



2024 Annual Report

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040

2024 Annual Report (January 16, 2025)

Why do we write an Annual Report?

Stock investment is a task to optimize the long-term compounding effect of wealth. Investment strategies should be based on a mid to long-term perspective. This report is intended to share Pine Investment Advisory's long-term investment strategy with investment partners (+ clients). Pine Investment Advisory was established in August 2010 and registered as an investment agency/advisory business with the Korean financial authorities in November. The cumulative return for 14 years and 4 months from September 2010 to 2024 is 485%, with an annual average of 13.1% (Table 1). The annual return of the KOSPI index including dividend income was +3.7%. Assuming the maintenance of investment funds and an annual return of 13.1%, the investment principal will increase 3.4 times after 10 years. If the time is extended to 30 years, the investment principal will increase 40 times. This may be an opportunity for mid to long-term investors.

Volatility cannot be avoided in the stock market. However, this is often unrelated to the investment enterprise value. Cumulative investment returns (Table 1) are long-term performance. It is a long-term compound investment. The Pine Investment Advisory's investment team focuses on long-term cumulative performance. KOSPI is used as a comparison index, but it is not considered important. The timing of the discretionary contract is different for each investment partner (customer). Annual returns (Table 2) are intended to help compare individual customer performance.

(Table 1) Investment Returns (Accumulated)

Year	PINE Investment	KOSPI (+dividend)
2010 (9~12)	12.7%	17.7%
2011	19.9%	4.3%
2012	42.3%	15.6%
2013	54.0%	17.6%
2014	70.3%	13.3%
2015	85.2%	17.5%
2016	86.3%	23.2%
2017	131.4%	51.5%
2018	96.6%	27.8%
2019	176.4%	40.4%
2020	241.1%	86.4%
2021	334.8%	96.7%
2022	252.3%	51.1%
2023	320.1%	83.0%
2024	485.0%	68.7%
Accumulated returns	485.0%	68.7%
Annualized returns	13.1%	3.7%

(Table 2) Investment Returns (Yearly)

PINE Investment	KOSPI (+dividend)	Difference (+/-)
12.7%	17.7%	-5.0%
6.4%	-11.4%	17.8%
18.7%	10.8%	7.8%
8.2%	1.8%	6.5%
10.6%	-3.7%	14.3%
8.7%	3.7%	5.0%
0.6%	4.9%	-4.3%
24.3%	22.9%	1.3%
-15.0%	-15.7%	0.6%
40.6%	9.9%	30.7%
23.4%	32.8%	-9.4%
27.5%	5.5%	22.0%
-19.0%	-23.2%	4.2%
19.3%	21.1%	-1.8%
39.2%	-7.8%	47.1%
485.0%	68.7%	416.3%
13.1%	3.7%	9.4%

Note 1): Past performance is not a guarantee of future performance.

Note 2): In 2010, the PINE's asset return and average clients return since 2011 (not excluding commissions)

Source: Korea Exchange, Pine Investment Advisory.

Global equity investment management began in November 2020. We analyze highly competitive business models and begin investments by investigating the efficient capital allocation capabilities of management. We derive investment ideas from the global industrial ecosystem. We invest in the US-Korea-Japan-China (HK). The MSCI ACWI index is a BM (benchmark), but the correlation is not great. We invest in the long-term competitiveness of investment companies. From November 2020 to 2024, for 4 years and 2 months, the global equity investment return was +18.0% per year, ACWI +7.3% per year, and S&P 500 +13.0% (Tables 3). In 2022, the stock market volatility was high due to global financial tightening. The business structures of key investment companies remained stable. This was reflected in the investment performance over the past two years (2023-2024).

(Table 3) Pine's Global Investment(Accumulated)

Year	Pine	ACWI	S&P500	KOSPI(+d)
2020 11~12	1.8%	5.9%	5.3%	32.8%
2021	55.2%	23.8%	33.6%	40.1%
2022	6.0%	-2.5%	4.0%	7.6%
2023	29.4%	15.1%	33.6%	30.3%
2024	99.2%	34.1%	66.2%	20.1%
Accumulated returns	99.2%	34.1%	66.2%	20.1%
Annualized returns	18.0%	7.3%	13.0%	4.5%

(Table 4) Pine's Global Investment(Yearly)

Year	Pine	ACWI	S&P500	KOSPI(+d)
2020 11~12	1.8%	5.9%	5.3%	32.8%
2021	52.4%	16.9%	26.9%	5.5%
2022	-31.7%	-21.3%	-22.1%	-23.2%
2023	22.1%	18.0%	28.5%	21.1%
2024	53.9%	16.5%	24.4%	-7.8%
Accumulated returns	99.2%	34.1%	66.2%	20.1%
Annualized returns	18.0%	7.3%	13.0%	4.5%

Note 1): Past performance is not a guarantee of future performance.

Note 2): Global investment returns are the representative fund (not excluding fees), and KOSPI (+d) includes dividend returns.

Source: Quantwise.com, Pine Investment Advisory.

Pine Investment Advisory's investment strategy starts with **business structure** research/study. We look for companies with excellent business structures. We focus on qualitative analysis based on cash flow profits, and prefer companies with growing corporate value based on profit growth. **Management (+ governance)** operates/manages the company. Asset allocation capabilities affect future value. Therefore, the management's ability to efficiently allocate assets is important. If the market value is low compared to the corporate value, the investment attractiveness increases. Investment starts with a period of 2-3 years in mind. If the sustainability of corporate competitiveness is confirmed, the investment period is extended to 4-6 years, leading to mid to long-term investment.

2024 annual report are as follows;

- Five Years Assessment, 2020-2024
- Investment mistake cases: Sustainability of profits
- Expansion of Korean culture -- Investment in consumer goods
- Investment Portfolio

Five Years Assessment, 2020~2024

From 2020 to 2024, Pine Investment Advisory's investment return for 5 years was a total of 111%. It is an annual return of +16.2%. The KOSPI (including dividends) index rose 3.7% per year (see Table 5). Pine Investment Advisory's domestic stock investment performed more than 4 times higher than the KOSPI. The Korean stock market was highly volatile and underperformed the global index.

I meet and talk with new customers in person whenever possible. I recommend a minimum investment period of 3-5 years for potential customers. If it is not a medium to long-term investment fund, I recommend not signing an investment agency contract. Market volatility is psychological stress for short-term investors. On the other hand, for medium to long-term investors, volatility is an opportunity to expand the value of investment assets.

Volatility is a unique characteristic of the stock market. Economic variables, supply and demand, and investment sentiment are reflected in the stock market. Investors participate in trading even if the direction of stock prices is not rational. As expectations for future corporate growth increase, investors are often caught up in FOMO (Fear of Missing Out) rather than seeing value. The grouping tendencies of stock market participants create volatility.

Physicist Mark Buchanan, who wrote "The Social Factor,"¹ commented on people's behavioral patterns as follows: "Humans are social animals. In a group society, adaptability is necessary. People imitate others in order to adapt. ... (omitted) ... People are not only flexible and adaptable, but also inherently imitators."

In 2023, the secondary battery industry overheated with a PER of over 100 times. Many traders invested a lot of money in secondary battery-related companies. However, the overheated market began to adjust downward after the second-half of 2023. Stock market participants join in buying when the market is strong, and on the contrary, they are swept up in the selling wave when the market falls. Korean secondary battery suppliers raised funds for facility investment from the stock market. Funds were raised through paid-in capital increase and business division relisting. Pine Investment Advisory did not have any secondary battery-related investment target

companies. You can refer to the analysis of the secondary battery stock price overheating trend in the previous [investment memo \(2023.10\) page 5](#).

- In 2020~2021, COVID-19 paralyzed global economic activity. Afterwards, it normalized as vaccines and treatments were distributed. Governments of each country defended the consumer economy with cash grants. In 2020, KOSPI fell -35% in 3 months from 2,202pt to 1,439pt in March 2020. At the end of 2020, KOSPI rebounded 100% from the low to 2,873pt. The upward trend continued until June 2021. KOSPI recorded a historical high of 3,316pt.
- On February 24, 2022, Russia invaded Ukraine. The war in Eastern Europe amplified market volatility due to restrictions on global trading flow and rising energy prices. Supply chain inventory was insufficient. Prices soared. The US Federal Reserve began raising interest rates. Due to tight monetary policy, KOSPI fell by -23% in 2022.
- In 2023~2024, inflation calmed down. In June 2023, the US Federal Reserve began cutting interest rates. KOSPI rose by +21% in 2023. The market declined after the summer of 2024 due to slowing semiconductor growth. In 2024, KOSPI fell by -7.8% and closed at 2,399pt.

(Table 5) Korean economy, KOSPI, and Returns (unit: %)

	Korea	CPI	KOSPI	KOSPI(+d)	PINE's	
	Real GDP	changes	ROE	returns	returns	
2020	-	0.7	0.5	6.1	32.8	23.4
2021		4.6	2.5	11.6	5.5	27.5
2022		2.7	5.1	8.7	-23.2	-19.0
2023		1.4	3.6	6.1	21.1	19.3
2024p		2.2	2.5	8.8	-7.8	39.2
5 years		10.5	15.0	48.6	20.1	111.6
Annualised		2.0	2.8	8.2	3.7	16.2

Note 1: 2024p; Korea GDP growth rate, CPI and KOSPI ROE are provisional estimates

Note 2: KOSPI index returns (dividend included), Pine's client rate of return (not excluding commission)

Sources: Bank of Korea, Stock Exchange, Pine Investment Advisory

In the past five years, the real GDP of the Korean economy has grown by 10.5%, with the annual average growth rate of 2.0%. Bank interest rates are approximately 2-3%. If prices are reflected along with the real economic growth rate, the interest income on bank deposits is around 0%. The ROE of KOSPI-listed companies consisting of representative Korean companies is 8.2% per year on average. Considering the ROE creation structure, the capital value of KOSPI-listed companies has increased by 48% over the past five years. KOSPI index has increased by half, +20%. Listed companies have increased the number of issued shares through paid-in capital increase, CB/BW, etc., and the value per share has been diluted.

The stock price is somewhat undervalued compared to the capital value of Korea. Industrial restructuring is taking place at the same time. The decline in the value of the Korean Won is reflecting the Korean economy. The Korean government and financial authorities are following the 'value-up program' method that Japan started about 10 years ago. The system was implemented starting in 2024. Ten years later, we can expect an increase in ROE-PBR in the Korean capital market. As the regulation and system are improved, the visibility of investment predictions will increase.

Investment Mistake Cases - Sustainability of Profits

Reviewing investment mistakes is for the purpose of managing future investment risks. It can improve Pine Investment Advisory's asset management capabilities. Operating profit is an important indicator in investment indicators. Sales - Costs = Profits. A decline in profit margin despite an increase in sales may be a structural risk signal. It may be a temporary phenomenon, but inefficiency needs to be found. Qualitatively superior companies have sustainable profit margins. When operating profit margins improve, the potential for corporate value growth is amplified. The opposite is a risk management signal.

In 2016, we invested in NCsoft (036570). It had high IP capabilities such as 'Lineage' game. The corporate strategy of focusing on the game business was also an investment factor. The game business is a difficult business because it reflects the popularity factor. On the other hand, like the SW business, the operating leverage effect is large. In 2016~2017, we invested when the stock price was KRW 300,000~350,000. The Pine Investment Advisory investment team sold it around KRW 500,000, +40~60% profit. The delay in the development of new games led to a weakening of investment efficiency. NCsoft continued to generate cash profits even after the selling, and rose to the KRW 1 million range. COVID-19 increased the number of game participants. We withdrew from the investment too early. We underestimated the stock price increase threshold. Simple is good, but we did not have more patience.

We made the bigger second mistake. We reinvested at KRW 1 million in 2021. NCsoft's sales in 2021 decreased by -4% year-on-year, and the operating profit ratio fell from 34% in 2020 to 16% in 2021. We sold after a loss of -20% due to the second mistake. NCsoft's stock price continued to fall after that, and fell to KRW 240,000 at the end of 2024. It fell by -77% compared to the highest price of KRW 1.04 million. A 320% rebound is needed to recover to the previous high of KRW 1 million.

(NCsoft)	2016	2017	2018	2019	2020	2021	2022	2023	2024e
OP margin(%)	33.4	33.3	35.9	28.2	34.1	16.3	21.7	7.7	- 1.7

Source: Quantwise.com, Pine Investment Advisory.

NCsoft's 30% operating profit margin level has weakened since 2021. 2024E operating profit turned into a deficit. NCsoft sold random items to game participants. The sale of random items to expand the abilities of game characters increased profitability, but sustainability decreased. The distortion of the profit structure led to a deterioration in profits. Trust from consumers (game participants) decreased. Warren Buffett said this about trustworthiness. *"It takes 20 years to build a reputation and five minutes to ruin it."*

In investment, business efficiency can be measured by profitability indicators. The reasons for the failure of NCsoft's investment were complex. The rapid realization of investment returns was due to the failure to carefully review the changes in the business environment (COVID-19). A bigger mistake was the omission of a qualitative evaluation of the company's profit structure. It was belatedly realized that the random game item was an unsustainable business structure. Companies have a strong desire to achieve profit growth. Sales expansion often takes precedence over the sustainability of the business structure. This was the reason why Pine Investment Advisory's investment team did not invest in the secondary battery industry in 2023. Excessive growth expectations among companies led to excessive competition in facility investment. The consumer market grows over time, but competition among suppliers for facilities leads to overcapacity. Past investment failure experiences become the foundation for the next investment success and reducing other mistakes.

Expanding Korean Culture – Investing in Consumer Goods

The Korean economy is struggling due to sluggish domestic demand, the decline of heavy industries such as steel, chemicals, and oil refining, and the aftereffects of the secondary battery investment boom. The consensus for the 2025 economic outlook is a growth rate of 1.5-1.8%. This is a slowdown compared to the 2024 estimate of 2.2%. The economic environment is variable. It adjusts according to changes in the environment, and economic entities adapt to changes. The economic outlook has never been right. The figures change every quarter. It has always been better or worse than expected. Various variables affect the economy, but such variables are not very important in investment strategies. The Korean industrial structure is changing.

Korean culture is receiving cheers and attention from global consumers. The number of YouTube views of 'Gangnam Style' by 'PSY', which was released in 2012, currently exceeded 5.4 billion. 'BTS' debuted in June 2013. The debut of a Korean boy group is usually a 5~10 years project. They were active in utilizing YouTube. BTS's global album sales have recorded over 30 million copies. They have a record of 6 No. 1 albums on the Billboard album chart. JYP Entertainment's 'Stray Kids' also recorded 6 No. 1 albums on the Billboard album chart. 'Stray Kids' debuted in March 2018. The Korean entertainment business is strengthening its business structure that is optimal for the global online environment.

In 2019, 'Parasite' won 6 categories including the Academy Award for Best Picture (February 2020). 'Squid Game', which was released on Netflix in September 2021, recorded the No. 1 viewership rating in all countries provided by Netflix in October.

K-pop created Korean culture. Movies and dramas led to K-dramas. Interest in Korea increased. Interest in Korean culture spread from Asia to the Americas, Europe, and Central and South America. Following music, movies, and dramas, the rise of Korean culture has been confirmed in Korean literature as well. In 2024, Han Kang won the Nobel Prize in Literature. Korean culture is expanding in various directions along the X and Y axis. In late 2024, Rosé of Blackpink released 'APT' with Bruno Mars, providing another excitement to the music industry.

As Korean cultural businesses matured, diversity also accumulated. Korean culture is establishing itself as an axis in the global market. The global online market environment has rapidly contributed to the spread of Korean culture. Korea is a global leader in IT, internet speed, and supply chain. The spread of Korean culture in global online (+mobile) has accelerated. Interest in Korean consumer goods and contents has also increased. Consumer goods as derivative products/contents of Korean culture have led to an increase in global demand. The global market penetration rate of Korean food, Korean cosmetics, and Korean bio/medical devices/healthcare is steep.

Korean consumer goods have established a business structure that generates high profits compared to traditional manufacturing. The operating profit rate has increased to 20-30%. Sales in overseas markets have grown. After that, 1) Sales growth led to operating leverage effects. Operating profit ratio improved. 2) Cash profits are reinvested to align the growth structure with the global demand base. 3) IP (intellectual assets) is creating sustainability in the profit structure. As small and medium-sized companies, they are excluded from the perspective of market participants. Despite their higher profit rates and ROE creation capabilities than the market, they are undervalued. There are many companies in the Korean consumer goods/contents industry that are good for mid to long-term investment. As we learn from investment failures, we can create investment ideas by finding similar companies from successful cases.

The spread of Korean culture globally has led to interest in the global consumer goods/contents market. The increase in global demand for Korean consumer goods, Korean bio/medical devices/healthcare, etc. is confirmed by Google Trends analysis indicators and export increases. In this annual report, we share the growth processes of Samyang Foods (003230) and Pharma Research (214450).

(Figure 1) Korean Cultural Chronicles



Source: Google.com, Pine Investment Advisory.

Approximately 120.2 billion units of ramen is annually consumed in the global market (as of the end of 2023, WINA)². By country, Korea is the 8th largest ramen consumer after China, Indonesia, India, Vietnam, Japan, the United States, and the Philippines. In the Korean domestic market, three companies monopolize more than 90%. Nongshim has 50-60%, Ottogi around 20%, and Samyang Foods (003230) is the smallest with around 10%. Pine Investment Advisory invested in **Samyang Foods (003230)** at around KRW 100,000 in April 2022. Additional investments were made every 3-4 times the stock price fell. The stock price in January 2025 is KRW 730,000. The stock price has risen more than 7 times over the past three years. The overseas export ratio of total sales is over 70%.

From 2021 to 2024e, for four years, Samyang Foods' sales grew by +27% per year, and operating profit increased by +37% per year. The operating profit margin expanded from 10.2% in 2021 to 20% in 2024e. The source business was incorporated with the generated cash profits and invested in the new Miryang plant. Overseas corporations/logistics systems were established. Net income per share increased by +40% per year from KRW 8,922 in 2020 to KRW 34,720 in 2024e. The stock price increased by 7.5 times from KRW 101,000 at the beginning of 2021 to KRW 759,000 at the end of 2024, an annual increase of +66%. If the corporate profit value increases, but the stock price remains stagnant, the stock market recognizes that it has miscalculated. The stock price reflects the corporate value over time. Mid to long-term investment is important. Samyang Foods reinvests the generated profits. The local Miryang 2nd factory is scheduled to start operation in 2025. The Chinese factory is scheduled to start operation in 2027.

Samyang Foods' 'Buldak' ramen brand has spread through overseas consumers' SNS. The unique Korean spicy taste has captured the attention of global consumers. Samyang Foods Buldak ramen is a spicy sauce mixed ramen. The spicy sauce taste is Samyang Foods' IP (intellectual property), and it has increased consumer brand awareness through differentiation. It is diversifying its product lineup with products such as 'Carbo Buldak ramen'.

When a company increases sales and improves its profit margin due to the operating leverage effect, the profit growth rate is higher than the sales growth rate. In April 2022, when Pine Investment Advisory first invested, Samyang Foods' market capitalization was KRW 0.75 trillion. In January 2025, it was KRW 5.5 trillion. You can increase your understanding by referring to the previous investment memo for comments related to Samyang Foods investment. -- [Investment Memo \(July 2022\): Price Increase, pages 2-3.](#)

Parma Research (214450) entered to the 'Skin Booster'³ market from the medical market. Clinical data in the medical market has been verified in Korea for more than 5-10 years. Tourists from Asian regions such as Japan, China, and Southeast Asia are experiencing the 'Rejuran' Skin Boosting treatment when visiting Korea. This has been confirmed by the increase in domestic sales. The 'Rejuran' brand is undergoing a global licensing process in each country. In Europe, business capacity is being expanded through a strategic partnership with 'CVC Capital'⁴ (global private equity fund). The awareness of the global skin booster 'Rejuran' brand can be confirmed through Google Trends analysis.

The traditional market for skin beauty treatments is 'Toxin' and 'Filler'. Side effects from long-term repeated treatments are a source of dissatisfaction for consumers. The 'Rejuran' treatment is penetrating into the area of substitutes in the existing market. In the skin booster market, the 'PDRN' IP (intellectual property) has future growth value. More than 10 years of clinical data is different from competitors. It may be a form of business expansion similar to the growth of diet cola demand in the classic Coca-Cola market.

Pine Investment Advisory invested in April 2021 at KRW 75,000. Additional investment was made in the range of KRW 80,000 to 100,000. Based on 2020 profit, the PER was 17 times. Based on 2021 EPS of KRW 4,628, the investment was made at PER of 16 to 17 times. Over the past four years (2021 to 2024), sales increased by +33% per year. Operating profit increased by +40%. The stock price of KRW 57,000 at the beginning of 2021 increased by 4.5 times to KRW 255,000 at the end of 2024. This is an annual increase rate of +45%. Profit growth = stock price increase. The stock price did not increase every day, every week, or every year. The stock price went up and down. The corporate value increased is leading to a rise in stock price with time lag. The operating profit rate was maintained at an average of around 35% for 4 years. At the time of Pine Investment Advisory's investment in Parma Research in April 2021, the market capitalization was KRW 0.75 trillion. In January 2025, it is KRW 2.7

trillion. --- You can refer to the investment memos in [pages 2-4 of the investment memo \(October 2024\)](#) and [page 5 of the 2023 annual report](#).

The global spread of Korean culture is the result of efforts over the past 10-20 years. From a global perspective, Korean culture is diversifying. Global consumers indirectly experience it by purchasing K-consumer goods, medical/healthcare/bio, and K-cosmetics. The 'Korean Wave'⁵ is expanding from a trend to industrialization. When Apple's Steve Jobs first launched the smartphone in 2007, he set a global market penetration rate of 1%. In the first half of 2024, Apple smartphones recorded a 16% share of global smartphone market. The share based on sales was 42% (Q2 2024, Counterpoint Research)⁶. Apple is estimated to have a mid-80% share of smartphone business operating profit. The operating profit margin of Korean consumer goods/medical devices/cosmetics products/contents businesses is 20-30%. It is more than three times higher than the estimated 7-8% average operating profit margin of KOSPI-listed companies in 2024.

The most common mistake in investment is to frequently pick good flowers. If you think about investment based on 1-2 years, that is the case. Careful review is necessary, but investment should be based on at least 3-5 years. The companies that Pine Investment Advisory prefers are companies that generate cash profits and grow by reinvesting them. The structure that creates profit leverage is the improvement of corporate efficiency. They lead to corporate value growth = stock price increase over time. We strive to find companies that grow sales and improve profitability through operating leverage. Excellence is a difficult proposition. We are constantly reiterating our research/analysis efforts to carefully select companies to invest in.

Investment Portfolio

The number of domestic stock investment-type investment companies is 15~17. The investment ratio of the top 10 companies is 85~90%. The average customer return rate in 2024 is +39.2%. In 2024, KOSPI (including dividends) fell by -7.8% (see Table 2). In 2024, the profit growth value of investment companies was reflected in the stock price. The average ROE of investment companies is 15~18%. The PER based on the profit for the next 12~18 months is around 13 times. Considering the ROE creation ability, the PER can be up to 15~18 times. The current stock price is KRW 790 compared to the average fair value of KRW 1,000 of investment companies. By industry, the weight is distributed as 30% in healthcare + cosmetics-related businesses, 30% in consumer goods, and 20% in semiconductors.

Pine Investment Advisory's investment journey lasts 15 years. You can examine the performance of investment asset growth from a mid- to long-term perspective. The long-term compound interest effect calculation formula was applied. $72/13.1$ (yield) = 5.5 years. If the initial investment is maintained and the annual yield is maintained at 13.1%, the investment assets will double in 5 to 6 years. This is the compound interest accumulation effect. The Pine Investment Advisory investment team reviews failure cases and strives to improve investment capabilities. The past yields were compared every 5 years. The investment performance has improved. The performance for the last 5 years (2020-2024) was +16.2% per year; it was a combination of PINE's hard work X luck.

(Table 6) Investment return rate by period (5 years)

	Period(yrs)	PINE	KOSPI	different
09/2010~2014	4.3	13.1%	2.9%	10.2%
2015~2019	5.0	10.2%	4.4%	5.8%
2020~2024	5.0	16.2%	3.7%	12.4%
2010.9~2024.12	14.3	13.1%	3.7%	9.4%

Note 1: Establishment date: September 2010 - December 2024,

Note 2: KOSPI (including dividends), PINE's rate of return (not excluding commission)

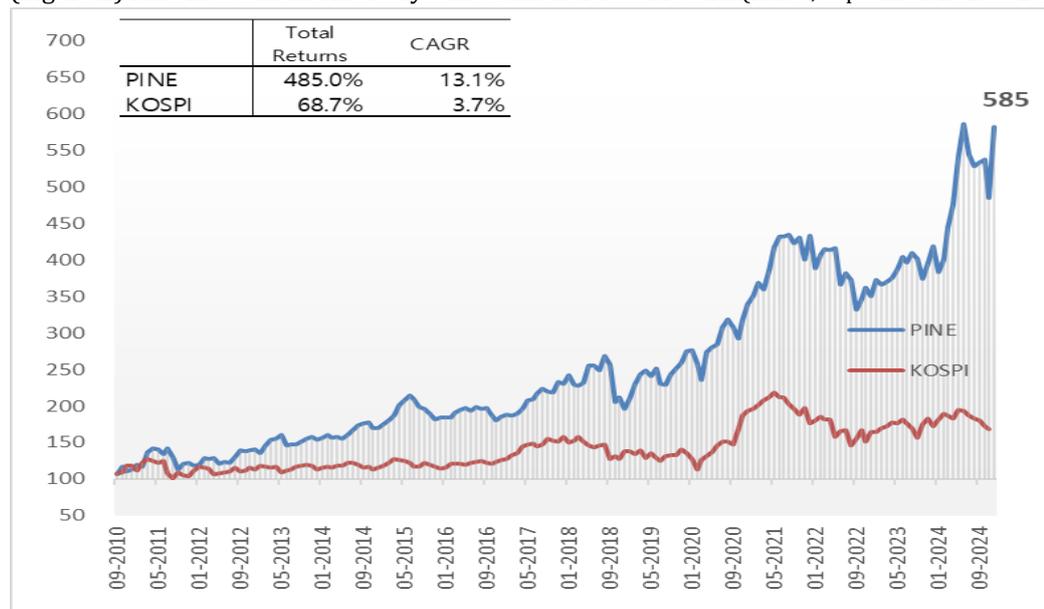
Source: FnGuide.com Pine Investment Advisory. (Past investment returns do not guarantee future investment returns)

The global stock investment type investment portfolio is the same investment strategy as the domestic stock type. It is a corporate investment strategy that grows by reinvesting in a cash profit generation structure with excellent global business competitiveness. Global investment companies have a high shareholder return rate through stock purchase (incineration) + dividends. They return surplus cash to shareholders. They increase capital efficiency and ROE. Corporate value increases predictability in the long term.

The number of investment companies in the global investment portfolio is 14 to 16. The investment ratio of the top 10 companies is around 80%. By investment country, the investment ratio is 40% in the US, 35% in Korea, 15% in Japan, and 4% in HK. It focuses on corporate investment value with high competitiveness and profit sustainability rather than country-specific investment. The 2024 global investment fund's +53% return was a high performance compared to the market. In 2024, the MSCI ACWI's +16% return and the S&P 500's +24% return. PINE's global investment lasted 4 years and 2 months from November 2020 to 2024. The cumulative return is 99%, and the annual return is +18%. The ACWI index is +7% per year, and the S&P 500 is +13% per year (see Tables 3 and 4).

*** Please refer to the quarterly reports sent separately for investment return rates by clients. ***

(Figure 2) Pine Investment Advisory's investment rate of return (Korea, September 2010 = 100 Index)



Note: September 2010 - December 2024. (Past investment returns do not guarantee future investment returns)

Source: FnGuide.com, Pine Investment Advisory

Pine Investment Advisory manages HNW (high net worth individuals), corporate, and pension assets. The average age of HNW investment partners is 59. To see the long-term investment effect, assuming an initial investment of KRW 1 billion, how much will the investment increase after 30 to 60 years? If the return is 13.1%, the investment period is 30 years, and the initial investment of KRW 1 billion is maintained, it will reach KRW 40 billion. If the investment continues for 60 years, the investment principal will increase to KRW 1.6 trillion. Prerequisites are required. 1) Maintaining the initial investment, 2) Maintaining the investment return of 13.1%. This is a difficult task. I look up to Warren Buffett of Berkshire Hathaway (BRK), who has been performing well with high annual returns. The market value of BRK shares increased by a total of 4,384,758% over the 59 years from 1965 to 2023. This is an annual increase of +19.8%⁷.

To enjoy the performance of long-term compound investment, you must live a long and healthy life. It is very rare to earn 20-30% in annual returns. Excessive expectations can be greedy. You must have spare funds that can maintain the initial investment as an investment asset. Excessive greed can cause trouble if you invest for 6 months or 1 year. This is because the volatility of the stock market puts pressure on people's psychology. When it goes up, you may follow it, and when it goes down, you may trade without thinking.

There is a way for mid to long-term investors of 10 years or more to get rich quickly. Just add the money you saved to your investment. The compounding rate increases faster. The engine power of the investment machine increases. This is the case where 10% of the initial investment is saved every year and added to the investment. Assuming an initial investment of KRW 1 billion, an investment return of 13.1%, and an investment period of 10 years, it will be KRW 3.4 billion after 10 years. If you invest an additional KRW 100 million every year, the point at

which you reach KRW 3.4 billion after the investment will be 7 years, which is 3 years shorter. If you extend it to 20 years, it will be 5 years shorter. The long-term compounding effect is cumulatively amplified over time.

Economic outlook, political controversies, diseases and wars, regulations in each country, raw material price instability, etc. are issues that are raised at the beginning of each year. You can refer to news and media content, but you need to make your own judgment based on facts. Investments have more opportunities in difficult environments. People gather when expectations are high. Not everyone can survive in a competitive society. Differentiation and sustainability of investment company profit structures are more important than market growth expectations.

The Pine Investment Advisory's Investment team will increase the profit/risk weighting through various considerations and efforts. Happy New Year 2025. Be careful of winter colds.

Warmest regards,

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- 1 "The Social Atom" by Mark Buchanan, Chapter 4, The Adaptive Atom, 2007
 - 2 World Instant Noodles Association, <https://instantnoodles.org/en/noodles/demand/table/>
 - 3 Skin booster: A skin booster is a cosmetic that functions as a booster to directly supply nutrients to the skin and improve the skin condition. It helps to improve elasticity and fine wrinkles by making skin tissue denser and helps to give the skin's deep volume.
 - 4 Parmar Research, CVC related press release reference (2024.09.05).
<https://pharmaresearch.co.kr/sub/press/view.html?idx=289>
 - 5 Korean Wave: Also expressed in English as 'Korean Wave', Hallyu (韓流) is a new word that refers to the phenomenon of Korean cultural products gaining popularity, especially in the field of popular culture. It was used by the Korean government in the late 1990s and spread. Afterwards, in the 2000s, as Korean popular cultural products gained popularity in other Asian regions including Japan, the concept of Hallyu also spread. Doosan Encyclopedia Contents -
<https://terms.naver.com/entry.naver?docId=1177337&cid=40942&categoryId=33134>
 - 6 Global Mobile Phone Market in Q2 2024, Internet "Newsis" reported,
https://www.newsis.com/view/NISX20240822_0002859357
 - 7 Berkshire Hathaway Annual Report (2023), <https://www.berkshirehathaway.com/2023ar/linksannual23.html>