

Hello, this is Dooyong Kim from Must Asset Management.

I am pleased to present our mid-year investment letter for 2024. Reflecting on the first half of the year, where each month felt as long as a year, I will candidly discuss our activities during this period.

First, regarding our unforgettable commitment and promise from the December 2022 letter – “With the fate of this firm on the line, we promise to achieve a 100% return as quickly as possible. It is the least we can do for our clients barring the opportunity cost from lost time. We will also never forget to limit downside risk.” – I am pleased to report that we have been faithfully executing this commitment.

101026 & 0¹

Downside Volatility: &0

In 2023, we did not experience any negative quarters. This first half of the year has also seen no negative months. While this is a result of our operational and systemic efforts, we acknowledge that luck has also played a role. We will continue to address any weaknesses and prioritize controlling volatility over increasing the magnitude of returns.

Performance: 101026

In the first half of 2024, our flagship Fund #1 recorded a return of +51.6%, with other funds achieving even higher returns (interestingly, Fund #1 had the lowest return). Despite many mistakes and regrets along the way, and the lingering feeling that much is still lacking, I am comforted by two aspects of these results: 1) the returns were achieved with solid control over downside volatility, and 2) they represent significant outperformance relative to market benchmarks, with the KOSPI up 5.4%, the KOSDAQ down 3.0%, and the S&P 500 up 14.5%.

With a return of approximately +30% return in 2023 and over +50% in the first half of 2024, all funds have effectively doubled their returns since December 2022, significantly advancing towards our goal of ‘minimum recovery.’ Although there is still room for improvement, I am committed to further recovery and beyond, aiming to deliver greater happiness through our investment performance.

For the past 18 years, MUST has lived in agreement with a quote from Haruki Murakami’s work *What I Talk About When I Talk About Running*: “The way one does not try to exaggerate or embellish oneself more than necessary is heartwarming.” However, at this point, there are two things that I really want to share with the public. This is not an exaggeration or embellishment, but it could be an expression of more than what is necessary.

First and foremost, despite the portfolio management shock in 2022, most of MUST’s long-time clients have stayed with us. Many external observers, with seemingly reasonable assumptions, strongly predicted that almost all clients would leave due to the 2022 shock, and that even if recovery occurred, most clients would exit during the recovery process. Hoping they would be wrong, or more precisely, sincerely wishing that this prediction would be proven wrong, we communicated sincerely and managed our portfolios with sincere dedication. The redemption rate was 15% in 2022, 14% in 2023, and 2% in the first half of 2024. Considering that the normal natural redemption rate is 5-10%, it shows that most of our clients have trusted, supported, and stayed with us. We are **truly moved and grateful** because we are able to share, **together** with our clients, the

¹ The term 101026&0 represents our internal objective of achieving a tenfold increase in client capital over a ten-year period, all while ensuring a zero incidence of negative returns. Achieving this objective necessitates compounding our client capital at an annual rate of 26%.

recovery process, the results, and the even greater joy that's to come.

Another point is that, despite widespread opinions that it would be impossible to recover with the existing investment and portfolio management teams intact, and despite receiving many aggressive suggestions to the contrary, the real cause of our poor results was not the team, but rather my leadership in extending research and investment scope beyond our capacity, poorly allocating roles, and failing to center our operations. Knowing our team's unique and exceptional individual and collective investment capabilities, I wanted to prove them right without making much noise. Being able to continue **together** with the main team members brings me joy, and I am touched and grateful. If recovery had not been achieved, it would have been solely the fault of the management, not these talented individuals, and I am sincerely relieved it did not come to that.

We will continue to do our best to maintain our unique approach in the ever-challenging stock market. Just like Rukawa Kaede's words from *Slam Dunk* "I just want to play basketball better. That's all." – Volume 14, Page 33, we at MUST will persist in our investment efforts. We appreciate your continued support. Thank you!

Best regards,

Dooyong Kim

Must Asset Management