

Dear Partners,

This is Dooyong Kim from Must Asset Management.

I would like to provide you with the mid-year investor letter for 2023. First of all, I sincerely thank you for your warm trust and support over the past six months. Both myself and MUST have been working diligently and intensely, staying true to our words from last year's year-end investor letter. Although we have had many challenging moments and still have many areas where we can improve, we will repay the trust and support you have given us with unwavering determination and by delivering both results and processes.

Continuing from our previous letter, I will share the highlights of MUST's performance over the past six months, organized by topic.

### **[Performance]**

Fortunately, we have achieved positive monthly returns without any negative months, resulting in an approximate 16% to 17% return across our funds for the first half of 2023. While the first half of the year provided a favorable investment environment compared to the previous year, the returns we have achieved can be considered as an accumulation of so-called "incremental gains" created by the success of individual companies rather than returns benefited from the trends and flows of the market. MUST's investment approach has always been about accumulating incremental gains akin to a farmer's harvest, and we have maintained the consistency of our performance through this approach. Although there is still a long way to go, considering the significant negative returns from last year, we will continue to make efforts and build returns through hard work in the second half of the year.

### **[Allocation by Country and Taxation]**

As mentioned in our previous letter, we have maintained a high allocation to Korea (currently around 80%), with the remaining allocation focused on the United States and Japan. We intend to maintain this allocation framework going forward. As international investments are inherently "overseas" investments, we will conduct more meticulous research and exercise stricter selection criteria for investment companies to ensure stable operations.

Regarding taxation, existing clients will continue to enjoy structurally tax-free status until they reach the previous peak value. For both new clients and existing clients with additional investments, we are committed to carefully managing overseas allocations to ensure minimal tax implications. Given the current allocation, unless the case involves reporting losses from domestic investments while realizing significant profits from overseas investments, taxation resulting from overseas investments should be virtually non-existent when considering various tax deduction items.<sup>1</sup> As individual clients make up a significant proportion of the fund, we will handle the topic of taxation with great sensitivity and respond accordingly.

### **[Back to Our Roots, and Beyond]**

In our previous letter, I mentioned our intention to return to MUST's original form. However, I

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<sup>1</sup> In South Korea, capital gains tax is typically not imposed on the trading of domestic stocks, whereas capital gains from foreign stock investments are subject to taxation.

believe that solely returning to our original form is not sufficient to achieve the level of success represented by “101026&0”.<sup>2</sup> Therefore, rather than settling for addressing our shortcomings alone, we are continuously striving for improvement and evolution with an open mindset. Both myself and the employees at MUST have been going through a period of significant learning and growth, receiving valuable feedback and advice, and embracing a mindset of continuous transformation and evolution.

We are diligently focusing on various key topics, including thorough fundamental analysis, agile interpretation of the correlation between fundamentals and stock price movements, and dynamic understanding of the perspectives of various stakeholders surrounding the capital market and companies. We will continue to devote ourselves to surpassing the “101026&0” of the past through even greater efforts.

### **[Craftsmanship and Systems]**

MUST has always adhered to a craftsmanship mindset without compromise. This unconventional approach has made the path of our business challenging, but it has also led to exceptional investment performance over an extended period. However, over the past 15+ years, the drive to enhance and sustain our craftsmanship through systems has weakened, resulting in the unacceptable returns we had last year. Despite the pain and discomfort, since last winter, we have swiftly and purposefully established internal systems in various areas, including research, operations, and management, ensuring quick and targeted implementation. Given that these tasks involve human effort, they required careful thoughts and extensive communications, as well as decisive actions. While we have also paid significant attention to establishing systems and processes for better performance, our primary focus has been on building systems and processes to ensure stability and prevent the recurrence of exceptional situations like last year. Moving forward, through the combination of systems and the craftsmanship mindset, we will strengthen MUST as an investment firm that excels in investment capabilities and ensures sustainability.

An investment company MUST

1. be genuine to investment excellence
2. be sincere solely to #1

As an investment company that proudly displays these two lines on our website, we will persistently pursue outstanding investment results while unwaveringly upholding our beliefs. Unless there are any extraordinary circumstances, we will send another letter in January of next year as part of our year-end investor letter.

Thank you.

Sincerely,

Dooyong Kim  
Must Asset Management

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<sup>2</sup> The term 101026&0 represents our internal objective of achieving a tenfold increase in client capital over a ten-year period, while maintaining a zero occurrence of negative returns. To accomplish this ambitious goal, we need to compound our client capital at an annual rate of 26%.