stewardship and how we will fulfill our stewardship responsibilities.
Principle 2	Have a robust internal approach for managing conflicts of interest that may arise in our stewardship activities
Principle 3	Regularly monitor portfolio companies to preserve and enhance value over the medium to long-term
Principle 4	Develop a process for engaging with investee companies, where necessary, on key matters relevant to the delivery of medium- to long-term value creation and preservation
Principle 5	Establish a voting policy and procedures for exercising shareholder rights in a manner aligned with the creation and preservation of investor value
Principle 6	Report periodically on stewardship activities
Principle 7	Commit to appropriate training, development, resourcing and collaboration for good investment stewardship



## Global Network

Through close partnerships with sovereign wealth funds, pension funds and other global financial institutions, KIC continues to make strides toward becoming a leading sovereign wealth fund.



As Korea's only sovereign wealth fund and one that strives to be a global leader, KIC has established broad and close networks with financial investment institutions around the world. These networks serve as a key driver of KIC's competitiveness by expanding access to superior investment information and high-quality opportunities, as well as securing advantageous positions during investment negotiations. For sustainable investment to gain traction, dialogue and cooperation among global institutional investors are essential. Recognizing this, KIC will strengthen its sustainable investment cooperation framework by diversifying partnerships as a financial investor representing South Korea in international capital markets.

### Building a Global Network with Sovereign Wealth Funds

KIC is building a close-knit global network through mutual cooperation with sovereign wealth funds. Since 2009, we have signed MOUs for cooperation with multiple funds to share investment information and engage in other forms of exchange.

#### PRI

KIC joined the Principles for Responsible Investment <sup>PRI</sup> in 2022. The PRI is the world's largest responsible investment organization, established under UN leadership in 2006. It has more than 5,300 member institutions managing approximately USD 128 trillion in assets. Through PRI activities, KIC aims to expand its global network and strengthen its responsible investment capabilities to become a global leader in responsible investing.

#### IFSWF

The International Forum of Sovereign Wealth Funds <sup>IFSWF</sup> is an organization of sovereign wealth funds that helps its more than 30 members implement the Santiago Principles, which are 24 Generally Accepted Principles and Practices for sovereign wealth funds. The organization also conducts research, represents its members' views to the broader community and facilitates knowledge sharing among members. KIC has been an active member of the IFSWF since the group's inception in 2009 and remains committed to the Santiago Principles.

#### ICGN

Established in 1995 as an investor-led organization, the International Corporate Governance Network <sup>ICGN</sup> aims to contribute to long-term value creation and sustainable development by improving corporate governance and stewardship practices. The policy positions of ICGN, guided by its Global Governance Principles and Global Stewardship Principles, serve as standards for corporate governance and stewardship among global companies and investors. KIC became

the first Korean investor to join ICGN in 2017 and endorse its global stewardship principles.

Through ICGN, KIC engages with more than 320 member organizations in 45 countries on stewardship principles and related topics. As a global investor, we strive to comply with these principles and promote shareholder rights and sustainable investment.

#### OPSWF

Established in 2017, One Planet Sovereign Wealth Funds <sup>OPSWF</sup> seeks to comprehensively address climate-related financial risks and opportunities from the perspective of long-term asset management. KIC joined the group, now 19 members, in 2020, with French President Emmanuel Macron announcing our membership at the OPSWF CEO Summit. As an OPSWF member, KIC aims to play a more active role in climate discussions and improve long-term returns by sharing best practices.

#### TCFD

The Task Force on Climate-related Financial Disclosures <sup>TCFD</sup> was established in 2015 at the request of G20 finance ministers and central bank governors. The TCFD provides guidelines for businesses and financial institutions to effectively disclose climate-related information. In 2020, KIC became the first public institutional investor in Korea to publicly endorse the TCFD and, at an OPSWF Summit that year, joined One Planet members in making statements of support for driving TCFD recommendations as a global standard.

Since 2022, KIC has been conducting climate scenario analyses in line with TCFD recommendations and discloses the results annually in its Sustainable Investment Report.



## Development of the Domestic Finance Industry

As an overseas investment specialist institution, KIC contributes to the development of Korea's financial industry by sharing its global investment experience and operational expertise.

## Partnership

### Expanding mandates to domestic managers and co-investing with domestic financial institutions

KIC is gradually expanding investment mandates to domestic asset management firms to help them build overseas investment expertise. Their number has steadily increased each year, reaching a total of eight—six for equities, one for hedge funds and one for fixed income—as of the end of 2024.

Looking ahead, KIC plans to steadily expand the scale of mandates to domestic managers in line with the development of Korea's asset management industry, while also diversifying asset classes and investment strategies.

KIC also collaborates with major domestic institutional investors by sharing information on attractive

investment opportunities and promoting continuous cooperation. This includes identifying high-quality alternative investment opportunities, exploring co-investment opportunities and providing information and access to global alternative investment networks to enhance their understanding of international markets.

In 2021, KIC established a hedge fund joint venture<sup>IV</sup> with the National Agricultural Cooperative Federation and National Federation of Fisheries Cooperatives to support domestic financial institutions investing in overseas hedge funds. In 2022, the Seoul Guarantee Insurance Company and Tongyang Life Insurance joined the JV.

KIC also contributes to the development of Korea's finance industry by partnering with domestic



alternative investment managers, investment banks and securities firms on strategic investments. We remain committed to fostering mutual growth with Korea's asset management industry and institutional investors through a broad range of cooperative efforts.

### Expanding cooperation with domestic brokerage firms and overseas-investment advisors

KIC utilizes the platforms of domestic securities firms to execute global equity trades. To help strengthen the firms' trading capabilities, we introduced a quota system in 2020, entrusting a portion of our equity transactions to them. KIC plans to deepen communication with domestic securities firms to support the development of their practical capabilities for overseas equity trading.

KIC also actively collaborates with domestic financial companies in overseas alternative investments,

particularly to strengthen their loan execution capabilities for global investment targets. We have been steadily facilitating the participation of domestic banks' overseas branches in loan syndications, executing more than USD 100 million in new loans through domestic financial companies in 2024.

In addition, KIC works with domestic institutions—such as legal, tax, accounting and consulting firms—throughout the advisory process in alternative investments, with the aim of strengthening their capacity to support global transactions.

KIC also encourages leading global financial institutions to enter the Korean market and share advanced financial expertise with the local industry. Through proactive engagement, we help key global partners better understand the Korean market and recognize its potential as a base for future business. We also consider their willingness to establish a local presence when selecting new external managers.

# Knowledge sharing

## Public Community for Overseas Investment<sup>PCOI</sup>

KIC launched the Public Community for Overseas Investment<sup>PCOI</sup> in 2014 as a platform for sharing overseas investment information and experiences with domestic pension funds, mutual aid associations and specialized banks. The PCOI has 26 member institutions as of the end of 2024.



























KIC held four PCOI meetings in 2024. In the first half of the year, it organized discussions on global inflation, the outlook for financial markets and overseas M&A activity by Korean companies. In the second half of the year, discussions spanned global venture investment trends and AI application in the asset management industry. KIC also hosted the 6<sup>th</sup> ESG Day to discuss practical strategies for applying AI in ESG investments.

KIC will continue to support the development of Korea’s finance industry by sharing its global investment expertise with member institutions.

## Highlights of the Public Community for Overseas Investment in 2024

Date	Conference Agenda
2024. 2. 29	2024 financial markets after the rate hike cycle
2024. 5. 31	Overseas M&A of Korean companies
2024. 8. 30	Global venture investment trends and AI applications in asset management
2024. 12. 6	ESG investment strategies and AI use

## Members of the Public Community for Overseas Investment

Institution Name	Institution Name	Institution Name
Korea Investment Corporation  한국투자공사	Korea Post  우정사업본부	Police Mutual Aid Association  경찰공제회
Government Employees Pension Service  공무원연금공단	Science and Technology Employees’ Mutual Aid Association  과학기술인공제회	International Finance Center  국제금융센터
Military Employees’ Mutual Aid Association  군인공제회	Korea Local Government Employees’ Mutual Aid Association  JOBA 지방행정공제회	Private School Teachers’ Pension Fund  사학연금
Korea Teachers’ Mutual Aid Association  한국한국교직원공제회	Korea Development Bank  KDB산업은행	Korea Eximbank  한국수출입은행
Korea Asset Management Corp  한국자산관리공사	Public Officials Benefit Association  한국지방행정공제회	Construction Workers Mutual Aid Association  건설근로자공제회
Korea Trade Insurance Corporation  Ksure 한국무역보험공사	Korea Fire Officials Credit Union  대한소방공제회	Korea Hydro & Nuclear Power  한국수력원자력
Korea Federation of SMEs  KBIZ 중소기업중앙회	Korea Labor Welfare Corporation  근로복지공단	National Federation of Fisheries Cooperatives  수협중앙회
Korea Deposit Insurance Corporation  KIDIC 한국보증보험공사	Korea Federation of Agricultural Cooperatives  NH농협	Korea Federation of Industrial Unions  산별노동조합
Korea Atomic Energy Agency  한국원자력안전공단	SGI Seoul Guarantee Insurance Company  SGI서울보증	

## International Financial Cooperation Council<sup>IFCC</sup>

KIC runs the International Financial Cooperation Council with its offices in the global financial centers of New York, London, Singapore and San Francisco, with the event being called the New York Financial Forum in the case of the New York office. The aim is to share investment information and promote mutual cooperation with public and private Korean investment institutions in each region.

The IFCC was launched in New York in 2017, London in 2018, Singapore in 2019 and San Francisco in 2022. The councils hold meetings featuring presentations and discussions with experts from leading local asset managers and investment banks. Last year, KIC held nine meetings in New York, five in London, one in Singapore and two in San Francisco.

Notably, the New York office expanded the scope of the IFCC in 2023 by launching the New York Financial Forum, which shares in-depth global financial market and investment information with Korean financial institutions and professionals based in New York. Through the IFCC, KIC shares insights on global financial market trends and promising investment

opportunities. We also pursue economies of scale by collaborating on co-investments when such opportunities arise. KIC strives to serve as an active gateway for domestic investors entering overseas markets and networks.

## International Finance Academy

The International Finance Academy, launched in 2022 to support the development of Korea’s finance industry, has played a key role in strengthening the overseas investment capabilities of domestic investors. In 2024, KIC drew on its global network to deepen the expertise of its instructors and hosted 15 seminars on financial market issues and trends. Through a broadened range of educational topics and promotional channels, the academy attracted 421 participants from 57 institutions. KIC plans to further expand the International Finance Academy by drawing on its asset management expertise and global network. By identifying topics aligned with participants’ educational needs and broadening the academy’s reach, we aim to strengthen Korea’s overseas investing talent pool and contribute to advancing the domestic finance industry.

Overseas Office	IFCC Members
New York	Korea Investment Corporation, Consulate General of the Republic of Korea in New York, National Pension Service, International Financial Center, Financial Supervisory Service, Korea Eximbank, Bank of Korea, Korea Development Bank, Korea Post, Korea Electric Power Corporation, Korea Housing Finance Corporation, Korea Trade-Investment Promotion Agency, Korea Trade Insurance Corporation, KB Kookmin Bank, Industrial Bank of Korea, NongHyup Bank, Shinhan Bank, Shinhan Bank America, Woori Bank, Woori America Bank, Hana Bank, Hanmi Bank, Mirae Asset Securities, Samsung Securities, KB Securities, Korea Investment & Securities, NH Investment & Securities, Shinhan Financial Investment, Samsung Asset Management, Mirae Asset Management, Hanwha Asset Management, Samsung Life, Kyobo Life, Korean Reinsurance, Hyundai Marine Fire Insurance, Samsung Fire & Marine Insurance, DB Insurance, SGI Seoul Guarantee, Hanwha Holdings America, Korea International Trade Association, Mastern America, etc.
London	Korea Investment Corporation, Embassy of the Republic of Korea in the United Kingdom, National Pension Service, Financial Supervisory Service, Korea Eximbank, Bank of Korea, KB Kookmin Bank, Industrial Bank of Korea, Korea Development Bank, Shinhan Bank, Woori Bank, Hana Bank, Nonghyup Bank, Mirae Asset Securities, Samsung Securities, Korea Investment & Securities, NH Investment & Securities, Kyobo Life Insurance, Samsung Fire & Marine Insurance, Korean Reinsurance, Hyundai Marine Fire Insurance, Samsung Asset Management, Aegis Asset Management, etc.
Singapore	Korea Investment Corporation, Korea Development Bank, Korea Eximbank, Korea Exchange, Woori Bank, Shinhan Bank, KB Kookmin Bank, Hana Bank, Korea Investment & Securities, Mirae Asset Securities, National Pension Service, Korea Housing Finance Corporation, Korea Trade Insurance Corporation
San Francisco	Korea Investment Corporation, National Pension Service, Korea Development Bank, Korea Venture Investment, Samsung Ventures, LG Tech Ventures, Mando Innovation, GS Futures, SK Discovery, Lotte Ventures, KT, Hanwha Asset Management



## Risk Management

The aim of KIC's risk management is to control investment risk within set limits and appropriately manage potential losses. KIC has a risk management system that provides comprehensive control solutions for managing risk at every stage—not only across the front, middle and back offices, but also within corporate management.



The Steering Committee deliberates on and makes decisions regarding risk management policy, while the Board of Directors<sup>BOD</sup> allocates risk limits and establishes risk management guidelines. The Risk Management Subcommittee (under the Steering Committee) and the Risk Management Working Committee (under the BOD) develop detailed risk management guidelines through in-depth discussions.

KIC manages market risk, alternative investment risk, credit risk, derivatives risk, operational risk and legal risk. We adopt quantitative indicators and limits to measure each type of risk, and assess and monitor these indicators throughout the investment process. When key risks exceed set limits, the Risk Management Working Committee examines the issue and discusses possible solutions. To supplement quantitative analyses, we also conduct various types of qualitative analyses.

To ensure the independence and autonomy of the risk assessment and investment monitoring processes, the Risk Management unit is strictly separated from the Investment Management unit.

### Risk Management

#### Market Risk

- Manage the risk levels of excess returns on traditional assets, including equity and fixed-income investments, based on benchmarks designated by sponsors

#### Alternative Investment Risk

- Designate allocation limits for external managers relative to the total net value of alternative assets and for each asset class
- Monitor the degree of investment concentration by region, strategy, sector, and vintage

#### Credit Risk

- Include securities-related credit risks and counterparty credit risks

#### Derivatives Risk

- Invest in derivatives on a limited basis to enhance returns and make portfolio adjustments

#### Operational Risk

- Prevent financial losses arising from risks associated with inappropriate internal processes, employees, systems and external factors

#### Legal Risk

- Review legal risks associated with the management of entrusted assets prior to all investments; use a post-management system to ensure protection of investor rights and mitigate legal risks

## Market Risk

For traditional assets such as equities and fixed-income investments, KIC manages the risk level of excess returns based on benchmarks designated by sponsors. Market risk for traditional assets is primarily measured by the volatility of excess returns relative to benchmarks. KIC sets and manages limits through ex-ante tracking error. In 2024, to actively respond to financial market volatility, KIC maintained the ex-ante tracking error of the integrated portfolio between a minimum of 22 bps and a maximum of 54 bps. By asset class, risk levels were maintained at 30-55 bps for equities and 12-30 bps for fixed-income investments. KIC views ex-ante tracking error as a metric for generating excess performance compared to benchmarks and allocates and manages it efficiently across various strategies, reflecting market conditions. Additionally, KIC measures and monitors indicators such as Value at Risk and Conditional VaR (or Expected Shortfall) to estimate portfolio volatility in line with absolute return targets at the asset allocation level. KIC also prepares for risk under various conditions using stress testing techniques. In particular, stress tests assume extreme situations that include not only historical events but also hypothetical future cases. For example, KIC examines high-intensity situations such as the impact of inflation surges on the performance and correlation of asset classes including equities, fixed-income and alternatives; the effect of geopolitical factors like prolonged wars or changes in Covid-19 response policies on the portfolio; and shifts in equity portfolio sensitivity during market crises. Through these methods, KIC estimates potential investment losses from multiple angles and incorporates the results into the investment decision-making process.

To address the limitations of quantitative models, KIC conducts model backtesting to validate risk models and calculates auxiliary indicators such as CoVaR. KIC also designates investment-eligible asset classes, sets risk limits by asset class, country, currency and industry and establishes allocation limits for each

external manager as well as bond duration ranges. We continue to improve our risk management system by identifying current issues through meetings with global institutions, among other efforts. We also closely monitor financial market trends by reviewing key market risk factors and analyzing their implications from a risk management perspective.

If a fund underperforms its benchmark beyond a certain threshold, we review the underlying reasons and develop appropriate solutions. In doing so, we consider the impact of these factors not only on the individual fund but also on the portfolio as a whole. For traditional investments, we restrict investments in countries and products with significant liquidity constraints and regularly monitor portfolio transaction liquidity.

## Alternative Investment Risk

The Risk Management Group sets allocation limits for external managers based on the total commitments of our alternative assets and for each asset class. To ensure diversification, the group also monitors concentration levels by region, strategy, sector and vintage.

Before investment decisions are made, the Risk Management Group reviews the risk factors of each project and independently presents its opinion to the Investment Committee. For major investments such as direct deals, it also participates in on-site due diligence and conducts risk reviews following deliberation by the Risk Management Working Committee.

Post-investment, the Risk Management Group monitors performance based on the profit and loss of each project. It has also adopted and integrated Public Market Equivalent analyses, alternative investment market index tracking, relative performance comparisons by vintage year, quantitative modeling using private market risk factors and key risk indicator analysis for individual investments.

## Credit Risk

KIC classifies credit risk into securities-related credit risk and counterparty credit risk.

To manage credit risk from securities, we designate

the lowest eligible investment grade based on credit ratings from Moody's, S&P and Fitch Ratings, and set investment ceilings by issuer for corporate credit.

KIC manages counterparty credit risk through careful counterparty selection and oversight, establishing minimum credit ratings and assigning differentiated investment limits. To support this, KIC utilizes various external credit risk sources, such as counterparty credit ratings, and also maintains an internal evaluation system to periodically assess credit risk. In addition, KIC monitors potential risk factors, such as interest rate volatility or commercial real estate issues, that may affect counterparty creditworthiness.

To respond to heightened market volatility and liquidity risk, KIC monitors counterparty credit risk through various means, including in-depth analyses of risks related to securities lending and collateral liquidity.

## Derivatives Risk

KIC invests in derivatives on a limited basis to enhance returns and make portfolio adjustments. To prevent excessive leverage, we manage risk by designating investment-eligible derivative products and assigning position limits. We also monitor each counterparty's transaction status and exposure to ensure effective investment data integration and oversight.

## Operational Risk

Operational risk management at KIC seeks to prevent financial losses resulting from internal process failures, personnel issues, system errors or external events. KIC has developed and implements self-assessment surveys for employees to help control operational risk. Structurally, we maintain clear separation of the front, middle and back offices to ensure checks and balances. Processes for settlement and accounting related to the management of entrusted assets, along with our IT systems, are designed to support effective operational risk management.

## Legal Risk

KIC takes a comprehensive approach to legal risk

prevention and management through robust internal procedures, effectively addressing legal issues and potential legal disputes. We proactively review investment contracts and structures to identify key issues across both traditional and alternative assets, implementing preemptive solutions and post-investment response systems to protect returns and safeguard investor rights.

As KIC continues to diversify its alternative asset portfolios and investment strategies, our Legal Group conducts increasingly detailed and systematic legal reviews. These reviews take into account the specific characteristics of each asset class, investment strategy and transaction structure. KIC also analyzes varied domestic and global regulatory landscapes to prevent and mitigate legal risks.

Recognizing the rising importance of legal risk management, KIC continuously strengthens its internal legal capabilities. This includes expanding our Legal Group, implementing company-wide knowledge-sharing initiatives and deepening collaboration with relevant institutions. By working closely with domestic legal advisory firms on investment reviews, KIC also contributes to the development of Korea's finance industry.





## Securities Lending

KIC lends securities through a systematic, stable and secure process, generating additional returns.

KIC began its securities lending operations in 2007. We lend securities to high-credit institutions through our custody lending agents and operate the securities lending program flexibly—adjusting to portfolio size, management schedule, market conditions and more—in consultation with these agents.

To manage risk, we conduct daily compliance checks, block trades with countries with high settlement risk and monitor borrower status through systematic procedures.

To prevent losses from securities lending, our lending agents hold collateral from borrowers in securities and cash on KIC's behalf. They also independently manage the cash collateral in accordance with KIC's investment guidelines, contributing to additional returns.



GOVERNANCE &  
ORGANIZATION

3

56

Governance & Organization

66

Talent Development

62

Management Philosophy

68

Social Contributions

64

Ethical Management

# Governance & Organization

## Governance Structure

KIC is committed to ethical and transparent management. We manage national assets in a stable manner through an honest and fair system and faithfully fulfill our social responsibilities for the future of Korea.

### Governance-Assuring Autonomy & Investment Independence

The Korea Investment Corporation Act stipulates that KIC shall have a corporate governance structure that ensures investment independence and operational autonomy from the government and its sponsors.

Korea Investment Corporation Act, Article 35

### Steering Committee

The Steering Committee deliberates and decides on matters including: regulatory revisions, mid- and long-term investment policies, management and operational policies, changes to financial status, entrustment of assets to KIC, executive appointments and dismissals, budget approvals and financial results, management performance evaluations and inspections and audits of KIC's business. Korea Investment Corporation Act, Article 9

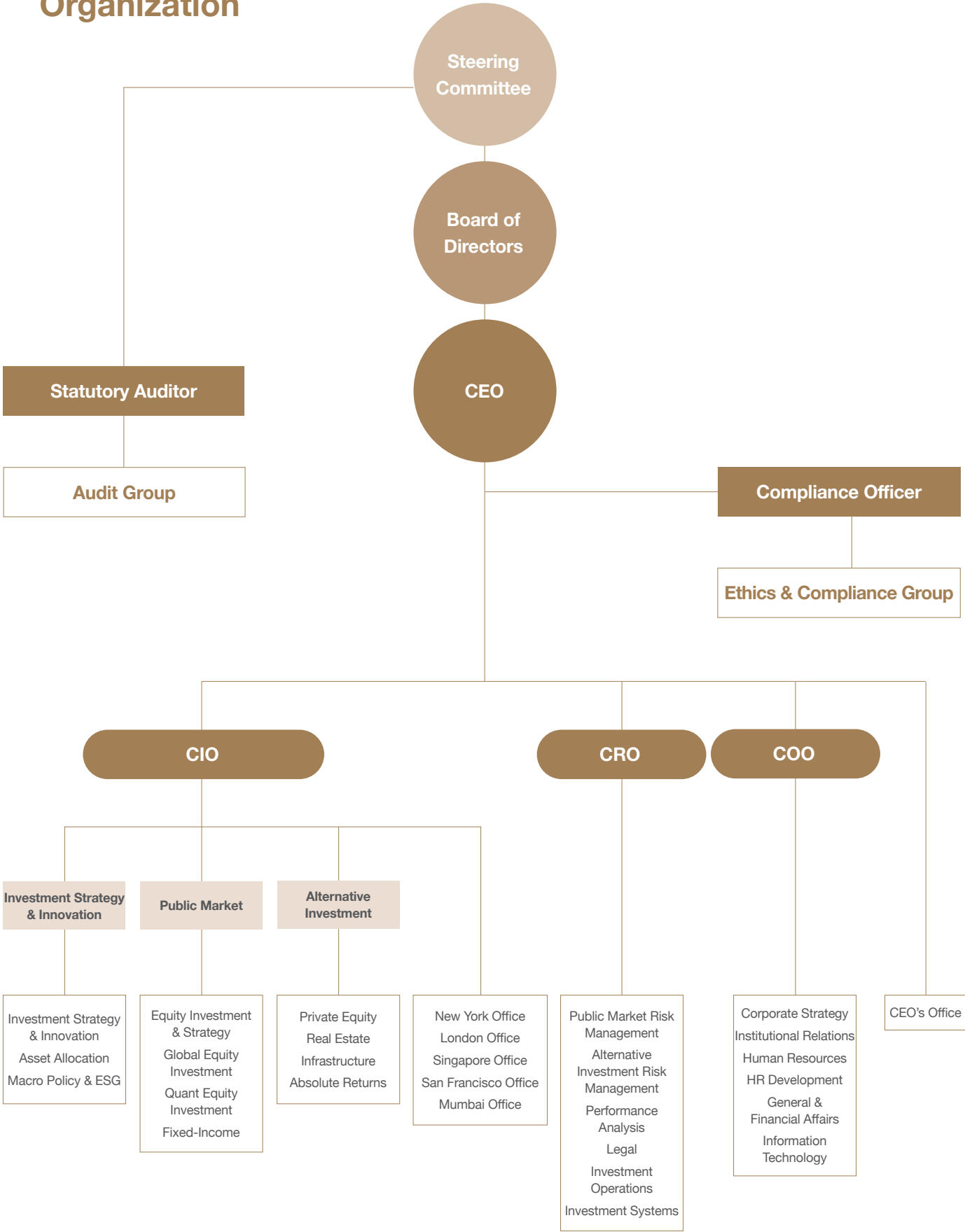
### Board of Directors

The Board of Directors consists of the CEO and directors. It resolves matters related to the following, in accordance with KIC's regulations: company management, management of entrusted assets, risk management, legal affairs and compliance, human resources and accounting. Korea Investment Corporation Act, Article 24

### Chief Executive Officer

Under Article 18 of the Korea Investment Corporation Act, the CEO of KIC is appointed by the President of the Republic of Korea, upon recommendation by the Minister of Economy and Finance, following a nomination by the President (CEO) Recommendation Committee and deliberation by the Steering Committee. The CEO represents KIC, oversees its business, convenes meetings of the Board of Directors and serves as Chairman of the Board.

## Organization



\* 3 units / 3 divisions / 26 groups  
341 total employees As of December 2024



Steering Committee

Steering Committee Overview

The Steering Committee consists of six private-sector experts and three ex-officio members. The ex-officio members are the Minister of Economy and Finance and the Governor of the Bank of Korea as representatives of institutions that have entrusted KIC with assets above a designated threshold, and the CEO of KIC. Private sector members are nominated by the Civil Member Candidate Nomination Committee, appointed by the President of the Republic of Korea

and serve a two-year term. The chairman of the Steering Committee is elected from among the private sector members.

The ad-hoc subcommittees deliberate on matters delegated by the Steering Committee and conduct investigations and produce reports to support its decision-making. They include the Evaluation Remuneration Subcommittee, which reviews KIC’s management performance evaluations, and the Budget Subcommittee, which reviews budgets and the settlement of accounts.



**Sedon Shin**  
Chairman  
Honorary Professor,  
Sookmyung Women’s University



**Nayoung Kim**  
Head, Korea Financial Services  
Cloud Business Development,  
Amazon Web Service



**Jeongjae Park**  
Deputy Professor of Economics,  
Yonsei University



**Kwanho Shin**  
Professor, Department of  
Economics, Korea University



**Donghyun Ahn**  
Professor,  
Seoul National University



**Seunghoon Lee**  
Director, Kyung Hee University

As of December 2024

Category	Steering Committee	Investment Subcommittee	Risk Management and Audit Subcommittee	Budget Subcommittee	Evaluation Remuneration Subcommittee
Sedon Shin	Chairman				
Nayoung Kim	Member	Member	Chairman		
Jeongjae Park	Member		Member	Member	
Kwanho Shin	Member		Member	Chairman	
Donghyun Ahn	Member	Chairman			Member
Seunghoon Lee	Member	Member			Chairman
Ministry of Economy and Finance <sup>Minister</sup>	Member			Member	Member
Bank of Korea <sup>Governor</sup>	Member			Member	Member
KIC <sup>CEO</sup>	Member	Member	Member		

Executive Management



**Il Young Park**  
Chairman & CEO



**Chong Soo Lee**  
Statutory Auditor



**Hoon Lee**  
Chief Investment Officer



**Hoseok Jung**  
Chief Risk Officer



**Sangmin Lee**  
Chief Operating Officer

<b>Il Young Park</b> Chairman & CEO	<ul style="list-style-type: none"><li>• B.A., Economics, Seoul National University</li><li>• M.A., Sanford School of Public Policy, Duke University, USA</li></ul>	<ul style="list-style-type: none"><li>• <b>Executive Director, World Bank</b></li><li>• <b>Ministry of Economy and Finance</b><ul style="list-style-type: none"><li>- Deputy Minister for International Affairs</li><li>- Director General, International Economic Affairs Bureau</li><li>- Director General, Development Finance Bureau</li><li>- Policy Advisor to the Minister</li><li>- Deputy Director General, Employment and Labor Market Policy Division</li><li>- Senior Advisor to the Executive Director, International Monetary Fund</li><li>- Director, Future Vision and Strategy Division, Future Society Policy Bureau</li><li>- Assistant Secretary to the President for International Economy, Office of the President</li></ul></li><li>- Economist, World Bank</li><li>- Director, Trade Policy Division</li></ul>
<b>Chong Soo Lee</b> Statutory Auditor	<ul style="list-style-type: none"><li>• B.A., Economics, Sungkyunkwan University</li><li>• M.A., International Economics, Seoul National University</li><li>• M.S., Media and Communication, New York University, USA</li></ul>	<ul style="list-style-type: none"><li>• <b>Outside Director, Korea Securities Finance Corporation</b></li><li>• <b>New York Life Investment Management, Korea</b><ul style="list-style-type: none"><li>- Advisor</li><li>- Chief Representative</li></ul></li><li>• <b>Head of Sales, DWS (Deutsche Asset Management), Korea</b></li><li>• <b>Head of International Sales Team, Hyundai Investment &amp; Securities</b></li><li>• <b>Hyundai Investment</b><ul style="list-style-type: none"><li>- Chief Representative, New York Office</li><li>- Research &amp; Analysis Division / International Business Division</li></ul></li></ul>
<b>Hoon Lee</b> Chief Investment Officer	<ul style="list-style-type: none"><li>• B.A., Economics, Sogang University</li><li>• MBA, University of California at Berkeley, USA</li></ul>	<ul style="list-style-type: none"><li>• <b>Korea Investment Corporation</b><ul style="list-style-type: none"><li>- Senior Managing Director, Investment Strategy &amp; Innovation Division</li><li>- Senior Managing Director, Investment Strategy Group</li><li>- Managing Director, Asset Allocation Team</li><li>- Managing Director, Macro Research Team</li><li>- Managing Director, Industry Research Team</li></ul></li><li>• <b>Korea Investment &amp; Securities Co., Woori Investment &amp; Securities, Samsung Securities Co. Research Centers</b></li><li>• <b>Macquarie-IMM Asset Management Department</b></li><li>• <b>LG Investment &amp; Securities Research Center</b></li><li>• <b>Daewoo Capital Management</b></li></ul>
<b>Hoseok Jung</b> Chief Risk Officer	<ul style="list-style-type: none"><li>• B.A., Economics, Seoul National University</li><li>• MBA, University of Rochester, USA</li></ul>	<ul style="list-style-type: none"><li>• <b>Bank of Korea</b><ul style="list-style-type: none"><li>- Director General, Planning &amp; Cooperation Department</li><li>- Director General, Mokpo Branch</li><li>- Director, Reserve Management Strategy Division and Head, External Fund Management Team, Reserve Management Group</li><li>- Representative Officer, Shanghai Representative Office</li><li>- Head, International Planning &amp; Cooperation Team and Head, Foreign Exchange Market Team, International Department</li><li>- Personnel Management Team, Human Resources &amp; Administration Department</li><li>- Dispatched officer, International Finance Department, Ministry of Finance and Economy</li><li>- Reserve Investment Team 1 and Team 3, Reserve Management Department</li><li>- Personnel Division, Personnel Department</li><li>- Overseas Research Division and Monetary &amp; Financial Division, Research Department</li></ul></li></ul>
<b>Sangmin Lee</b> Chief Operating Officer	<ul style="list-style-type: none"><li>• B.A., Accounting and Finance, Sungkyunkwan University</li></ul>	<ul style="list-style-type: none"><li>• <b>Korea Investment Corporation</b><ul style="list-style-type: none"><li>- Chief Compliance Officer</li><li>- Managing Director, Investment Operations Management Division</li><li>- President, KIC Singapore</li><li>- Head, Corporate Strategy Group</li><li>- Head, Investment Operations Group</li></ul></li><li>• <b>Director, General &amp; Financial Affairs Group, Deutsche Asset Management</b></li><li>• <b>Head, Risk Management Team, PCA Asset Management</b></li><li>• <b>Head, Fund Accounting Team, Franklin Templeton Investment</b></li></ul>

Management Philosophy

Vision & Mission



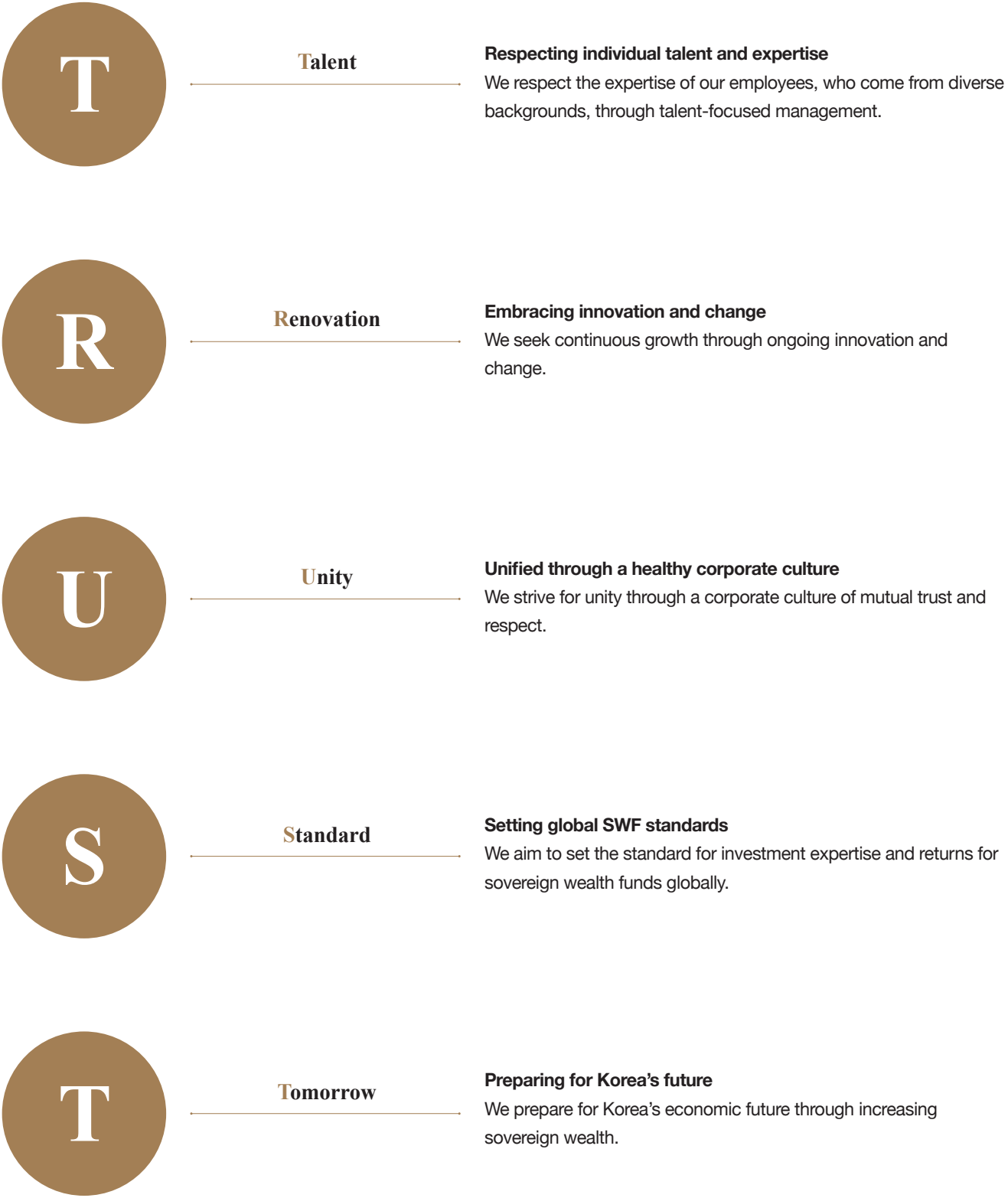
Strategy

<p><b>Increase long-term returns</b></p> <ul style="list-style-type: none"><li>• Stronger asset allocation and investment capabilities</li><li>• Responsible investing</li><li>• Preemptive risk management system</li></ul>	<p><b>Support the domestic finance industry</b></p> <ul style="list-style-type: none"><li>• Overseas investment leadership</li><li>• Cooperation with domestic finance industry</li></ul>	<p><b>Engage in responsible management</b></p> <ul style="list-style-type: none"><li>• Better organizational and performance management</li><li>• Enhanced internal controls and transparent management</li></ul>
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Management Philosophy & Investment Philosophy

Management Philosophy	Investment Philosophy
<p><b>Performance-Oriented Management</b></p> <ul style="list-style-type: none"><li>• Achieving outstanding investment performance</li><li>• Focusing on long-term stable returns</li></ul>	<p><b>Investing for the long-term</b></p> <p>Investing with a long-term perspective to achieve high returns amid short-term market volatility</p>
<p><b>Strengthening Professional Expertise</b></p> <ul style="list-style-type: none"><li>• Building world-class investment capabilities</li><li>• Deepening expertise to respond to the global financial environment</li></ul>	<p><b>Investing based on intrinsic value</b></p> <p>Identifying undervalued opportunities through systematic valuation</p>
<p><b>System Competitiveness</b></p> <ul style="list-style-type: none"><li>• Establishing a robust organizational system</li><li>• Building a distinctive and resilient operating system that remains stable amid changes in governance and management environments</li></ul>	<p><b>Investing based on thorough risk screening</b></p> <p>Staying a step ahead in risk management for investment targets and investing only after thorough risk screening</p>

Our Future





## Ethical Management

## Transparent Governance

### Public Disclosure

In accordance with the Korea Investment Corporation Act, KIC discloses corporate information, including the following details and reports, to ensure transparency and accountability:

- Total assets under management
- Return on total assets
- Asset allocation and investment returns by asset class
- Mid- to long-term investment policy
- Financial statements and accounting standards
- Audit reports
- Changes in portfolio managers

### Disclosure of Management Information

In accordance with the Act on the Management of Public Institutions, KIC discloses management information on ALIO, the website for disclosures on the operation of public institutions, including the following:

- New hires
- Executive compensation / average employee wages
- National Assembly audit results
- Board of Audit and Inspection remarks
- Board of Directors meeting minutes
- Internal audit results
- Employee benefits
- Tax payments

### National Assembly Audit

Under the National Assembly Act and the Act on the Inspection and Investigation of State Administration, KIC submits reports on major activities to the National Assembly and is subject to its annual audit.

### External Audits

KIC's financial statements are audited annually by an external auditor in accordance with international auditing standards. The external auditor is selected by KIC's Statutory Auditor.



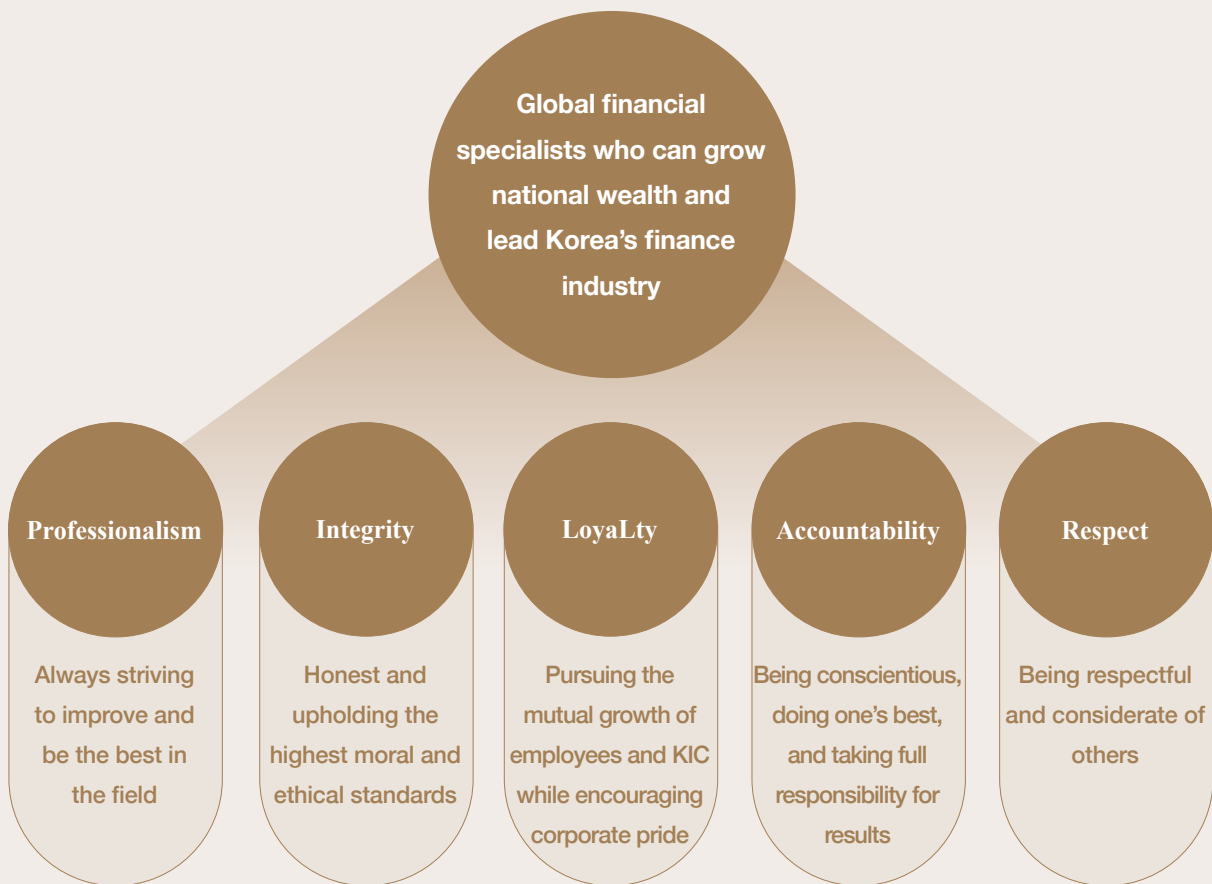


## Talent Development

### Key Attributes of KIC Employees·Education

#### Key Attributes of KIC Employees

KIC aims to cultivate global finance experts who can contribute to the growth of Korea's sovereign wealth and finance industry. The goal is for all employees to embody KIC's five main attributes of professionalism, integrity, loyalty, accountability and respect (PILLAR).



#### Recruitment

KIC is committed to enhancing national wealth and advancing the finance industry by recruiting individuals who embrace challenges and have a creative mindset to shape the future. KIC employs a "blind recruitment" process that eliminates bias related to factors such as

birthplace, family background, educational history and gender, evaluating candidates solely based on their job competencies.

KIC selects and hires talented individuals with core competencies in specific job areas such as equity management, fixed-income management, alternative

investments and risk management. By expanding its pool of professionals, particularly through overseas branches, KIC is enhancing its global investment expertise and talent diversity.

#### Training

KIC has established an advanced talent development system as part of the mid- to long-term talent development master plan launched in 2021 to cultivate global finance professionals.

The master plan was designed to align with the life cycle of an employee, from recruitment to retirement. It consists of four components – K-Future, for new employees; K-Milestone, for all employees; K-Leadership, for leaders; and K-Global, for employees abroad – with training roadmaps based on employees' job level and competency.

In 2024, KIC enhanced the overseas investment capabilities of junior employees through finding new regions for the Global Financial Markets Boot Camp, an overseas job training program. KIC plans to develop the boot camp into a flagship initiative to attract top talent.

KIC will continue to expand its education and training programs to foster employee development and strengthen organizational competitiveness.

#### Training for Every Stage of Life

KIC's new education system supports employees in achieving work-life harmony while developing their competencies and careers according to their individual life stages and job levels, from recruitment to retirement.

K-Future Program	K-Milestone Program	K-Leadership Program	K-Global Program
<b>Training for New Hires</b> <ul style="list-style-type: none"><li>• Education on core values, common competencies, job competencies and organizational culture</li><li>• Must complete all course levels within two years of being recruited</li><li>• Global Financial Market Boot Camp, an overseas job training course</li></ul> <b>Training for Experienced Hires</b> <ul style="list-style-type: none"><li>• Must complete onboarding training to understand KIC and adapt to the organization</li><li>• Operation of an organizational adaptation system <sup>Amigo</sup></li></ul>	<ul style="list-style-type: none"><li>• Training for all employees</li><li>• Common competency and job competency courses</li><li>• Common competency courses dealing with general business skills available year-round</li><li>• Job competency courses consist of short-term domestic and overseas training, domestic academic training and overseas academic training</li><li>• Participants for mid- to long-term and academic training are selected according to an internal selection process and operation plan for each program</li></ul>	<ul style="list-style-type: none"><li>• Divided into three stages: New Appointees - Group Heads - Executives</li><li>• Leadership seminars on general topics for employees level 3 and above</li><li>• Intensive leadership training to cultivate leadership skills for new group heads</li><li>• Small group coaching for group heads</li><li>• Customized coaching for executives</li></ul>	<ul style="list-style-type: none"><li>• Expatriates and locally hired employees</li><li>• Regular programs at headquarters for the local staff of overseas offices</li><li>• Cross-cultural training to improve cultural understanding between headquarters and overseas offices</li><li>• Capacity building courses are run the same way as the K-Milestone Program's common and job competency training</li></ul>
<b>K-Happiness Program</b>	<ul style="list-style-type: none"><li>• Consists of a self-directed learning support system, personal development support system and humanities program</li><li>• Provides a variety of educational courses for staff to achieve work-life harmony</li></ul>		



## Social Contribution Activities

KIC is committed to sharing and volunteering for the prosperity of future generations and fulfilling its social responsibility as a public institution.

KIC actively contributes to society with the goal of building a better world for future generations.

In 2023, KIC restructured its social contribution initiatives into four focus areas: Support for the Happiness of Future Generations, Support for the Vulnerable and Public Hope, Global Social Contribution and Domestic Volunteer Activities. We placed particular emphasis on supporting the happiness and development of future generations. In 2024, KIC implemented new projects selected through an internal social contribution idea contest.

The Social Contribution Committee meets quarterly to ensure that KIC's programs remain aligned with our mission, fulfill our social responsibility and are carried out with a spirit of service.

### Supporting the Happiness of Future Generations

KIC works to ensure that future generations grow up healthy and happy. We support children and teens living in shelters, as well as young adults preparing for economic independence, by helping them obtain professional certifications. We also provide scholarships for low-income college students and support book donations and reading programs for local children's centers in remote and mountainous areas. We offer educational support to children and teens from multicultural and single-parent families as well.

KIC also supports children with rare or incurable diseases. We cover educational expenses for children with such conditions and provide medical expense support for children with pediatric cancer, rare and incurable diseases and those in medical institutions. In 2024, KIC launched a new initiative to support reading access and engagement for marginalized groups. We provided books and reading programs for visually impaired individuals, pediatric cancer

patients, single-parent families and users of small local libraries. We also published a poetry collection written by children from community child centers and hosted a book concert to help promote a culture of reading among the next generation.

KIC expanded its scholarship program for low-income college students by including students from multicultural families and increasing financial support to help them continue their education without interruption. These efforts reflect KIC's multifaceted commitment to the happiness and well-being of future generations.



### Supporting the Hopes of the Vulnerable

KIC carries out a wide range of support initiatives to help vulnerable groups in overlooked areas build hope for the future.

These efforts include vocational training, sports events, the provision of relief supplies and sponsorship of cultural performances for individuals with disabilities and support for cultural experiences for marginalized youth. KIC also provides special holiday meals and side dish delivery services for vulnerable communities, including through a meal support project in partnership with Jung-gu District Office.



### Supporting Global Social Contribution

KIC supports relief and development projects in underdeveloped countries and sponsors overseas programs for children in need. Our offices in the United States, London and Singapore also carry out various volunteer activities and promote social contribution in their respective regions. Our goal is to help lay the foundation for global service-related cooperation.

In 2024, KIC partnered with the Open Doctors Society to provide medical volunteer services at the Prat Sa Bakong Amphil Health Center in Cambodia and sponsored the construction of new healthcare facilities.



### Domestic Volunteer Service

KIC engages in a wide range of volunteer activities across Korea through both regular and ad hoc programs.

On a regular basis, KIC partners with the Open Doctors Society to provide medical services to medically underserved families and foreign workers. Each quarter, KIC organizes experiential programs with users of the Seongbuk Disability Welfare Center and offers financial support. In addition, employees personally bake and distribute bread to vulnerable groups twice a year.

As part of its irregular volunteer efforts, KIC delivers financial education programs to youth in Seoul and donates goods to homeless shelters, including a Seoul Station homeless center. Employees also participate annually in the "Hope T-shirt" campaign and an energy-sharing campaign. In collaboration with internal employee clubs, KIC continues environmental "plogging" activities—picking up litter while walking—as well as various experiential programs to support the emotional well-being of children in care institutions. In 2024, KIC launched a new volunteer initiative to support braille book production for visually impaired students. Employees created Hangul text files equivalent to 44 books, which were delivered to the Seoul National School for the Blind. During the school's summer break, employees also supported and interacted with students by assisting with special lecture programs, helping to enhance their learning and emotional engagement.



# FINANCIAL STATEMENTS

4

72

Independent Auditors' Report

74

Financial Statements



# Independent Auditors’ Report

## To the Board of Directors Korea Investment Corporation:

### Opinion

We have audited the financial statements of Korea Investment Corporation(the Corporation), which comprise the statement of financial position as of December 31, 2024, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Corporation as of December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with generally accepted accounting principles in the Republic of Korea.

### Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Korea, and we have fulfilled our other ethical responsibilities in accordance with these

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

### Other Matter

The financial statements of the Corporation for the year ended December 31, 2023, were audited by another auditor who expressed an unqualified opinion on those statements on March 18, 2024.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles in the Republic of Korea, and for such internal control as management 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, management is responsible for assessing the Corporation’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 management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives 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 auditor’s 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 Korean Standards on Auditing 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 Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 Corporation’s internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management’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 Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s report. However, future events or conditions may cause the Corporation 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.



**Representative Partner**  
**Lee Sang Moon**  
**March 20, 2025**

This audit report is effective as of the independent auditor’s report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors’ report date to the time this audit report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

Statement of  
Financial Position

As of December 31,  
2024 and 2023

(In thousands of Korean won)

	Note	2024	2023
Assets			
Cash and due from banks	4,10	₩ 225,526,749	204,270,146
Accrued incomes, less allowance for doubtful accounts of ₩ 608,673 in 2024 and ₩ 599,221 in 2023	10,15	121,125,934	119,245,009
Securities	5	196,883,646	182,986,792
Property and equipment	6,7	3,736,537	3,742,069
Intangible assets	8	2,975,233	5,288,592
Investments	10	6,398,079	5,222,367
Accounts receivable, less allowance for doubtful accounts of ₩ 109 in 2024 and ₩ 813 in 2023	10	21,776	161,923
Loans, less allowance for doubtful accounts of ₩ 312 in 2024 and ₩ 217 in 2023		62,108	43,175
Other assets	10	931,394	1,271,110
Total assets		₩ 557,661,456	522,231,183

(In thousands of Korean won)

	Note	2024	2023
Liabilities			
Accrued expenses	10	₩ 56,293,293	49,269,996
Withholdings		1,026,920	603,073
Accounts payable	10	2,208,425	1,343,456
Income tax payable	14	22,639,873	30,268,141
Provision for retirement and severance benefits	9	20,849,930	18,489,706
Pension plan assets		(20,849,930)	(18,489,706)
Deferred tax liabilities		9,467,804	6,814,738
Total liabilities		91,636,315	88,299,404
Equity			
Capital	1,12	100,000,000	100,000,000
Retained earnings	13	366,025,141	333,931,779
Total equity		466,025,141	433,931,779
Total liabilities and equity		₩ 557,661,456	522,231,183

See accompanying notes to the financial statements.



Statement of Income

For the years ended  
December 31, 2024 and 2023

(In thousands of Korean won)				
	Note		2024	2023
Operating revenue				
Investment management fees	15	₩	348,545,291	323,489,790
Gain on foreign exchange	10		13,577,690	8,840,084
Interest income			7,627,634	7,155,225
Dividend income			6,949,259	5,337,468
Gain on financial assets at fair value through profit or loss	5		13,896,854	2,903,826
Reversal of allowance for bad debt			2,304	-
			390,599,032	347,726,393
Operating expenses				
Fee expenses			(120,464,762)	(102,434,021)
Loss on foreign exchange	10		(6,105,008)	(11,405,054)
General and administrative expenses	16,17		(99,766,366)	(108,561,434)
			(226,336,136)	(222,400,509)
Operating income			164,262,896	125,325,884
Non-operating revenue			2,304	5,222,367
Income from pension plan assets			877,662	978,302
Other income			25,463	7,097
			903,125	985,399
Non-operating expenses				
Loss on disposal of property and equipment			-	-
Donations			(998,379)	(998,021)
Other expense			(3,592)	(14,814)
			(1,001,971)	(1,012,835)
Income before income tax			164,164,050	125,298,448
Income tax expense	14		(37,687,610)	(30,915,370)
Net income		₩	126,476,440	94,383,078

See accompanying notes to the financial statements.

Statement of  
Changes in Equity

For the years ended  
December 31, 2024 and 2023

(In thousands of Korean won)				
		Capital	Retained earnings	Total equity
Balance on January 1, 2023	₩	100,000,000	303,615,851	403,615,851
Dividends		-	(64,067,150)	(64,067,150)
Net income for the year		-	94,383,078	94,383,078
Balance on December 31, 2023	₩	100,000,000	333,931,779	433,931,779
Balance on January 1, 2024	₩	100,000,000	333,931,779	433,931,779
Dividends		-	(94,383,078)	(94,383,078)
Net income for the year		-	126,476,440	126,476,440
Balance on December 31, 2024	₩	100,000,000	366,025,141	466,025,141

See accompanying notes to the financial statements.

Statement of Cash Flows

For the years ended  
December 31, 2024 and 2023

(In thousands of Korean won)

	2024	2023
Cash flows from operating activities		
Net income	₩ 126,476,441	94,383,078
Adjustments for:		
Severance benefits	3,073,262	8,487,502
Depreciation	1,545,558	1,372,516
Amortization	2,629,728	2,609,229
Loss on foreign currency translation	1,676,549	4,083,015
Provision for allowance for doubtful accounts	142,685	278,835
Loss on disposal of property and equipment	0	0
Gain on foreign currency translation	(4,370,023)	(743,143)
Reversal of allowance for bad debt	(2,304)	0
Gain on financial assets at fair value through profit or loss	(13,896,854)	(2,903,826)
Income from pension plan assets	(877,663)	(978,302)
Changes in assets and liabilities:		
Decrease (increase) in accrued income)	2,330,050	(59,831,051)
Decrease (increase) in accounts receivable	10,951	(5,171)
Decrease (increase) in other assets	364,582	(38,668)
Increase (decrease) in accrued expenses )	5,363,804	(189,272)
Increase (decrease) in withholdings	423,847	(284,689)
Increase (decrease) in accounts payable	847,913)	(253,742)
Increase (decrease) in income tax payable	(7,628,268)	16,723,498
Payments to severance benefits	(713,038)	(1,146,888)
Decrease (increase) in pension plan assets	(2,387,915)	(7,356,214)
Increase (decrease) in deferred tax liabilities	2,653,066	(2,298,905)
Net cash provided by operating activities	117,662,371	51,907,802

(In thousands of Korean won)

	2024	2023
Cash flows from investing activities		
Decrease in time deposits included in cash and due from banks	315,000,000	85,000,000
Decrease in certificate of deposit included in cash and due from banks	30,000,000	70,155,238
Refund on leasehold deposits	179,225	146,616
Decrease in other investments	0	6,471,364
Decrease in loans	2,424	0
Increase in time deposits included in cash and due from banks	(365,000,000)	(150,000,000)
Increase in certificate of deposit included in cash and due from banks	0	(40,155,238)
Increase in loans	(21,452)	(10,830)
Acquisition of property and equipment	(1,540,026)	(1,302,645)
Acquisition of intangible assets	(316,369)	(171,959)
Payment for leasehold deposits	(326,492)	(113,075)
Net cash used in investing activities	(22,022,690)	(29,980,529)
Cash flows from financing activities		
Dividends paid	(94,383,078)	(64,067,150)
Net cash used in financing activities	(94,383,078)	(64,067,150)
Net increase (decrease) in cash and cash equivalents	1,256,603	(42,139,877)
Cash and cash equivalents at beginning of year	19,270,146	61,410,023
Cash and cash equivalents at end of year	₩ 20,526,749	19,270,146

See accompanying notes to the financial statements.



# Notes to the Financial Statements

For the years ended  
December 31, 2024 and 2023

## 1. Reporting Entity

The Korea Investment Corporation (the “Corporation”) was incorporated on July 1, 2005, under the Korea Investment Corporation Act, and is engaged in the investing of assets entrusted by the Korean government (the “Government”) and Bank of Korea. As of December 31, 2024, the Corporation is wholly owned by the Government, and the paid-in capital of the Corporation amounted to ₩100 billion.

The primary business of the Corporation includes the management of assets entrusted by various trust institutions, along with related surveys and research activities. The Corporation also exchanges and cooperates with other domestic or overseas institutions carrying on similar business. Additionally, it conducts other incidental business activities as approved by the Steering Committee. The Corporation is headquartered at #100, Toegye-ro, Jung-gu, Seoul, Korea. The Capital structure and investor information as of December 31, 2024 are summarized as follows.

(KRW thousand)		
Investor	Capital	Percentage of shareholding
Ministry of Economy and Finance	₩ 100,000,000	100.00%

## 2. Basis of Preparation

### (1) Statement of Compliance

The financial statements of the Corporation are prepared in accordance with the Accounting Standards for Non-Public Entities in the Republic of Korea (“K-GAAP for Non-Public Entities”), which have been effective since the fiscal year beginning

January 1, 2011.

The accompanying financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditors’ report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

### (2) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the financial instruments measured at fair value.

### (3) Use of Estimates and Judgments

Preparation of the financial statements in conformity with K-GAAP for Non-Public Entities requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses as of the end of the reporting period. Actual results may differ from these estimates.

## 3. Significant Accounting Policies

The significant accounting policies applied by the Corporation in preparation of its financial statements are as follows:

### (1) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an

insignificant risk of changes in value. The Corporation classifies investments with maturity of three months or less at the date of acquisition as cash and cash equivalents.

### (2) Financial instruments

Debt and equity securities are classified as held-to-maturity, available-for-sale, or trading securities at the time of acquisition, and the appropriateness of this classification is reviewed at the end of each reporting period.

Debt securities which the Corporation has the positive intent and ability to hold until maturity are classified as held-to-maturity securities. Securities acquired primarily for sale in the short term are classified as trading securities. Securities not classified as either held-to-maturity or trading securities are categorized as available-for-sale securities.

Upon initial recognition, the Corporation measures securities at fair value, which is the market price of consideration given or received plus transaction costs directly attributable to their acquisition. For subsequent measurement, the Corporation values held-to-maturity securities at amortized cost while trading securities and available-for-sale securities are measured at fair value. However, available-for-sale equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized at cost.

For equity securities with a quoted market price, fair value is considered to be the market price, which is the closing price on the reporting date. For debt securities without a quoted market price in an active market, fair value is measured using discounted

estimated future cash flows. The discount rate used reflects the debt securities’ credit rating as quoted by a credit rating agency, if available. For investment funds without a quoted market price in an active market, fair value is determined by the standard selling price reported by the fund management agent. The Corporation recognizes unrealized holding gains or losses on trading securities in the current period’s profit or loss. Unrealized holding gains or losses on available-for-sale securities are recognized as valuation gains or losses on availablefor- sale securities (accumulated other comprehensive income), and these are collectively reflected in profit or loss when the securities are disposed of or impairment losses are recognized. The Corporation amortizes the difference between the maturity face value and the acquisition cost of held-to-maturity securities over the repayment period using the effective interest method, adjusting both the acquisition cost and interest income accordingly. At each reporting date, the Corporation evaluates whether events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. Impairment losses are recognized when reliably estimated recoverable amounts are less than the carrying amount, unless there is clear evidence that impairment is unnecessary. If the reversal of an impairment loss can be objectively linked to an event occurring after the initial impairment was recognized, the Corporation recognizes the reversal in profit or loss. However, the reversal cannot exceed what the carrying amount would have been had no impairment loss been recognized in prior years.

**(3) Financial assets at fair value through profit or loss**

The Corporation may designate equity securities as financial assets at fair value through profit or loss upon initial recognition. These financial assets are initially measured at fair value plus or minus directly attributable transaction costs.

For financial assets with a quoted market price, fair value is determined by the closing price on the reporting date. Changes in the fair value of these financial assets are recognized in the statement of income in the period they occur.

**(4) Property and equipment**

In calculating the acquisition cost of property and equipment, the Corporation adds the manufacturing or purchase cost of the asset and costs directly related to bringing it to the location and condition necessary for operating in the manner intended by management. Assets acquired through in-kind contributions, donations, or other gratuitous means are recorded at fair value as their acquisition cost. The acquisition cost of property and equipment received in exchange for similar assets with similar fair values used for similar purposes within the same industry is recognized at the carrying amount of the asset given in exchange. Meanwhile, the acquisition cost of assets acquired in exchange for different types of assets is measured at the fair value of the asset given up. If the fair value of the asset given up is uncertain, it is measured at the fair value of the asset acquired in the exchange. Significant expenditures or improvements extending the useful life of assets are capitalized. Normal maintenance and repairs are charged to expense as incurred.

Subsequent to initial recognition, an item of property and equipment is carried at its cost less accumulated depreciation and accumulated impairment losses,

if any. The estimated useful lives and depreciation methods for the current and comparative years are as follows:

	Useful lives	Depreciation method
Computer equipment	4 - 5 years	Straight-line method
Office equipment	5 years	Straight-line method
Leasehold assets	5 years	Straight-line method

**(5) Intangible assets**

The cost of intangible assets, except for goodwill, includes expenditures arising directly from the construction or acquisition of the asset and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management.

Subsequent to initial recognition, the intangible assets are measured at cost less any accumulated amortization.

Intangible assets are amortized using the straight-line method over the estimated useful lives of five years (residual value is presumed to be zero).

**(6) Revenue recognition**

The Corporation's revenue primarily consists of investment management fees. The Corporation recognizes the revenue in the statement of income when all the following conditions are met:

- The amount of revenue can be measured reliably, and
- It is probable that the economic benefits associated with the transaction will flow into the Corporation.

**(7) Allowance for doubtful accounts**

The Corporation provides an allowance for bad debts based on the estimated collectability of the receivable

in accordance with the Regulation on Financial Investment Services. As of December 31, 2024, the percentage of loss by risk classification applied in order to determine the allowance for bad debts are as follows:

Classification	Percentage of Loss
Normal	0.5%
Precautionary	2%
Substandard	20%
Doubtful	75%
Estimated loss	100%

**(8) Retirement and severance benefits**

The Corporation selectively operates both a defined benefit pension plan and a defined contribution pension plan for employees who have been with the Corporation for more than one year.

Based on the defined benefit pension plan, each eligible employee receives a fixed amount of pension after retirement.

The Corporation accrues its estimated liability under the plan in the accompanying statement of financial position, representing the amount that would be payable if all employees left at the end of the reporting period. For employees who select the pension plan upon retirement, the Corporation accrues estimated benefits using actuarial assumptions measured at the end of the reporting period, calculated at discounted present value. The assets managed by the retirement pension plan are reflected in the accompanying statement of financial position as a reduction of the liability for retirement and severance benefits.

Meanwhile, the Corporation recognizes the contribution payable to a defined contribution plan in exchange for that service as an expense.

**(9) Income taxes**

Income tax on the income or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date. Deferred tax is provided using the asset and liability method, accounting for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

Changes in deferred taxes resulting from a change in tax rates, except for those related to items initially recognized outside profit or loss, are recognized in profit or loss for the current year.

**(10) Foreign currency transactions**

**① Functional and presentation currency**

These financial statements are presented in Korean won, which is the Corporation's functional currency and the currency of the primary economic environment in which the Corporation operates.

**② Foreign currency transactions**

Transactions in foreign currencies are converted to the Corporation's functional currency using the exchange rates prevailing at the transaction dates. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated using the exchange rates at the dates of the original transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the reporting date, with any resulting translation gains or losses recognized in profit or loss.



4. Cash and Due from Banks

Cash and due from banks as of December 31, 2024 and 2023 are as follows:

Annual interest rate (%)			2024	2023
Cash and cash equivalents				
Money market deposit accounts	2.65	₩	117,781	118,455
Money market trust(*)	3.08~3.56		10,164,000	6,900,000
Specified money trust(*)	-		0	2,613,510
Ordinary deposits	0.10		48,738	49,017
Foreign currency deposits	0.00~0.01		10,196,230	9,589,164
			20,526,749	19,270,146
Time deposits	3.20~5.38		205,000,000	155,000,000
Certificate of deposit	-		0	30,000,000
			205,000,000	185,000,000
		₩	225,526,749	204,270,146

(\*) Consists of Commercial Paper (CP), Repurchase Agreements (RP), and other similar instruments.

5. Financial Assets at Fair Value Through Profit or Loss Included in Securities Account

Cash and due from banks as of December 31, 2024 and 2023 are as follows:

2023				2022
	Acquisition cost	Fair value	Book value	Book value
IGIS No. 43-1	₩ 27,400,000	28,366,946	28,366,946	28,141,992
Mirae Asset Trust No. 2-3	110,000,000	168,516,700	168,516,700	154,844,800
	₩ 137,400,000	196,883,646	196,883,646	182,986,792

6. Property and Equipment

Changes in property and equipment for the years ended December 31, 2024 and 2023 are as follows:

-2024						
(In thousands of Korean won)						
	Beginning balance		Acquisition	Disposal (*)	Depreciation	Ending balance
Computer equipment	₩	2,879,881	1,030,768	-	(1,216,442)	2,694,207
Office equipment		431,258	129,555	-	(147,045))	413,769
Leasehold assets		430,929	379,703	-	(182,071)	628,561
	₩	3,742,068	1,540,026	-	(1,545,558)	3,736,537

(\*) Fully depreciated office equipment is disposed for the year ended December 31, 2024. Its acquisition costs are ₩875,105 thousand.

-2023						
(In thousands of Korean won)						
	Beginning balance		Acquisition	Disposal (*)	Depreciation	Ending balance
Computer equipment	₩	2,700,559	1,270,911	-	(1,091,589)	2,879,881
Office equipment		542,114	31,734	-	(142,590)	431,259
Leasehold assets		569,266	-	-	(138,337)	430,929
		3,811,939	1,302,645	-	(1,372,516)	3,742,069

(\*) Fully depreciated office equipment is disposed for the year ended December 31, 2023. Its acquisition costs are ₩1,239 thousand.

7. Insured Assets

Insurance contracts maintained by the Corporation as of December 31, 2024 are as follows:

Category of insurance					
(In thousands of Korean won)					
Category of insurance	Classification	Insured assets	Insured amount		Insurance company
Movables comprehensive insurance	HQ	Computer equipment	₩	14,175,096	MG Non-Life Insurance
		Office equipment			
		Leasehold assets			
	New York And San Francisco	Computer equipment		1,961,443	CNA
		Office equipment			
		Leasehold assets			
	London	Computer equipment		540,627	AXA Insurance
		Office equipment			
		Leasehold assets			
	Singapore	Computer equipment		372,973	QBE Insurance
		Office equipment			
		Leasehold assets			

8. Intangible Assets

Changes in intangible assets for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)				
		Development costs	Computer Software	Total
Net balance at the beginning of 2024	₩	4,518,792	769,800	5,288,592
Additions		-	316,369	316,369
Amortization (*)		(2,202,502)	(427,226)	(2,629,728)
Net balance at the end of 2024	₩	2,316,290	658,943	2,975,233
Net balance at the beginning of 2023		6,721,771,227	1,004,090,702	7,725,861,929
Additions		-	171,958,960	171,958,960
Amortization (*)		(2,202,978,867)	(406,250,040)	(2,609,228,907)
Net balance at the end of 2023		4,518,792,360	769,799,622	5,288,591,982

(\*) Amortization costs are reflected in the general and administrative expenses of the statement of income.

9. Retirement and Severance Benefits

Changes in retirement and severance benefits for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)			
		2024	2023
Provision for retirement and severance benefits at beginning of year	₩	18,489,706	11,149,093
Payments		(713,038)	(1,146,888)
Accrual for retirement and severance benefits		3,073,262	8,487,501
Provision for retirement and severance benefits at end of year	₩	20,849,930	18,489,706

Pension plan assets as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won))			
		2024	2023
Principal guarantee financial instruments(*)	₩	22,749,185	19,483,608

(\*) Amounts that exceed retirement and severance benefits are accounted for as investments.

Changes in pension plan assets for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)			
		2024	2023
Beginning balance	₩	19,483,608	17,620,458
Increase		3,877,662	2,620,299
Decrease		(612,085)	(757,149)
Ending balance(*)		22,749,185	19,483,608

(\*) Amounts that exceed retirement and severance benefits are accounted for as investments.

Expenses related to defined contribution plans recognized for the years ended December 31, 2024 and 2023 are ₩360,876 thousand and ₩504,870 thousand, respectively.

10. Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies as of December 31, 2024 are as follows:

(In thousands of Korean won)					
		Foreign currency	Exchange rate	Translated into won	
Assets					
Deposits	USD	6,694,908	₩ 1,470.00	₩	9,841,514
	GBP	132,227	1,843.67		243,783
	SGD	88,474	1,081.08		95,647
	INR	889,218	17.19		15,286
Accrued income	USD	80,966,976	1,470.00		119,021,454
Other assets	USD	561,503	1,470.00		825,410
	GBP	71,907	1,843.67		132,572
	SGD	158,269	1,081.08		171,102
	INR	11,355	17.19		195,192
				₩	130,541,962
Liabilities					
Accrued expenses	USD	25,607,689	₩ 1,470.00	₩	37,643,304
	GBP	2,303	1,843.67		4,246
	SGD	16,033	1,081.08		17,333
Accounts payable	USD	261,985	1,470.00		385,118
	GBP	134,063	1,843.67		247,169
	SGD	7,699	1,081.08		8,323
	EUR	452	1,528.73		691
	INR	2,103,809	17.19		36,165
				₩	38,342,349

Regarding foreign currency translations, the Corporation recognized operating revenue of ₩4,573,517 thousand and operating expenses of ₩1,676,549 thousand for the year ended December 31, 2024.

Assets and liabilities denominated in foreign currencies as of December 31, 2023 are as follows:

(In thousands of Korean won)					
		Foreign currency	Exchange rate	Translated into won	
Assets					
Deposits	USD	6,966,075.89	₩ 1,289.40	₩	8,982,058
	GBP	312,675.44	1,641.79		513,347
	SGD	95,979.37	976.86		93,758
Accrued income	USD	90,593,326.90	1,289.40		116,811,037
Other assets	USD	548,757.36	1,289.40		707,568
	GBP	416,800.24	1,641.79		684,298
	SGD	142,119.71	976.86		138,831
				₩	127,930,897
Liabilities					
Accrued expenses	USD	23,007,599.94	₩ 1,289.40	₩	29,665,999
	GBP	4,285.04	1,641.79		7,035
	SGD	9,818.82	976.86		9,592
Accounts payable	USD	331,768.51	1,289.40		427,782
	GBP	199,292.10	1,641.79		327,196
	SGD	23,072.15	976.86		22,538
	EUR	356.09	1,426.59		508
	INR	13,806.00	15.50		214
				₩	30,460,864



11. Commitments and Contingencies

As of December 31, 2024, the Corporation maintains investment management agreements with Bank of Korea and Ministry of Economy and Finance, and sub-investment management agreements with BlackRock International Limited and others. Total entrusted assets related to these agreements amounted to USD 206,543,665,801.61 as of December 31, 2024.

12. Capital

Capital as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024	2023
Authorized capital	₩ 1,000,000,000	1,000,000,000
Capital issued	100,000,000	100,000,000

According to the Korea Investment Corporation Act, the authorized capital of the Corporation is W1 trillion and the Government is to invest the full amount. The time and investment method of the capital contribution will be decided by the Minister of Economy and Finance.

13. Retained Earnings

Retained earnings as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024	2023
Earning reserve (*)	₩ 63,719,738	63,719,738
Voluntary reserve	175,828,962	175,828,962
Unappropriated retained earnings	126,476,441	94,383,078
Total retained earnings	₩ 366,025,141	333,931,778

(\*) According to Article 41 of the articles of incorporation, the Corporation is required to reserve at least 10% of net income for each period until the reserve equals half of its capital.

Statement of appropriation of retained earnings for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024	2023
Unappropriated retained earnings		
Balance at beginning of year	₩ -	-
Net income for the year	126,476,441	94,383,078
Balance at end of year before appropriation	₩ 126,476,441	94,383,078
Appropriation of retained earnings		
Earning reserve	₩ -	-
Voluntary reserve	12,647,644	-
Dividends (*)	113,828,797	94,383,078
Unappropriated retained earnings to be carried over to subsequent year	-	-

(\*) The Corporation's dividend for the year ended December 31, 2024 is estimated dividend, assuming a dividend ratio of 90%. The estimated dividend for the year ended December 31, 2023 was calculated W 94,383 million, assuming a dividend ratio of 100%, and the same amount was actually distributed.

14. Income Taxes

The components of income tax expense for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024	2023
Current tax expense	₩ 36,581,113	35,976,719
Changes in deferred tax from temporary differences	2,653,066	(2,298,905)
Supplementary payment of income taxes	(1,546,569)	(2,762,444)
Income tax expense	₩ 37,687,610	30,915,370

The income tax expense calculated by applying statutory tax rates to the Corporation's income before income taxes for the year differs from the actual tax expense in the statement of income for the years ended December 31, 2024 and 2023 for the following reasons:

(In thousands of Korean won)

	2024	2023
Income before income tax	₩ 164,164,051	125,298,448
Income tax expense at statutory tax rates	37,459,896	28,481,942
Tax effects of permanent differences	56,303	28,576
Tax credit	(20)	(20)
Non-reflux income	-	2,073,604
Other adjustments	171,431	331,268
Income tax expense	₩ 37,687,610	30,915,370
Effective tax rate	22.96%	24.67%

Changes in temporary differences for the year ended December 31, 2024 and deferred tax assets(liabilities) as of December 31, 2024 are as follows:

(In thousands of Korean won)

	Beginning balance	Increase	Decrease	Ending balance	Deferred tax assets (liabilities)
Accrued interest incomes	₩ (451,844)	-	451,844	-	-
Accrued expenses	16,348,702	18,321,220	(16,348,702)	18,321,220	4,232,202
Financial assets at fair value through profit or loss	(45,586,792)	(59,483,646)	45,586,792	(59,483,646)	(13,740,722)
Retirement and Severance	79,200	47,374	79,201	47,374	10,943
Benefits	109,704	48,373	(29,188)	128,889	29,773
Property and equipment	₩ (29,501,029)	(41,066,679)	29,581,545	(40,986,162)	(9,467,804)

(KRW thousand)

	Beginning balance	Increase	Decrease	Ending balance	Deferred tax assets (liabilities)
Accrued interest incomes	₩ -	(451,844)	-	(451,844)	(104,376)
Accrued expenses	2,993,149	16,348,702	(2,993,149)	16,348,702	3,776,550
Financial assets at fair value through profit or loss	(42,682,966)	(45,586,792)	42,682,966	(45,586,792)	(10,530,549)
Retirement and Severance	135,034	(24,096)	(31,737)	79,201	18,295
Benefits	101,786	42,736	(34,818)	109,704	25,342
Property and equipment	₩ (39,452,997)	(29,671,294)	39,623,262	(29,501,029)	(6,814,738)

Deferred tax assets have been recognized, as the Corporation has determined it is probable that future profits, against which they can use related benefits, will be available.

Income tax receivable and income tax payable imposed by the different taxation authorities are not offset against each other.

15. Related Party Transactions

Details of related party as of December 31, 2024 are as follows:

Related party	Relationship
Ministry of Economy and Finance	Investor

Account balances with a related party as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)

Account		2024	2023
Ministry of Economy and Finance	Accrued income	₩ 98,262,325	100,900,244

Significant transactions that occurred in the normal course of business with the related party for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)

Account		2024	2023
Ministry of Economy and Finance	Investment management fees	₩ 273,940,098	259,991,080

16. General and Administrative Expenses

Details of general and administrative expenses for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)

		2024	2023
Salaries and wages(*)	₩	46,823,149	50,850,681
Accrual for retirement and severance benefits		3,755,821	8,992,372
Other employee benefits		3,898,833	6,447,151
Advertising		113,866	115,046
Travel		2,346,2907	2,132,897
Communications		450,311	432,017
Computer system operation expenses		9,138,978	9,183,050
Taxes and dues		622,749	491,323
Rental expenses		7,953,749	7,339,624
Other service fees		2,037,710	1,466,277
Depreciation		1,545,558	1,372,516
Amortization		2,629,728	2,609,229
Business development expenses		143,783	156,223
Business meetings		431,220	397,653
Printing		86,352	77,729
Vehicle maintenance expenses		199,599	163,667
Supplies		121,238	123,456

		2024	2023
Repairs and maintenance		35,640	34,429
Utilities		2,672,188	2,494,247
Insurance		86,234	84,047
Legal expenses		1,056	1,365
Event expenses		250,696	207,337
Information expenses		13,274,653	12,060,930
Training		961,159	1,002,514
Books and periodicals		36,721	37,836
Prize		6,400	8,983
Bad debt expenses		142,685	278,835
	₩	99,766,366	108,561,434

(\*) The Corporation pays executives and staff performance bonuses based on management performance evaluations conducted annually by the Steering Committee. Since the management evaluation for the 18th period (2022) was finalized during the 19th period (2023), performance bonuses for both the 18th period (2022) and 19th period (2023) were recognized in the salaries and retirement benefits expenses of the 19th period (2023).

17. Value Added Information

Details of accounts included in the computation of value added for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)

		2024	2023
Salaries and wages	₩	46,823,149	50,850,681
Accrual for retirement and severance benefits		3,755,821	8,992,372
Other employee benefits		3,898,833	6,447,151
Taxes and dues		622,748	491,323
Rental expenses		7,953,749	7,339,624
Depreciation		1,545,558	1,372,516
Amortization		2,629,728	2,609,229
	₩	67,229,586	78,102,896

18. Date of Authorization for Issue

The Corporation’s financial statements are authorized for issue on March 24, 2025, at the Board of Directors meeting. These financial statements are scheduled to be submitted for approval to the Steering Committee on March 27, 2025.



## Contact

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