



KB Value Focus

Korea Equity Fund

KOR69 EDNIFL FUND

One of the Highest Performing Korea-domiciled Funds

► The 2nd Largest Korea Equity Fund

- Highest-performing fund among top 10 best selling Korea equity funds
- KB Value Focus has never posted negative annual returns
- The fund's rate of return since inception is the 4th highest among 306 funds, meaning the fund ranks the top 1.3%

* As of October 28th, 2015

* No. of Korea-domiciled active Korea equity funds: 620

Name	Fund Size USD (Jan. 1 st 2015 -Sep. 30 th 2015)	Return (%)						Rank					
		2015 YTD (Sep. 30 th)	2014	2013	2012	2011	2010	2015 YTD (Sep. 30 th)	2014	2013	2012	2011	2010
S V	2,461,716,898	0.48	2.13	21.34	25.50	-9.38	22.95	23	6	1	2	21	74
KB Value Focus Feeder Equity A	1,423,854,640	1.37	0.37	11.45	20.71	2.21	50.51	19	9	4	10	2	1
M A	1,313,561,681	15.48	10.26					2	2				
K 10	1,277,776,920	-6.05	-3.05	21.12	29.98	-0.17	18.75	55	14	1	1	4	94
K G	957,270,652	-11.88	-18.44	-4.19	21.55	-17.50	33.74	91	97	94	6	89	8
K N	942,347,146	4.94	-6.15	2.60	15.97	-10.56	27.61	8	25	49	47	29	32
K M	869,331,108	-0.22	10.38	12.72	44.44			82	18	25	1		
S M	717,455,691	1.85	-6.24	15.31	23.93	-11.55	21.99	17	25	2	3	38	80
A K	706,847,197	2.51	2.99	15.92	18.00	-16.14	34.99	15	5	2	31	80	6
K S	686,545,461	-13.10	-18.82	-4.67	20.94	-17.96	33.11	95	98	96	9	92	10

Same Portfolio Manager Since Inception

➤ The current CIO of KBAM has been managing the fund since 2009

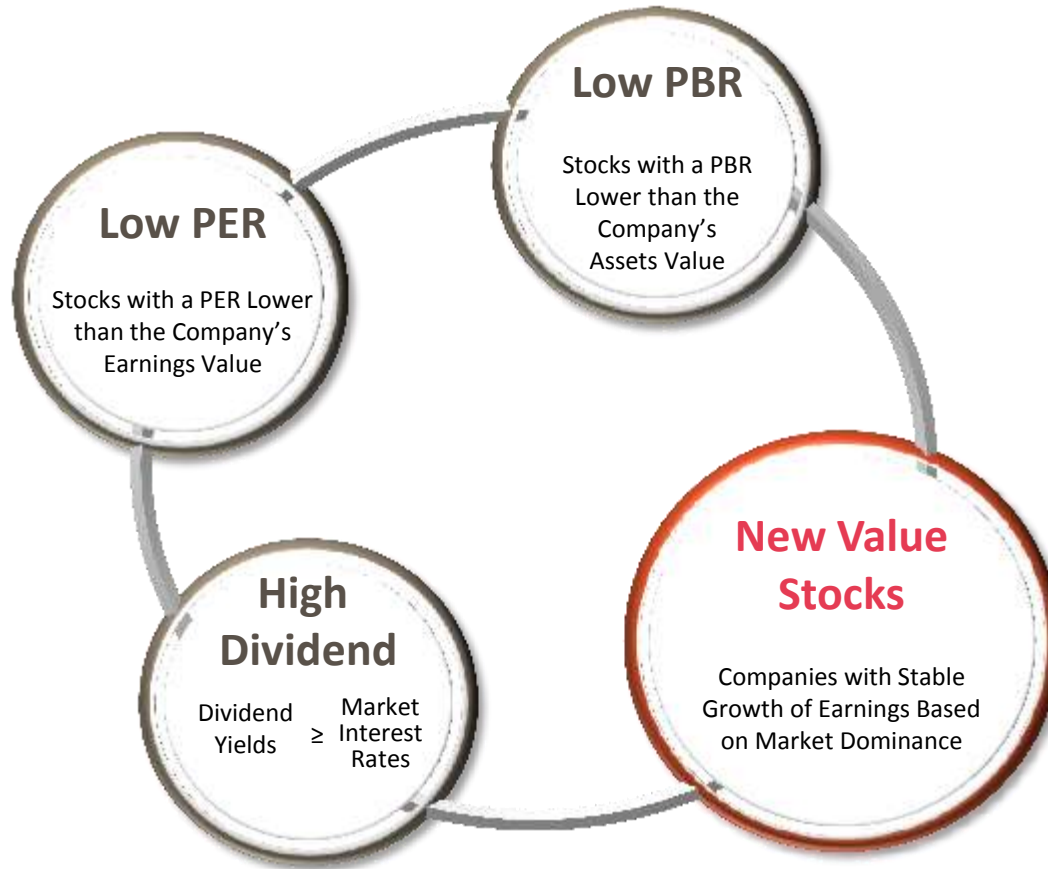


CIO, Woongpil Choi

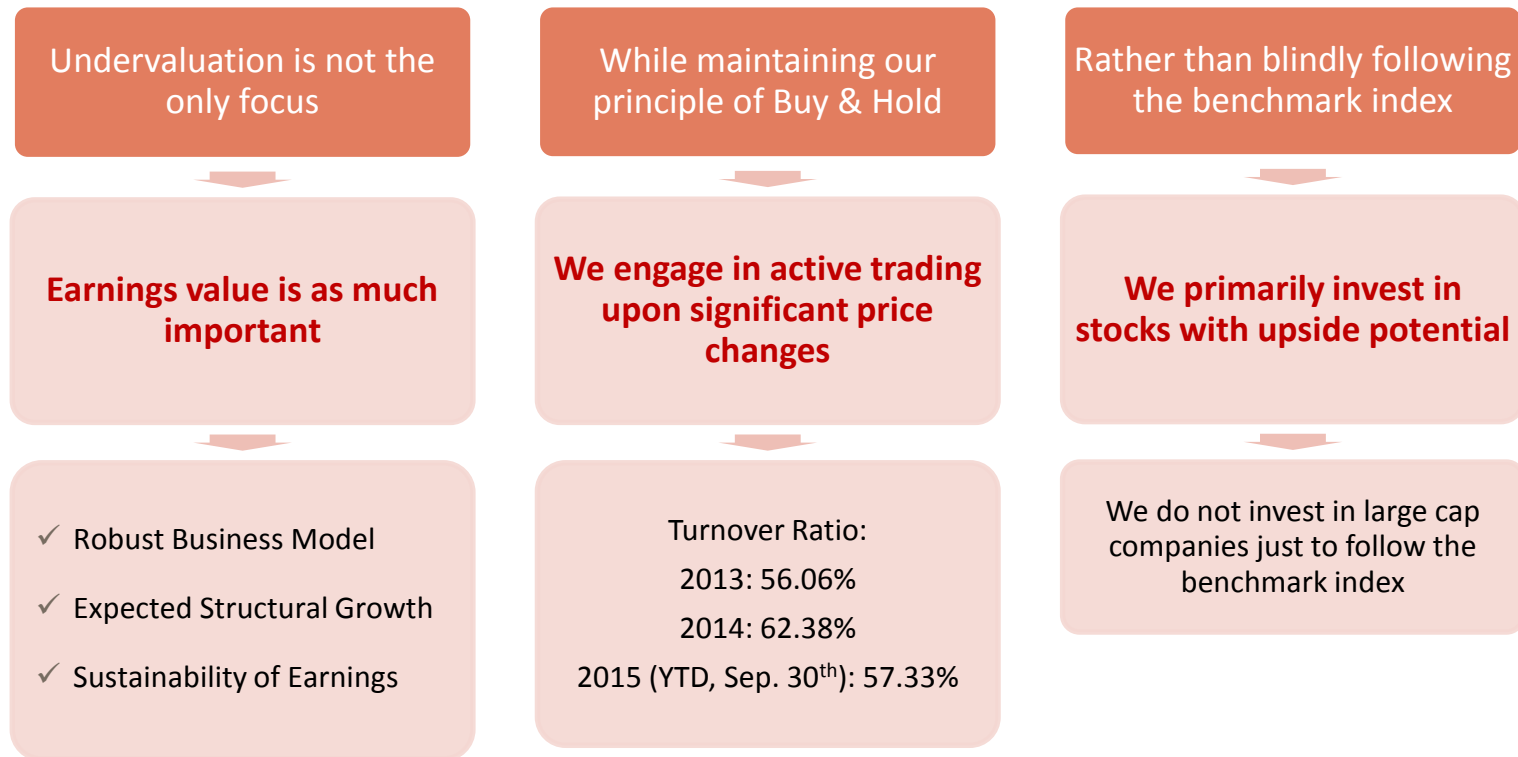
Educational/Professional Background

- 1992-1999 Applied Statistics Department of College of Business and Economics of Yonsei University
- 1998-1999 LNG Carrier Department of Hyundai Merchant Marine
- 1999-2002 Sector Manager of Equity Management Team of Dongwon Securities
- 2002-2004 Sector Manager of Investment Adviser Department of Dongwon Investment Management
- 2004-2006 Sector Manager of Korea Investment Management
- 2006-2009 Asset Management Department of Korea Investment Value Asset Management
- 2009-Present CIO/Head of Equity Management Division of KB Asset Management
Currently manages KB Value Focus, KB Pension Dividend 40, and KB Small/Mid Cap Equity Fund

➤ This value fund primarily invests in equities with ...



➤ The fund's focus & principle



➤ Focusing on stock selection, not forecasting market outlook

- Stocks that have significantly higher intrinsic value
- Companies posting stable growth of earnings
- Stocks that match these conditions are actively purchased when the prices of the stocks tumble or the stocks are neglected

Re-Rating

If stocks that generate stable profits based on their franchise value or intrinsic competitive advantage are undervalued compared to the market valuation, the value of the stocks will eventually converge to the market valuation

Market Share

Predictability of Earnings

Sustainability of Earnings



Premium

If companies that clearly have growth potential, given the expected structural growth and paradigm shift, are undervalued, their structurally stable growth potential will eventually be identified and the stocks will be valued higher than the market valuation

Probability of Market Diversification

Life Cycle

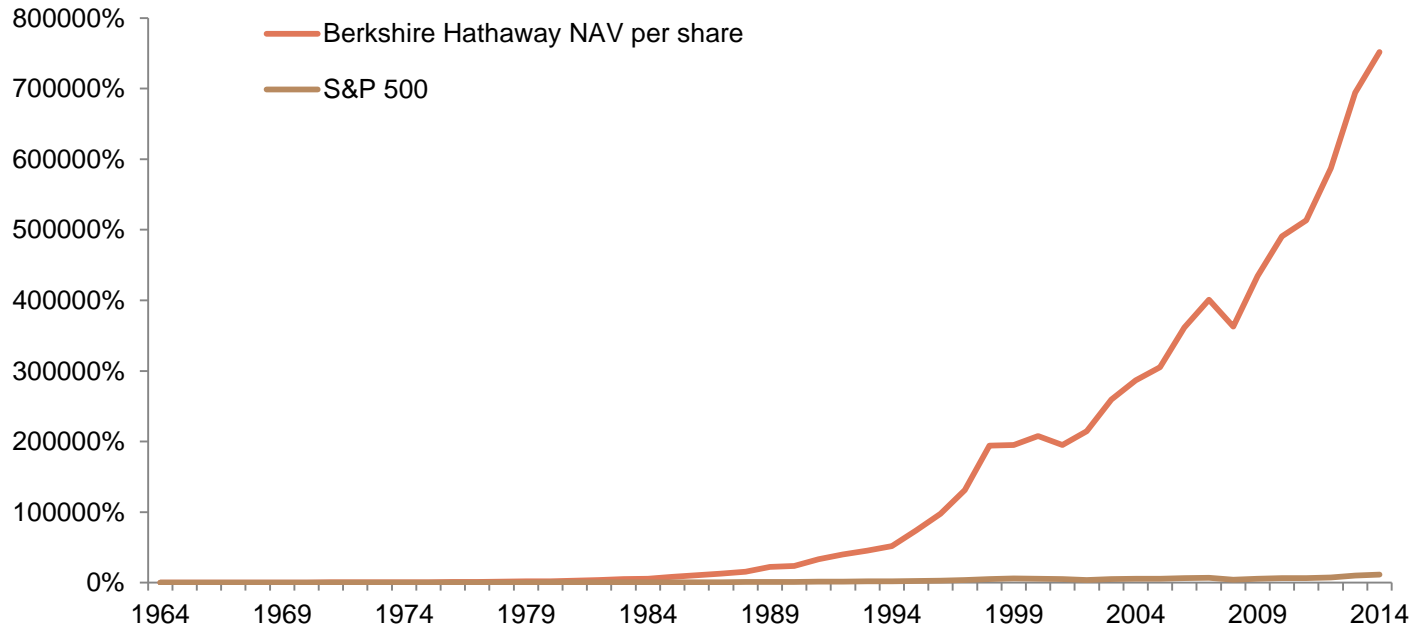
Growth Potential of Flagship Products

Following Warren Buffett's Investment Philosophy

▶ Just like Warren Buffett's Investment Philosophy

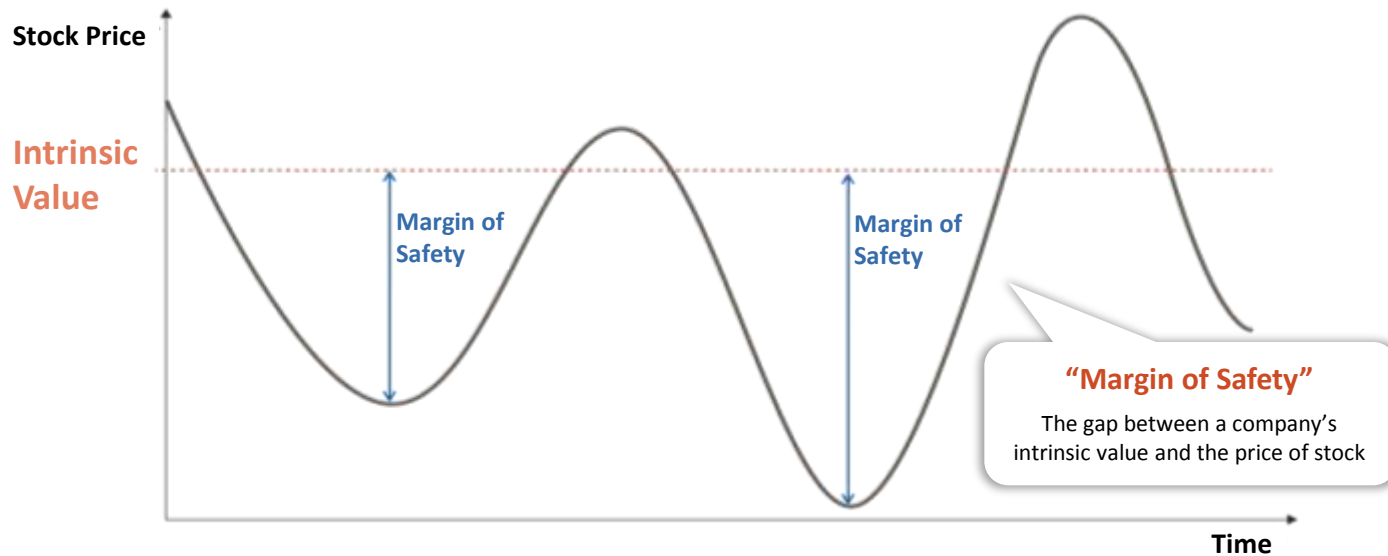
- The rate of Berkshire Hathaway outperforming the S&P 500 had been 78% from 1965 to 2014
- Berkshire Hathaway had recorded negative annual returns only twice for as long as 50 years

The NAV growth of Berkshire Hathaway outperformed the S&P 500 by "740,652%" since 1964



➤ We secure the margin of safety to minimize losses while maximizing returns

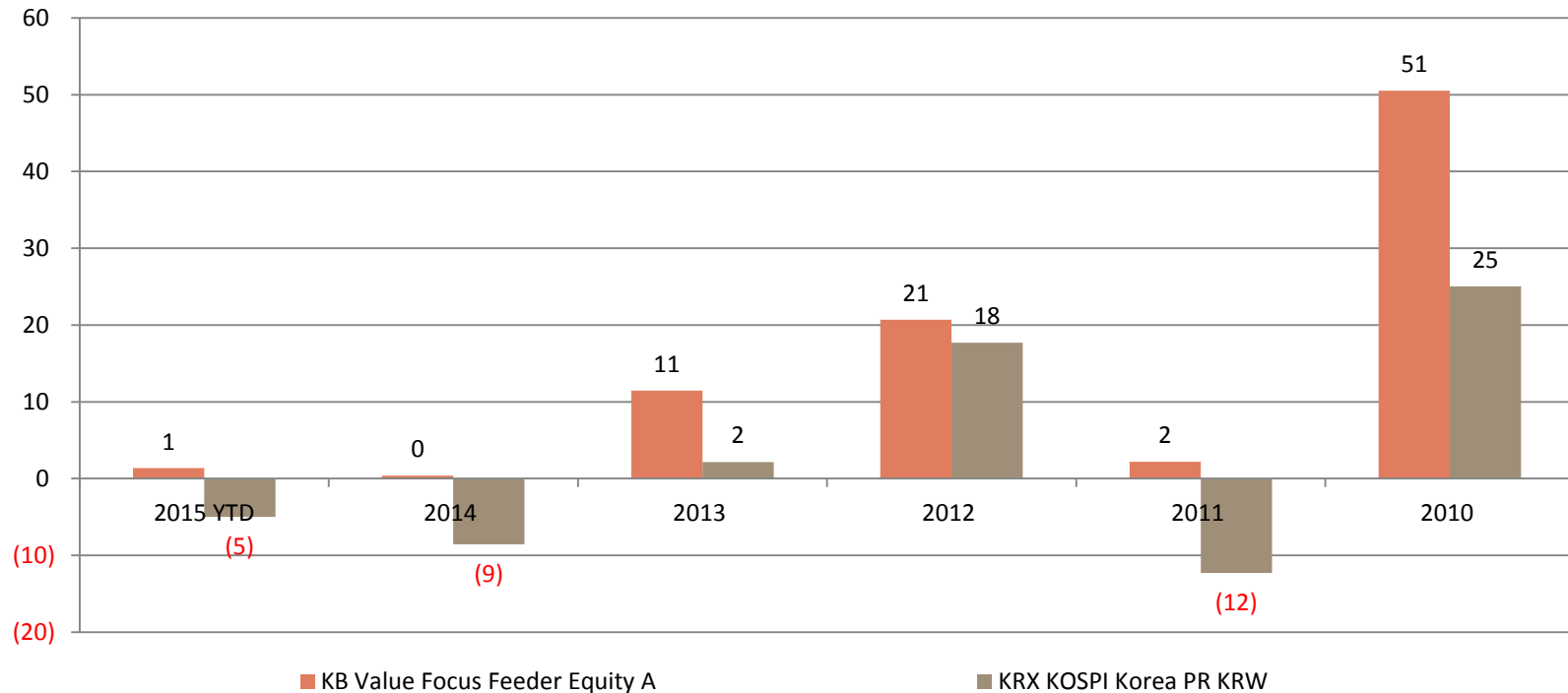
- Margin of safety is the difference between the intrinsic value of a stock and its market price
 - The causes are lack of attention or dampened investor sentiment
 - Margin of safety is achieved when stocks are bought at prices lower than their intrinsic values, thereby securing investment returns
 - The key is the patience to wait until the prices of stocks reach their intrinsic value



This fund has consistently outperformed the KOSPI and protected the principal

- The winning rate of this fund is 100%. And the Fund has never recorded negative annual returns since inception

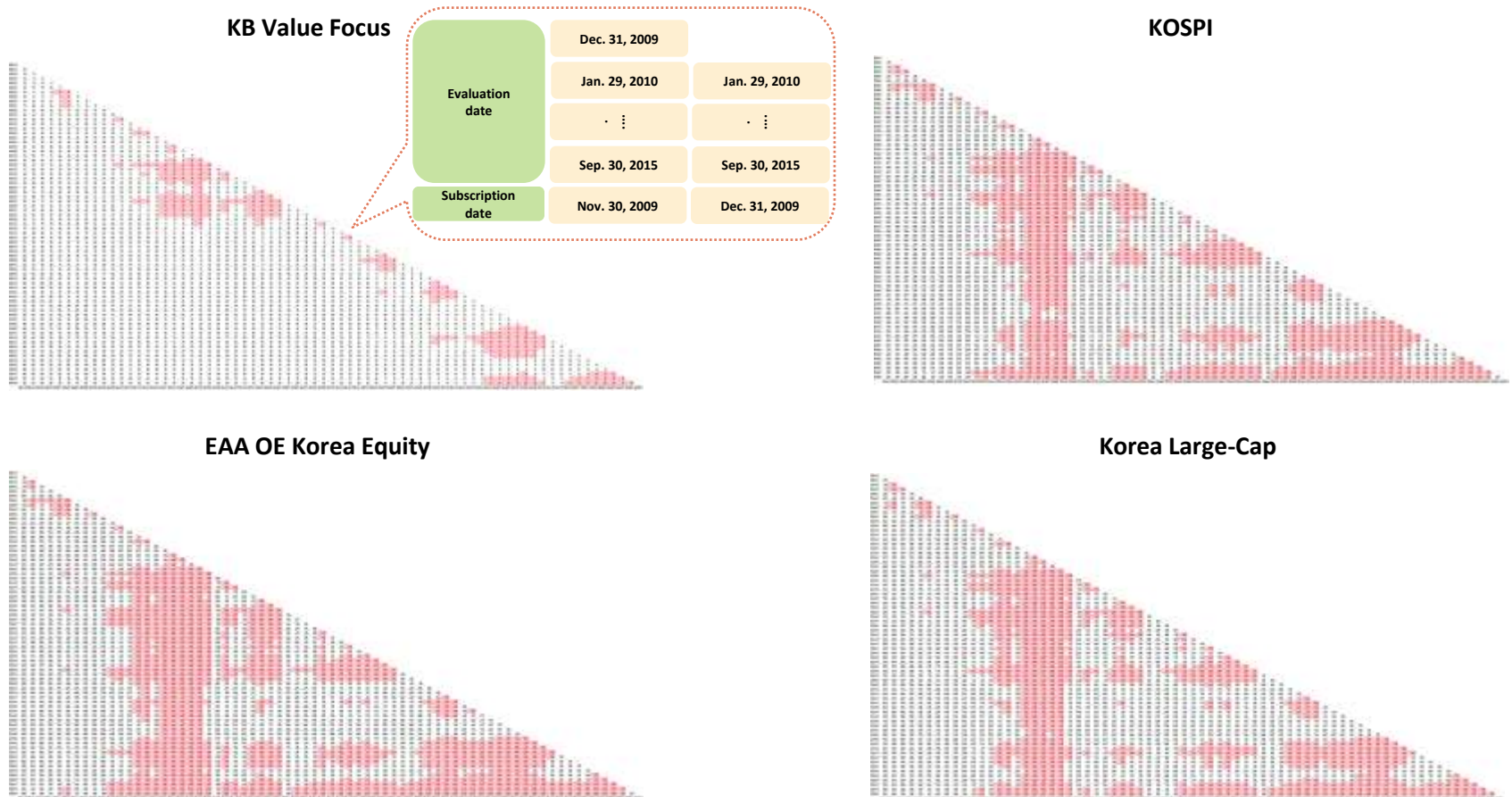
For the last 5 and half a years this fund outperformed benchmark without negative annual return (%)



The fund's investors have benefitted from the principle

➤ The charts below show distribution of returns for each subscription date from November 9th, 2009 to September 30th, 2015

- The red parts indicate negative returns

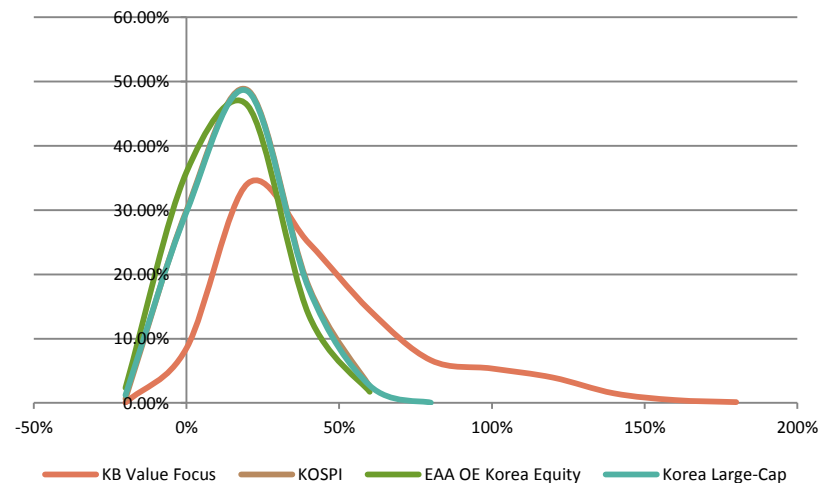


The fund's investors have benefitted from the principle (cont'd)

➤ Distribution of returns shows KB Value Focus has successfully preserved investors money

From Nov. 9th 2009 to Sep. 30th 2015, while other funds recorded a loss of 30% on average while the figure stands at 8.57% for KB Value Focus fund

	KB Value Focus	KOSPI	EAA OE Korea Equity	Korea Large-Cap
160% ~ 180%	0.12%			
140% ~ 160%	0.44%			
120% ~ 140%	1.49%			
100% ~ 120%	3.94%			
80% ~ 100%	5.35%			
60% ~ 80%	6.64%			0.04%
40% ~ 60%	14.41%	2.54%	1.73%	2.70%
20% ~ 40%	24.91%	18.15%	13.72%	17.83%
00% ~ 20%	34.12%	48.69%	46.28%	48.49%
-20% ~ 00%	8.53%	29.98%	35.94%	29.74%
-40% ~ -20%	0.04%	0.64%	2.33%	1.21%
+	91.43%	69.38%	61.73%	69.05%
-	8.57%	30.62%	38.27%	30.95%
Average	34%	8.33%	5.17%	8.00%
Max	168%	52.92%	58.14%	60.34%
Min	-21%	-26.57%	-28.45%	-27.89%



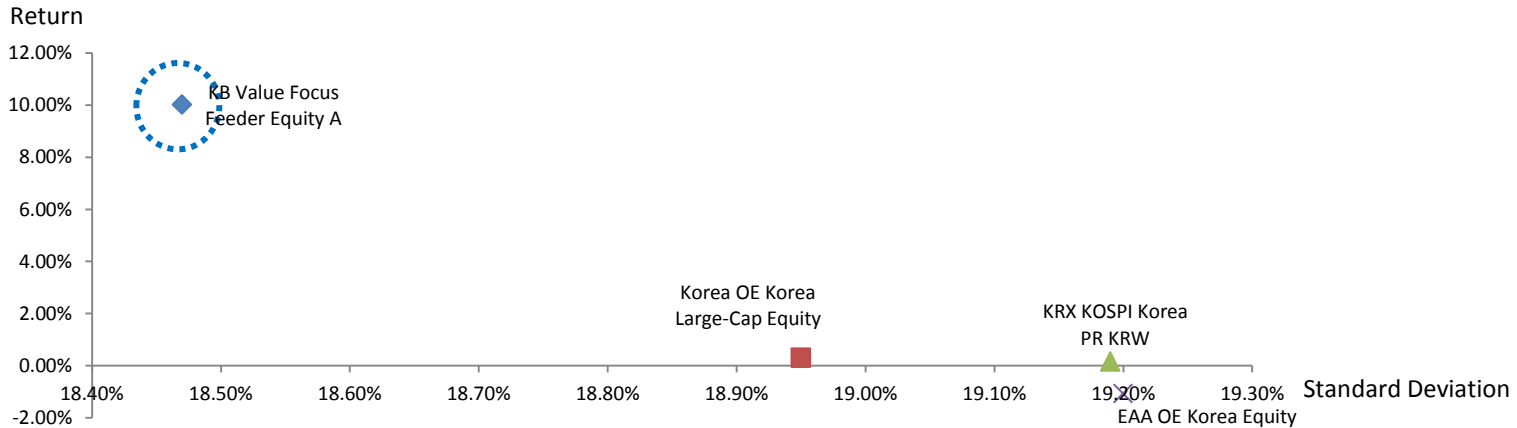
KB Value Focus has outperformed the KOSPI by 115%

Track Records

Performance Since Inception

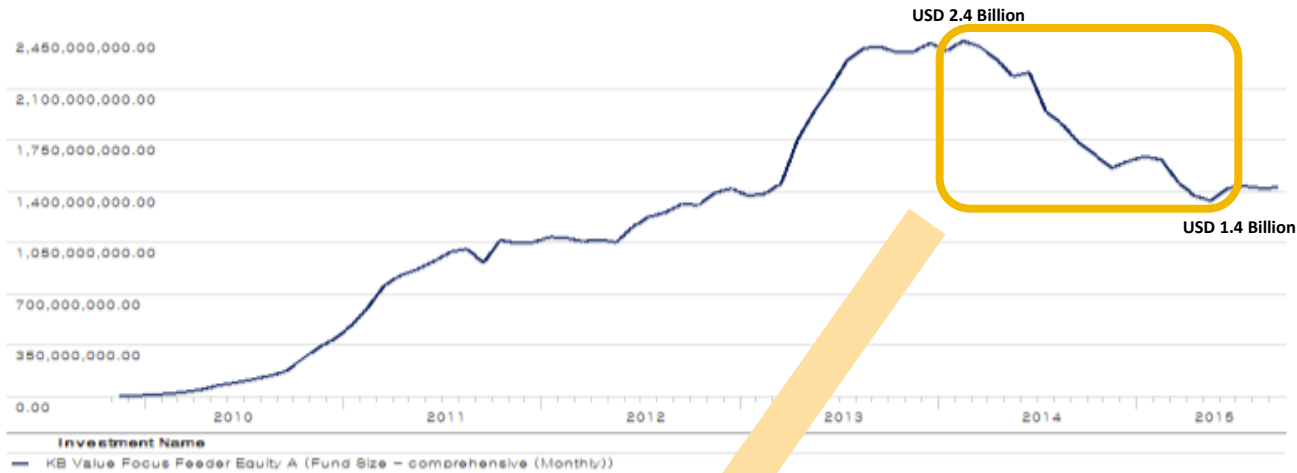


Exceptional Risk Rewards (5YR)

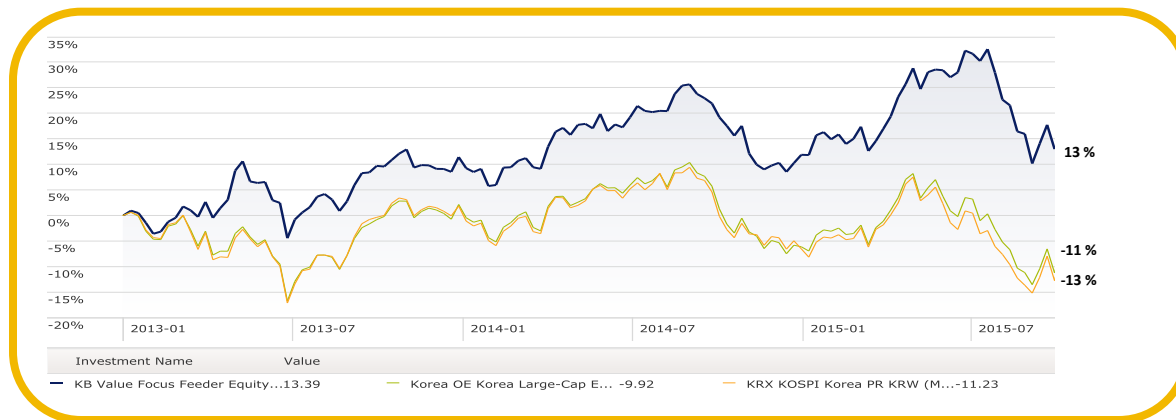


KB Value Focus outperformed the KOSPI even when there was a large redemption

AUM Trend Since Inception



Performance from January 2013 to July 2015



➤ Investment Process

Quantitative Analysis

- PER & PBR : 30 % discounted compared to the market
- Dividend Yield: Higher than 3%
- Other factors: Free Cash Flow, EBITDA, etc.

Qualitative Analysis

- Business Model Analysis: Market Share, Earnings Visibility, Sustainability of Earnings
- Structural Growth: Market diversification and/or expansion, Life cycle
- Paradigm Shift: Leader and or pioneer
- Companies that can retain earnings are preferred over capital-intensive industry

Stock Evaluation

- Premium: Stocks that have good reasons to be traded at a higher valuation than the market
- Re-rating: Stocks that are undervalued compared to intrinsic values
- Discount: Stocks that have good reasons to be cheap

Actual Portfolio

- Invest mainly in premium and re-rating stocks, occasionally picking discount stocks, if necessary
- Decide sector weights, preferring sectors with sustainable and stable earnings
- Number of stocks in the actual portfolio ranges from 80 to 100
- Monitor market and credit risk consistently

➤ In summary, KB Value Focus Korea Equity Fund ...

01 invests in stocks that are undervalued relative to intrinsic values and that are expected to see a stable growth

- The fund invests in **stocks that are undervalued relative to their intrinsic values**, including values of an enterprise, assets, and earnings
- It also invests in **stocks that are expected to see a stable growth in earnings while being less affected by external changes** such as economic fluctuations
- Such is a new type of value investment strategy, which has evolved from a traditional value strategy

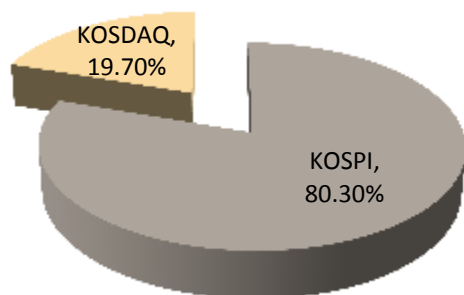
02 focuses on stock selection rather than indices or economic outlook

- The fund does not forecast the market or make sector bets
- It focuses on stock selection whereas portfolio composition and sector weights are results of stock selection.

Portfolio of KB Value Focus

Portfolio (As of July 31st, 2015)

Weight by KOSPI & KOSDAQ



Weight by Market Weight

	Weight(%)	
	KOSPI	KOSDAQ
Large Cap	25.19	-
Middle Cap	39.74	10.41
Small Cap	15.37	9.29
Total	80.30	19.70

Sector Weight

Sector	Market	KB Value Focus	Difference
IT	21.75	22.69	0.94
Materials	9.69	15.67	5.98
Consumer Discretionary	15.07	15.36	0.29
Financials	12.98	11.69	-1.29
Consumer Staples	13.98	11.34	-2.64
Industrials	9.65	9.34	-0.31
Telecommunications	2.71	2.58	-0.13
Energy	1.78	2.06	0.28
Utilities	4.14	1.87	-2.27
Others	8.25	1.71	-6.54

Top 10 Holding

Stock	Sector	Market	KB Value Focus	Difference
Dongwon Industries	Consumer Staples	0.1	3.81	3.71
SK Hynix	IT	2.19	3.81	1.62
Hyundai Livart	Industrials	0.09	3.71	3.62
Hansol Chemical	Materials	0.08	3.53	3.45
Com2us	IT	-	3.48	3.48
Muhak	Consumer Discretionary	0.12	3.39	3.27
Korea Zinc	Materials	0.75	3.36	2.61
Golfzon	IT	-	3.34	3.34
Koeran Re	Financials	0.14	2.83	2.69
NAVER	IT	1.4	2.76	1.36

Summary of KB Value Focus

Summary

KB Value Focus	
Portfolio Manager	Woong-pil Choi
ISIN / Bloomberg Ticker	KR5223174917 / 3174917 KS Equity
Inception date	November 9, 2009
NAV (USD) * As of September 30 th , 2015 * Source: Korea Financial Investment Association	1,423,854,640
BM	KOSPI
No. of Holdings * As of September 30 th , 2015 * Source: KB Asset Management	89
Beta (3yr)	0.55
Sharpe	1.53
Tracking Error (%)	8.23
Average Market Cap (USD) * As of July 31 st , 2015 * Source: Morning Star	1,310 Million
Turnover Ratio (%) * (Buy + Sell)/(2*NAV)	2013: 56.06% 2014: 62.38% 2015 (YTD, Sep. 30 th): 57.33%
Portfolio PE * As of July 31 st , 2015 * Source: Morning Star	12.21
Portfolio PB * As of July 31 st , 2015 * Source: Morning Star	1.39

Risks and Disclaimers

<p>General</p>	<p>The Fund is intended for long-term Investors who can accept the significant risks associated with investing in illiquid securities. An investment in the Fund involves various risk factors, including the possibility of partial or total loss of the Fund capital, and prospective Investors should not subscribe unless they can readily bear the consequences of such loss. There can be no assurance that the Fund will achieve its Investment Objective or Portfolio Target Return, or that there will be any return on capital. In particular, potential investors should take into account the fact that the actual return achieved may be more or less in any particular year, and that different returns may be achieved by different Investments, according to their different cost bases, and that different Fund Investor Vehicles may have different returns.</p>
<p>Projections</p>	<p>The opinions stated in this presentation include some forecasted views. We believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know. However, there is no guarantee that any forecasts or opinions will be realized.</p>
<p>Portfolio</p>	<p>No representation is being made that any portfolio will or is likely to achieve profits or losses similar to those shown. Portfolio holdings are subject to change at any time without notice .</p>
<p>Risks Involving Investment Strategy</p>	<p>Opinions, estimates, forecasts, projections and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.</p>
<p>Risks Associated with Performance</p>	<p>The performance quoted is past performance and is not a guarantee of future results. All figures are in USD terms, net of fees, and gross of tax. The impact of the initial charge can be material on the performance of your investment. Performance figures including the initial charge are available upon request. The Fund is subject to certain market risks. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end, please send an email to the following address: kbgm@kbf.com</p>
<p>Currency Risks</p>	<p>Changes in the rates of exchange may affect the value of investments. The Fund can invest in overseas securities which may also generate profits overseas and pay dividends in foreign currencies, which means the fund is exposed to changes in currency rates.</p>
<p>Impact of Compensation</p>	<p>The Fund takes its charges from the Fund. The impact of Fund charges may be material on the value of any income you receive from your investment. There is potential for future capital erosion if insufficient income is generated by the Fund to cover these charges. Please see the prospectus for additional information on the fees and expenses.</p>
<p>Tax Risks</p>	<p>Tax treatment will depend on the individual circumstances of clients and may be subject to change in the future. The rate and amount of tax would vary depending on the mix and type of investments made by the Fund. Investors should consult their tax advisers regarding such tax consequences as well as any taxes to which they may be subject in their own jurisdiction.</p>
<p>Limitations of Target Returns</p>	<p>An investor should not expect to achieve actual returns similar to the target return shown herein. The target return is the manager's goal based on various manager assumptions, calculations of available data, past and current market conditions, and available investment opportunities, each of which are subject to change. Because of the inherent limitations of the target return, potential investors should not rely on it when making a decision on whether or not to invest in this Fund.</p>

Risks and Disclaimers (cont'd)

Risk of Concentrated Investment in Equities	The Fund primarily invests in equities and equity related securities and thus changes in stock prices may adversely affect the value of the Fund. A fall in prices of the equities held by the Fund may result in a decline in the value of the Fund. If the Fund's investment portfolio falls in value, investors' investment in the Fund may suffer losses.
Risk of Concentrated Investment in Selective Sectors	The Fund may selectively invest in stocks in a limited number of sectors while remaining in the accordance with applicable statutes. The lack of diversification may increase the impact that a small number of stocks or sectors may have on the Fund and the volatility of the Fund, compared to the market or other same type of funds in general.
Risk of Lack of Liquidity	Since small- to mid-cap stocks, liquidity of which is generally limited, may be included in the portfolio, a large redemption of shares may increase the volatility in the Fund's net asset value per share..
Market Risks	The Fund primarily invests in equities and thus is exposed to risks of changes in security prices and macro-economic indicators. In addition, the value of the Fund's assets may radically change, depending on the condition of issuers of stocks held by the fund, e.g., the status of their sales, finances, and credit.
Credit Risks	The value of the Fund's assets may radically change when the condition of counterparties of transactions or issuers of stocks held by the fund, e.g., the status of their sales, finances, and credit, deteriorates and subsequently, it is increasingly likely that credit ratings of the counterparties or the issuers may be downgraded or they may default on their debt.
Risks of Taxation	<p>Tax authorities divide gains/losses from investments into two categories: gains/losses generated from taxable assets and gains/losses generated from non-taxable assets. Non-taxable gains/losses imply that the tax will not be imposed on gains but, at the same time, losses will not be recognized. As such, even if the outcome of investments as a whole records a loss, the tax may be imposed, if there are gains derived from taxable assets alongside gains obtained from non-taxable assets.</p> <p>* Examples of Taxable Income: Dividends on stocks, profits from overseas investments, gains from foreign exchange, and yields and capital gains from bonds</p> <p>* Examples of Non-Taxable Income: Capital gains/losses from buying/selling stocks listed in the South Korea stock market.</p>
Risks Associated with Redemption	Redemption of the Fund entails risks associated with the gap between the selected redemption date and the actual date of redemption, during which the value of the Fund's assets is subject to change. In addition, a redemption fee may be incurred upon redemption, depending on the period the Fund has been held, and the redemption fee belongs to the Fund.

※ This presentation is written with investment risks involving the parent fund taken into account.

※ Risks are not limited to the risks listed in this presentation. There can be various types of unexpected risks.