

Stay Ahead™

비기능 투자

# SAMSUNG ASSET MANAGEMENT

2017 Profile book



**SAMSUNG**  
**ASSET MANAGEMENT**

## Contents

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### INTRODUCTION

- 01 Intro
  - 02 Financial Highlights
  - 04 Ceo's Message
  - 08 Vision
  - 09 Investment Philosophy
  - 10 Global Business
  - 12 Investment Tips – How to Invest to Win
- 

### BUSINESS OVERVIEW

- 16 Investment Pool Division
  - 17 IWACI Fund Management Division
  - 18 Pension Fund Operations
  - 19 Investment Research Center
  - 20 Bond Management Center
  - 21 Passive Investments / ETF Consulting Center
  - 22 Overseas Subsidiaries (Hong Kong, New York, London)
  - 24 Global Investment Division
  - 25 Multi-asset Solution Center
  - 26 LDI Management Center
  - 27 Alternative Investments
  - 30 Samsung Active Asset Management
  - 31 Samsung Hedge Asset Management
- 

### STAY AHEAD TOGETHER

- 34 Ethical Principles
  - 35 Internal Control System
  - 36 Strengthening Employee Education and Awareness
  - 37 Reporting on Unethical Practices
  - 38 Risk Management
  - 40 Client Satisfaction
  - 42 Social Outreach
- 

### FINANCIAL SECTION

- 45 Independent auditor's audit report
- 46 Consolidated Financial Statement
- 47 Consolidated Statements of Comprehensive Income
- 48 Consolidated statement of changes in Shareholders' equity
- 49 Consolidated Statements of Cash Flows
- 51 Chronology

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## **SAMSUNG ASSET MANAGEMENT**

SAMSUNG ASSET MANAGEMENT IS KOREA'S LEADING ASSET MANAGER. BECOMING THE FIRST COMPANY IN THE INDUSTRY IN KOREA TO WITNESS EXCEED THE KRW 100 TRILLION MARK IN ASSETS UNDER MANAGEMENT (AUM), SAMSUNG ASSET MANAGEMENT REMAINS THE NATION'S LARGEST ASSET MANAGER IN KOREA WITH AUM AMOUNTING TO APPROXIMATELY KRW 210 TRILLION AS OF 2017.

AS WE CONTINUE TO PROVIDE THE VERY BEST CLIENT-ORIENTED ASSET MANAGEMENT SERVICES IN KOREA, WE WILL GO BEYOND BEING THE LEADING ASSET MANAGEMENT PROVIDER IN KOREA TO FULFILL OUR VISION OF BECOMING A TRULY GLOBAL ASSET MANAGER.

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## **2017 PROFILE BOOK**

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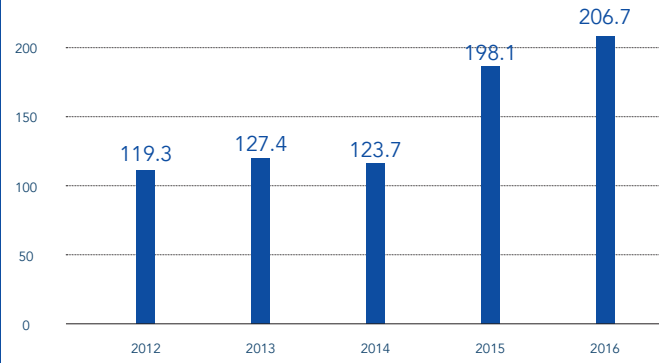
# Financial Highlights

Since 2004, when its AUM first surpassed KRW 60 trillion, SAMSUNG ASSET MANAGEMENT's client assets have more than tripled, reaching KRW 210 trillion by the end of 2016. The company has sustained steady growth for years, with the total asset size amounting to KRW 678.5 billion, operating revenue of KRW 181.7 billion, and net income of KRW 49.8 billion for 2016.

(KRW million)	<b>FY2016</b>	FY2015
Operating revenue	181,703	166,424
Operating expenses	111,944	98,214
Profit from operating activities	69,759	68,210
Income before tax	70,009	67,524
Corporate Tax	20,183	18,128
Net income	49,826	49,396
Cash and cash equivalents	37,342	39,309
Other assets	2,485	2,183
Total assets	678,509	527,135
Customer deposits for beneficiaries	245,609	196,912
Other liabilities	671	654
Total liabilities	348,118	243,025
Total shareholders' equity	330,391	284,110

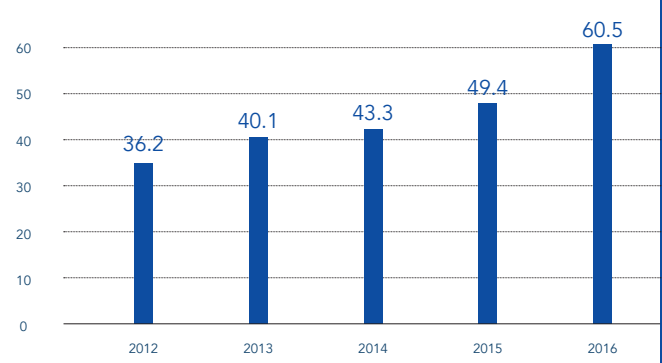
### Assets Under Management

(KRW trillion)



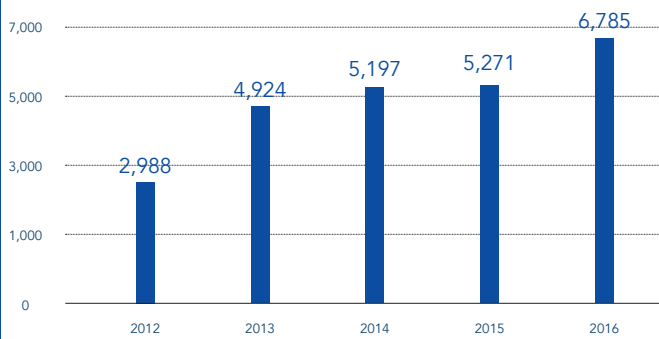
### Fund Sales

(KRW trillion)



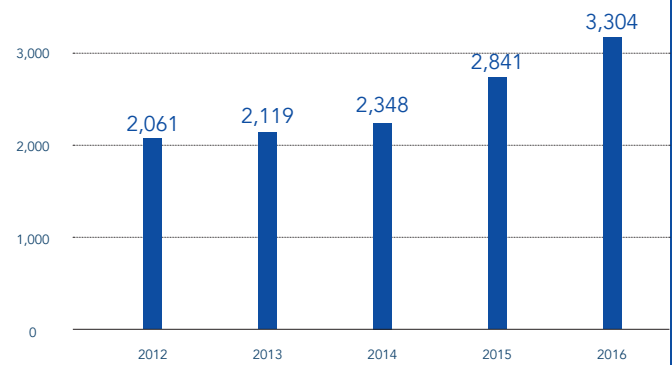
### Assets

(KRW billion)



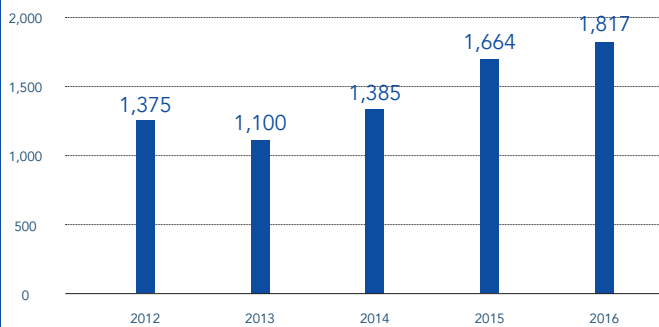
### Capital

(KRW billion)



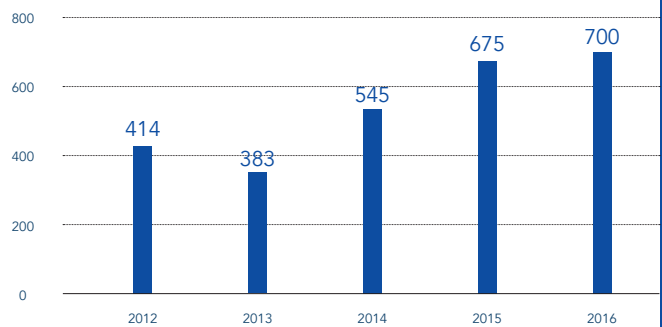
### Operating Revenue

(KRW billion)



### Income before tax

(KRW billion)





# CEO's Message

Throughout the past year, we at Samsung Asset Management have, yet again, tirelessly striven to fulfill our responsibilities as Korea's leading asset management company.

In managing an AUM of KRW 220 trillion, the largest amount entrusted to a single company in the country, we demonstrated our industry-leading performance by achieving KRW 181.7 billion in revenue and KRW 70 billion in pre-tax income.

Dear venerable clients,  
I am Sunghoon Koo, CEO of  
Samsung Asset Management.

I would like to express my sincerest gratitude for your endless support and interest in Samsung Asset Management. Throughout the past year, we at Samsung Asset Management have, yet again, tirelessly striven to fulfill our responsibilities as Korea's leading asset management company.

In managing an AUM of KRW 220 trillion, the largest amount entrusted to a single company in the country, we demonstrated our industry-leading performance by achieving KRW 181.7 billion in revenue and KRW 70 billion in pre-tax income. Our success was thanks to a significant increase in sales across all domains of our business, including ETFs, institutional funds, and overseas funds.

In addition, we pride ourselves in having contributed to the further advancement of the Korean financial and investment industry by developing and launching innovative products like Target Date Funds (TDF), New Active Funds, and Smart Beta ETFs.

Early this year, we spun off Samsung Active Asset Management and Samsung Hedge Asset Management into separate companies in order to ensure the integrity of each organization's investment philosophy, operational competence, and efficiency.

The decision has since then led to visible results, with operating profits reaching the highest levels in the industry. We will continue to establish our management philosophy based on independent investment ideas and ensure long-term stability to set an exemplary model for the asset management industry in Korea.

Moreover, Samsung Active Asset Managements will not remain complacent with managing domestic investments alone, but work to build up its capability to manage foreign assets as well so that we can eventually become recognized as a truly global asset manager.

In 2017, we pledge to continue growing the valuable assets of our customers by following three key management principles.

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**First, we will actively expand globally with ETFs and Pan-Asian funds – two areas in which we have proven our expertise.**

In 2002, we became the first company in Korea to list the KODEX ETF, innovating the path for ETFs in the Korean market. Currently, we are actively forging a presence in the Pan-Asian market, inclusive of Mainland China and Hong Kong, and we continue to gain recognition for our leading asset management capabilities across the entire region.

Over the past two years, we have already made 11 HKEX listings. Soon, an ETF advised by our company will be listed in mainland China as well. The ASEAN Fund, China Fund, and India Fund managed by our subsidiary in Hong Kong have also shown outstanding performance that compares favorably with similar products managed by some of the largest globally renowned asset management firms in the industry.

Clients, both in Korea and abroad, have recognized such performance and continue to entrust their assets with us.

In particular, the ASEAN Fund has produced cumulative returns of 180% since its inception in 2007. The Fund has also debuted in the European market with the support of EDR(Edmond de Rothschild) Group, one of the leading asset managers in Europe and a partner company of Samsung Asset Management, who decided to launch the ASEAN Fund in Europe in recognition of the fund's strong long-term performance.

We believe the ASEAN fund can set an exemplary precedent for Korean asset managers seeking to expand into Europe. Moving forward, we will continue to pursue overseas distribution opportunities for our most proven funds in order to grow our presence in the global market.

**Secondly, we will strive to develop, enhance, and ensure the long-term stability of pension funds in support of the retirement goals of Korean citizens.**

In 2016 and 2017, we developed our own versions of a TDF (Target Date Fund) series and a RIF (Retirement Income Fund) series, respectively.

The TDF is a new type of pension solution that focuses on an investor's target retirement date and automatically makes distributed investments in a set of globally diversified assets in order to prepare the investor to reach his or her retirement goals.

Once investors set up their account, our automatic distribution program, Glide Path, will invest in assets across the globe to provide an ideal solution for investors who need support in effectively managing their pension investments.

In late May, we also launched the Samsung Korean RIF (Retirement Income Fund). It not only provides monthly pension income but also seeks to secure sufficient capital to prepare for longevity and inflation risks during an investor's post-retirement period.

With the introduction of these products, investors have been afforded the ability to both accumulate wealth for their retirement through investment in the TDF while ensuring preservation of capital after retirement through investment in the RIF. Effectively, our investors can now make use of our pension solutions throughout their entire retirement lifecycles.

We plan to continue to develop a new variety of pension solutions that help secure the affluent retirement of Korean investors.

**Lastly, we will strive to help establish a sensible and supportive investment management culture in order to restore our customers' faith in the industry.**

While the purpose of asset management service is to fulfill the investment goals of investors and grow their overall wealth, we believe that asset managers should also lead the way in establishing proper investment practices at an industry-wide level.





We at Samsung Asset Management believe four principles of investment based on proven financial theory: long-term dollar cost averaging, global asset diversification, investment based on investor life cycle, and low costs. We believe investments based on these principles are more likely to deliver positive outcomes.

We will thus strive to continue providing investment options based on these principles, while making extensive efforts to evangelize such principles to the broader investment community.

In addition, we will lead the way in protecting our investors' interests by practicing the Stewardship Code newly established for the market's development and promoting mutual fund products with performance based fee.

Asset management is a field that requires endless research and verification. Every member at Samsung Asset Management should not remain complacent with the status quo, but instead preemptively seek every opportunity to further grow our clients' wealth so that we may remain more competitive than ever.

Always, we will ensure that we share the fruits of our efforts with our investors. As a result, we hope and pledge to become an asset management company in which our investors can place their total trust.

Once again, I would like to extend my sincerest appreciation for your continued support of Samsung Asset Management.

Thank you.

A handwritten signature in black ink, appearing to read 'Kee Sun Koo'.

**SUNGHOOON KOO**  
CHIEF EXECUTIVE OFFICER  
SAMSUNG ASSET MANAGEMENT CO., LTD.

# Vision

As the leading asset manager in Korea, Samsung Asset Management is making great strides towards its corporate vision to take the next leap as a "Global Top-Class" asset manager. In this rapidly changing financial market, we will further enhance the value of our clients' assets by utilizing scientific investment methods, employing the best and brightest talent, and carrying out systematic risk management practices and progressive global marketing programs. We will continue to stay one step ahead of the curve to preemptively meet our customers' expectations through our products and services, and honor the trust they have placed in us.

## SUPERIOR TRACK RECORDS

- India Fund Rate of Return: 6 months 19.57%, 1 year 25.69%, 5 years 133.55%
- ASEAN Fund Rate of Return: 6 months 10.64%, 1 year 14.54%, since inception 231.77%
- Samsung Korean TDF2045: 6 months 10.96%, 1 year 13.80%

※ As of May 2017.

## DISTINCTIVE INVESTMENT SYSTEM

- Industry-leading in-house research capabilities
- Team-approach system
- Advanced risk management and compliance
- Pre-, interim, and post-risk management system



## KOREA'S LARGEST AUM MANAGER

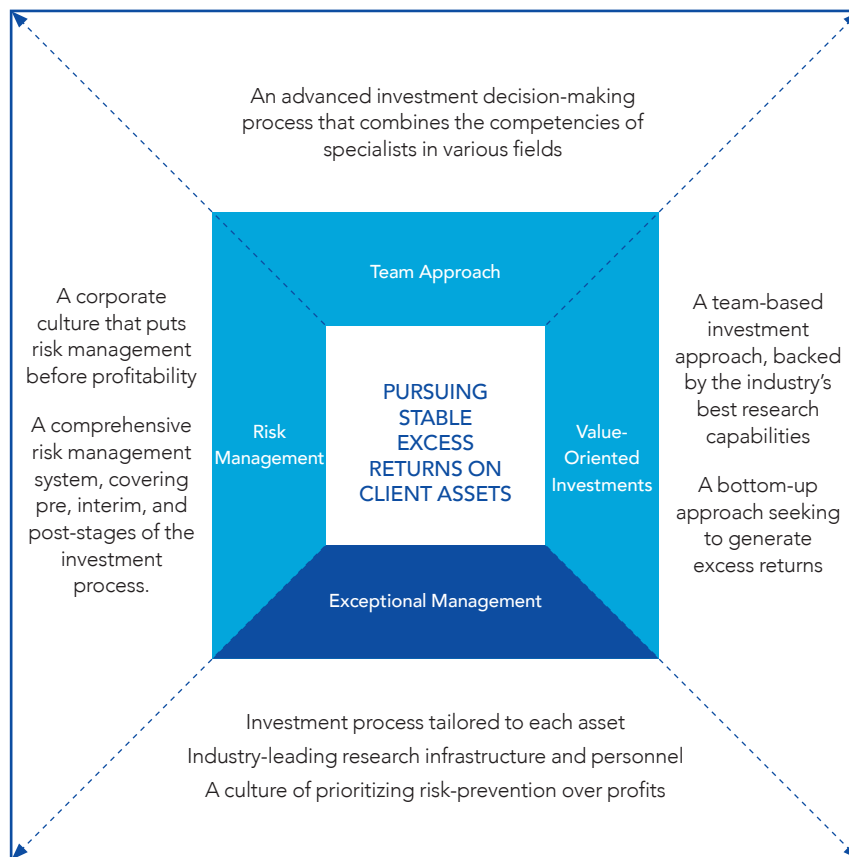
- Providing tailored investment that caters to investors needs based on outstanding infrastructure and investment performance
- Total AUM exceeding KRW 210 trillion
- Selected as the lead manager for the public fund investment pool, and IWACI Fund

## GLOBALIZATION LEADER

- Listing of ETFs on overseas exchanges
- Securing global business base through subsidiaries in Hong Kong, London, and New York
- Forming strategic alliances with the Capital Group, EDR(Edmond de Rothschild) Group, Reliance Capital, and the CCBP
- Attracting investments from sovereign wealth funds

# Investment philosophy

At Samsung Asset Management, each division follows sophisticated investment processes and scientific investment methods based on the findings of our industry-leading in-house research group. We also prioritize risk-prevention over profits to ensure professional, exceptional, and advanced investment practice. By faithfully adhering to our process, we hope to continue to yield stable excess returns for our clients and contribute to their prosperity.



## Business Principles

- ① We always put our clients' interests first.
- ② We satisfy client needs with the best possible products and services.
- ③ We view asset management as risk management.
- ④ We practice value-focused management and pursue management by principle.
- ⑤ We are an ethical company that commands respect from the public.
- ⑥ We do our best to secure and retain talented people.
- ⑦ We strengthen our competitiveness through outstanding infrastructure systems.
- ⑧ We value teamwork in all our activities.

# Global Business

Samsung Asset Management seeks to lead the investment cultures corresponding to global standard in Korea and ultimately help globalize Korea's asset management industry by reinforcing its current strengths and supplementing its shortcomings through partnerships with renowned global partners.

Samsung Asset Management has established a worldwide, round-the-clock investment infrastructure by linking its Seoul headquarters with the subsidiaries in Hong Kong, New York, and London. This has enabled research cooperation across borders and thus strengthened our capacity to make investments around the world. We are planning to put our utmost effort to sharply grow AUM of discretionary mandates from major global pensions and funds and rapidly increase infrastructure investment in overseas. Meanwhile, we continue to expand our ETF operations, in which we have become the unparalleled leader in Korea, into overseas markets including China, Hong Kong, and ASEAN countries while fostering our flagship Asian fund for overseas clients.

Some of our key products from 2016 include the New Active Fund, Target Date Fund (TDF), global SME funds, global thematic product lineups, and Robotics Fund.

## Samsung Asset Management's Key Overseas Funds

### ◆ Samsung Korean TDF & RIF Series

In 2016 and 2017, we developed our own versions of a TDF (Target Date Fund) series and a RIF (Retirement Income Fund) series, respectively. The TDF is a new type of pension solution that focuses on an investor's target retirement date and automatically makes distributed investments in a set of globally diversified assets in order to prepare the investor to reach his or her retirement goals. In late May, we also launched the Samsung Korean RIF (Retirement Income Fund). It not only provides monthly pension income but also seeks to secure sufficient capital to prepare for longevity and inflation risks during an investor's post-retirement period. With the introduction of these products, we offer investors to both accumulate wealth for their retirement through investment in the TDF while ensuring preservation of capital after retirement through investment in the RIF. Effectively, our investors can now make use of our pension solutions throughout their entire retirement lifecycles.

### ◆ Samsung Global First World Fund

For global investment, Samsung Asset Management looks to 3,200 assets in regions that are part of the MSCI World Index, such as the United States, Europe, Japan, and United Kingdom. Our portfolio of 2,300 items is comprised of 60% of investments in the United States, 10.4% in the EU, and 10% in Japan. This fund seeks to achieve long-term returns by exploiting the systematic risks. This is a New Active Fund that is distinctively different from traditional active funds that select investment opportunities based on fundamental analysis. Unlike traditional active funds, the excess returns from our New Active Fund are not so much dependent on the manager's ability to select investments, but are more associated with market structure and risks such as size, value, and profitability, making this an entirely different take on active funds.

### ◆ Samsung Pictet Robotics Fund

With the Fourth Industrial Revolution around the corner, Samsung Asset Management has launched an investment fund for robotics. The Samsung Pictet Robotics Fund invests largely in three categories: industrial automation to create the next generation industrial robots; technologies to develop robots' awareness, determination, communication, and motion; and automated consumer and service applications for automobiles based on IoT technology. Some of the key investments include those made in Fanuc, the leading industrial robot manufacturer in Japan, Google Alphabet, which is developing consumer robots, and Intuitive Surgical, which specializes in surgical robots.

Samsung Asset Management engaging in strategic partnerships with renowned asset managers from across the globe in order to further hone its own global competitiveness. From United States, our partners include Capital Group and Dimensional Management. In Europe, we have signed an MOU with EDR(Edmond de Rothschild) Group. There are also the Reliance Group of India, China's CCBP, and the IFM Investors of Australia. We continue to cooperate with each of these partners to share global management know-how.

#### ◆ Samsung Global SME Fund Lineup & ASEAN Fund

Samsung Asset Management has reinforced its product lineups for small and mid-cap stocks in key markets across the world, such as China, Japan, Europe, and India.

For the first time in the industry, we launched a fund that invests in the shares of small and mid-cap stocks in China, followed by similar SME funds for India, Europe, and Japan which have been very popular among our clients.

In particular, our investments in India, a market expected to soon become the "next China" in economic growth, have grown significantly with KRW 45 billion in AUM for the Samsung India SME FOCUS Fund and KRW 170 billion for the Samsung India Fund. These funds have retained great performance and ranked in the top quartile among its peers since the early 2017 (As of May 2017).

Meanwhile, the Samsung ASEAN Fund invests in key Asian markets with high growth potential, namely Indonesia, Singapore, Malaysia, Thailand, Philippines, and Vietnam. The fund has generated a constant return of 231.77% in cumulative terms since its inception in 2007 even during the previous bear markets. As intraregional trade and foreign direct investment(FDI) becomes vibrant with the foundation of the ASEAN economic community, continued deregulation in the region will further accelerate the development in the ASEAN community.

Samsung Asset Management engaging in strategic partnerships with renowned asset managers from across the globe in order to further hone its own global competitiveness. From United States, our partners include Capital Group and Dimensional Management. In Europe, we have signed an MOU with EDR(Edmond de Rothschild) Group. There are also the Reliance Group of India, China's Jianxin Fund, and the IFM Investors of Australia. We continue to cooperate with each of these partners to share global management know-how.



Korean TDF and RIF Launched in Partnership with the Capital Group



MOU Signed for a Strategic Alliance with EDR(Edmond de Rothschild) Group



Strategic Alliance with Reliance Group of India



Global Infrastructure Fund Co-Launched with IFM Investors

# Investment Tips - Winning Investment Principles

The Korean financial market has achieved significant quantitative growth over the years. Investments in the stock exchange alone have more than tripled in the last decade, from KRW 9.5 trillion to KRW 25.5 trillion. Net assets of domestic funds now exceed KRW 500 trillion, and AUM of domestic managers now surpass KRW 900 trillion.

Compared to such growth of the market, however, there are still relatively few individual investors who managed to successfully accumulate their wealth through investments. On the contrary, losses from investments have only fueled distrust in the stock and fund markets. As the leading asset management firm in Korea, Samsung Asset Management feels responsible for such unfortunate reality. Therefore, we strive to encourage a healthier investment culture in Korea by providing key investment tips on how individuals can make "winning investments."

## 5 Golden Tips for "Beating the Street"

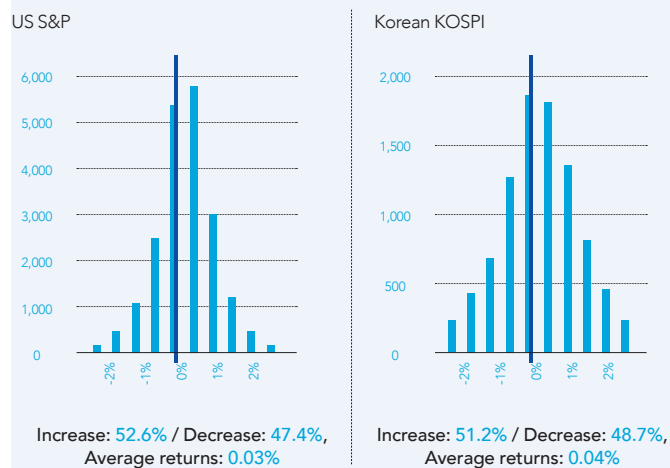
### 1. There is a limit to market timing

#### (1) It is impossible to predict the changes in share prices

It is virtually impossible to predict whether a share price will go up or down tomorrow. This can be corroborated by past data.

**[Data 1]** The chance of correctly guessing the rise or fall in share price is 50-50

#### Standard Deviation of Daily Returns



(Source: Samsung Asset Management, Dates for S&P 500: 2 Jan 1940 - 31 Jan 2017  
Dates for KOSPI: 4 Jan 1980 - 31 Dec 2016)

The S&P data dates back to 1940. Share prices went up 52.6% of the time, and fell 47.4% for the other days. The KOSPI data dates back to 1980, with share prices going up 51.2% of the time, and falling 47.4% for the other days. **[Data 1]**

Historical data shows a nearly 50-50 chance of share prices increasing or decreasing. This is about the same probability as a coin toss. As history would prove, there is a significant limit to market-timing investments that attempt to forecast tomorrow's market.

#### (2) Rate of return is decided by the top 1% of the entire investment period

The rate of return is decided by the top 1% of the entire investment period. Missing that top 1% will yield negative returns, no matter how long investment is made. For instance, if you've invested in the U.S. stocks since 1940, you would get a 18,189% return. But missing out on those top 1% days, you'll have a return of -80.4%.

For Korea, investment since 1980 would yield a return of about 1,926%, but -91.7% if the day of top 1% is missed. Waiting for the perfect timing could also mean missing that one significant day which would result in severe losses instead.

### 2. What are the advantages of dollar cost averaging?

#### Overcome market fears with dollar cost averaging

Dollar cost averaging is a method of investment that entails continuously and consistently making investments based on an established set of rules. Since it follows a certain rule, it has the advantage of enabling investment unaffected by emotional factors even when the market conditions may appear daunting.

In fact, consistent investments made throughout the financial crisis of 2008 quickly broke even. Instead of simply putting all the money in a certain time point, it is more advisable to use the dollar cost averaging technique.

### 3. Diversification is amazingly effective

#### (1) Diversification is key in asset investment

No asset can consistently yield decent returns. For example, global market analysis shows that small cap stocks that hit rock bottom in 2015 sprung back up in 2016 to yield their best performance. Diversified investments can help ensure a more consistent and stable rate of return.

#### (2) Breaking down performance between single market vs global market: asset allocation is crucial

Research shows that 88% of investment performance in the global market are based on asset allocation. Analysis also shows that the asset allocation contributes to 91.5% of the investment performance in the Korean market as well. Regardless of the market or region, the asset allocation is more important than individual stock selection.

### 4. Long-term investment

#### The probability of loss in returns by investment period based on case studies

Professor Eugene Fama (recipient of the Nobel Prize for Economics in 2013) conducted case studies that revealed how amazing effective long-term investments can be. Simulations based on historical data of the U.S. stock market since 1963 revealed that the probabilities of loss for for one month of investment is 38.5%, but 0.1% for 30 years. The probability approaches 0% as the investment period becomes longer. Case studies from KOSPI also show similar results. [Data 2]

### 5. Asset management tailored to life cycle

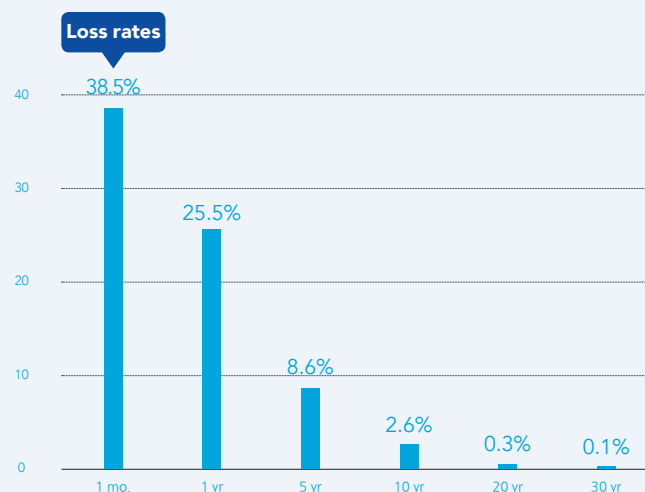
#### Asset management tailored to age range is a must

Kim, an aspiring assistant manager in his early 30s who has many more paydays left (human asset > financial asset) compared to his boss Mr. Jung in his early 50s (human asset < financial asset) should prepare for retirement differently. Based on the investor's age, the amount of available assets and investment period may differ. While it is viable for Kim to increase the ratio of riskier assets in his portfolio, Mr. Jung should focus more on low-risk assets.

### [Data 2] The Magic of Long-term Investment

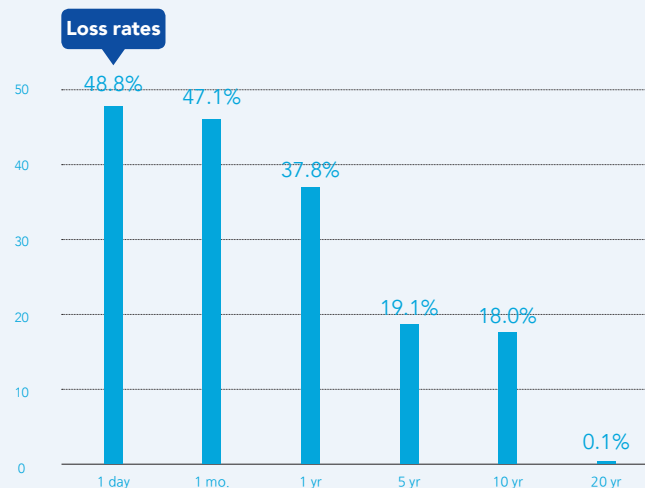
#### Loss rate by investment period

① U.S. stock market investment simulation (1963 -)



(Source: Eugene F. Fama, "Outline for Return Distributions for Short and Long Return Horizons" (2016))

② Korean stock market simulation (1980 -)



(Source: Samsung Asset Management, Dates: 4 Jan 1980 - 31 Dec 2016)



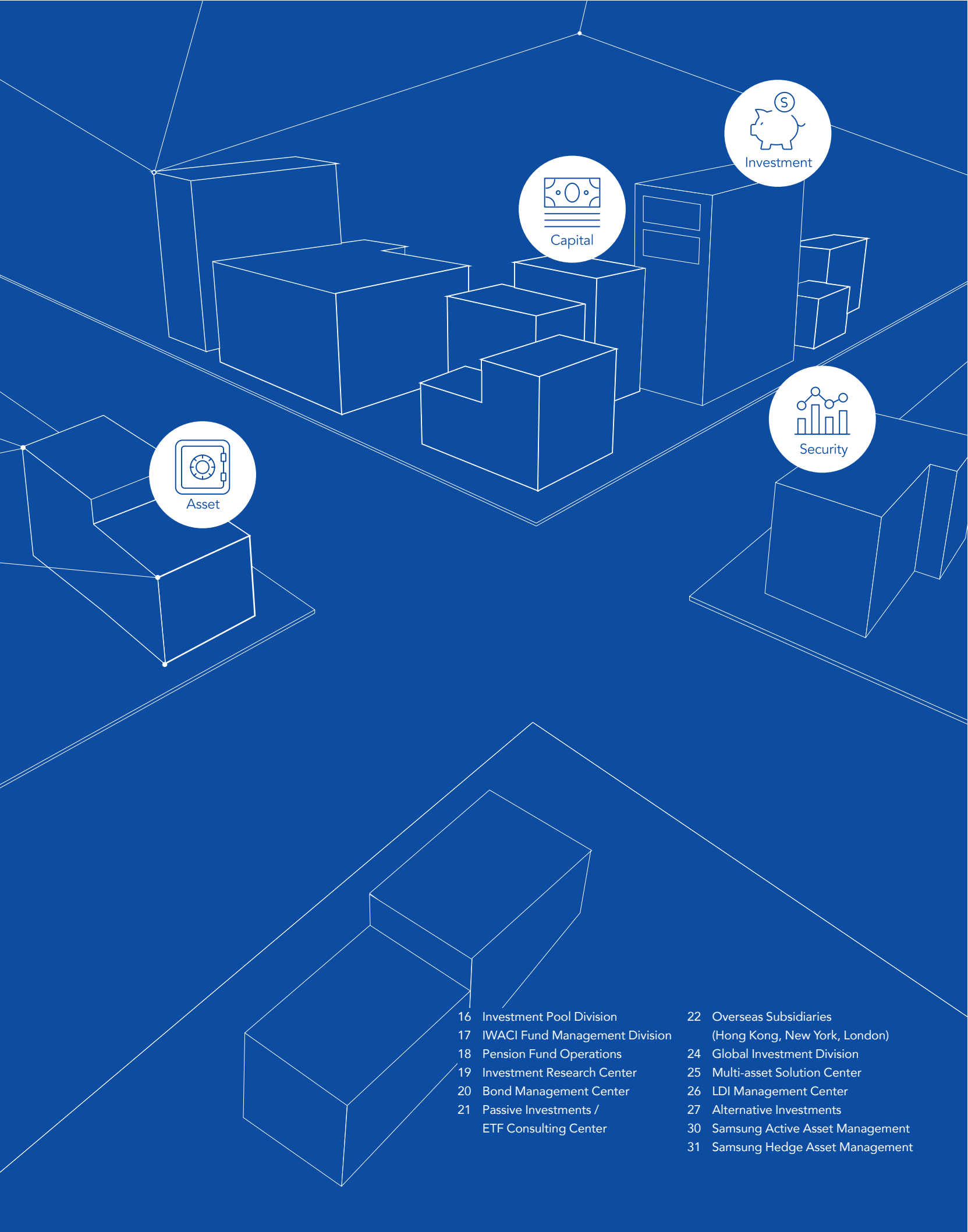


# Business Overview

Samsung Asset Management practices sophisticated investment processes in each of its divisions. We rely on scientific investment methods based on the findings of our industry-leading in-house research group to prioritize risk management over profitability. Through our professional and exceptionally distinctive investment management processes, we strive to realize stable excess returns for our customers' assets and help build a prosperous future for our customers.

SAMSUNG ASSET MANAGEMENT  
2017 PROFILE BOOK





Capital



Investment



Asset



Security

- 16 Investment Pool Division
- 17 IWACI Fund Management Division
- 18 Pension Fund Operations
- 19 Investment Research Center
- 20 Bond Management Center
- 21 Passive Investments /  
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- 22 Overseas Subsidiaries  
(Hong Kong, New York, London)
- 24 Global Investment Division
- 25 Multi-asset Solution Center
- 26 LDI Management Center
- 27 Alternative Investments
- 30 Samsung Active Asset Management
- 31 Samsung Hedge Asset Management

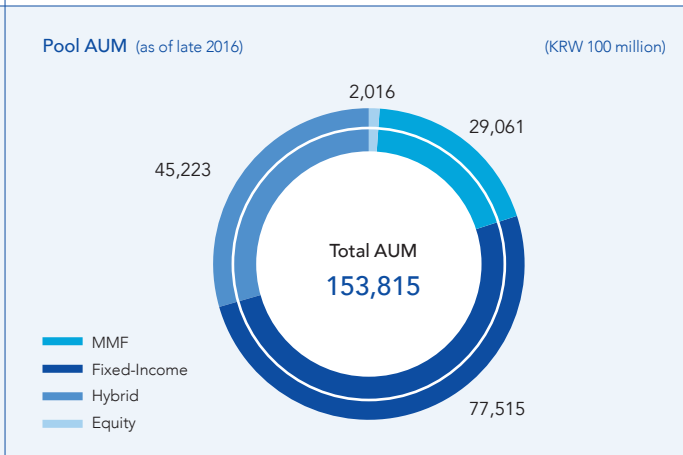
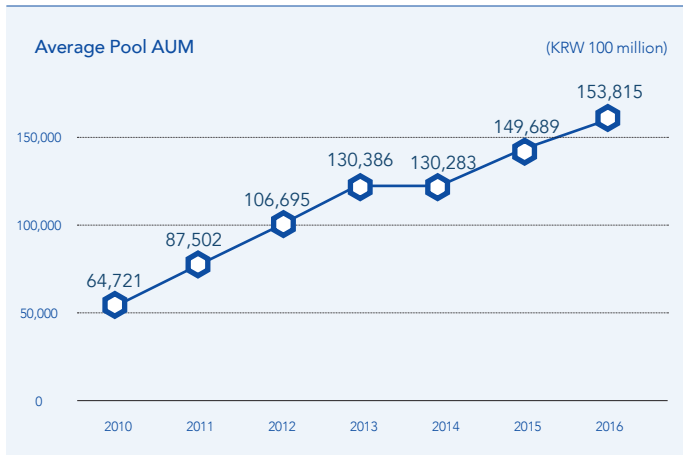
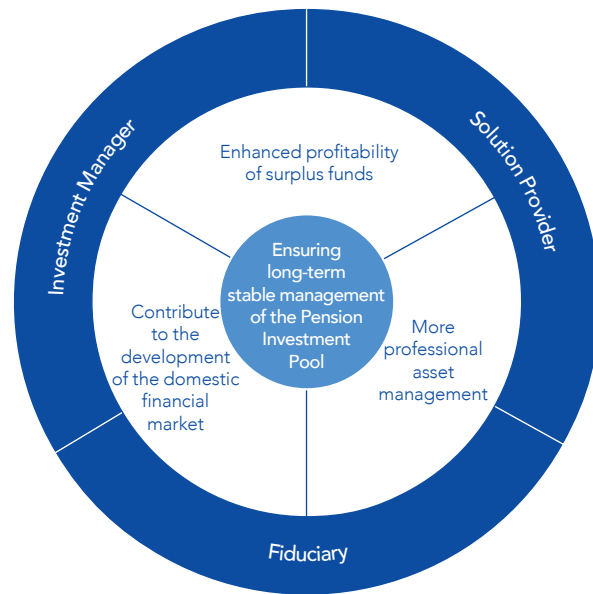
# Investment Pool Division

## Lead Manager for the Pension Fund Investment Pool

Investment Pool Management was first adopted by the Ministry of Strategy and Finance in December 2001 to promote higher investment yields, increase transparency, and provide expertise in the investment of pension funds and other public organizations' assets. Since the introduction of the Pool, Samsung Asset Management has been selected as the lead manager for four consecutive terms.

Today, the Investment Pool Division manages funds entrusted to it by 60 different pension funds in Fund of Funds format. The Division manages risk by analyzing and monitoring the performance of the fund, while also providing investment consultation on asset management systems.

With 15 years of experience in managing the Pension Investment Pool, we have established our own unique systems for managing pension funds to further strengthen mid-to-long-term performance and consistently exceed expectations. We also strive to continue such stable performance by launching various new products such as short-term integrated MMF, overseas funds, and alternative investment funds.



# IWACI Fund Management Division

## Lead manager for the Industrial Workers' Accident Compensation Insurance & Prevention Fund

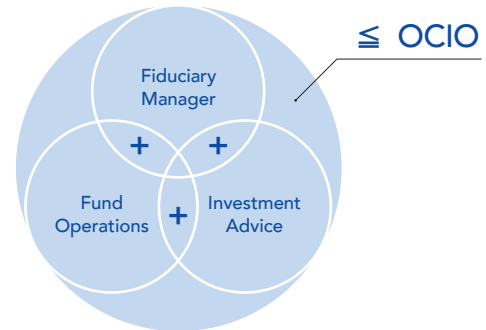
The Ministry of Employment and Labor (MOEL) introduced a dedicated asset management system for its IWACI Fund in July 2015, and selected Samsung Asset Management as the lead manager of the IWACI Funds. As the lead manager, Samsung Asset Management is responsible for managing surplus funds and providing consultative service.

The IWACI Fund Management Division continues to fully leverage its thorough understanding of the IWACI Fund, 15 years of experience in managing fund of funds, proven infrastructure, and expertise to provide comprehensive management (OCIO\*) that can ensure the sustainability of the IWACI Funds.

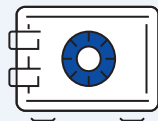
We not only provide OCIO management for the KRW 16 trillion Fund, but also provide optimized asset management solution to bring a sophisticated edge to the Fund's management system. As part of such a solution, we provide comprehensive analysis on the assets and liabilities of the Fund to establish plans for mid-to-long term asset allocation, enable investment diversification to enhance management capacity, and systemize Fund operations and risk management. Our IWACI Fund Management Division will continue to refine the operating system for the Fund to ensure the seamless progress of pension programs as we pursue the optimal growth strategy for our OCIO business.

### \* OCIO Concept

OCIO goes beyond the simple outsourcing patterns of the past that merely stopped at providing investment advice or the investment stage. It covers a wide range of areas including asset allocation that reflects the governance requirements of the particular organization, selection and management of managers, budgeting and evaluation, and incorporation of the evaluation results into the investment strategy. It is a professional service that provides all these things on behalf of the client organization in "good faith."



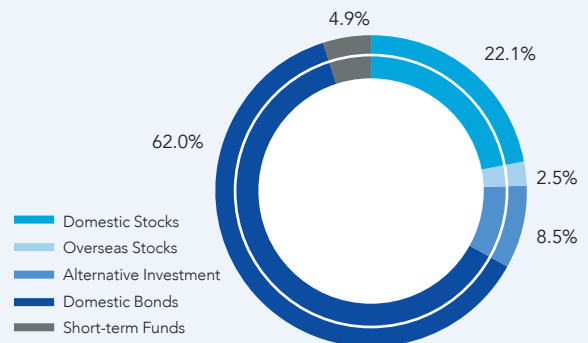
IWACI Fund Division AUM (As of May 2017)



**KRW 16,485.3 billion**

AUM (based on Net Assets)

Investment Composition by Asset Type (As of late 2016)



# Pension Fund Operations

## Providing comprehensive pension solution based on professionalism

The Pension Fund Operations Division analyzes the investment needs in the retirement pension and private pension market and develops solutions tailored for customers to help them prepare for their retirement.

In April 2016, the Division launched the Korean Target Date Fund(TDF) in strategic partnership with the Capital Group. The TDF series satisfies all three elements of pension investment - long-term, diversification, and life cycle-oriented. In May 2017, the Division launched the Korean RIF series tailored for post-retirement when pension funds are to be claimed, laying down a new milestone in the pension investment industry of Korea.

The pension investment solutions provided by our Pension Funds Operation Division covers the entire life cycle of our investors, enabling the investors to save up their assets through the TDF as they prepare for retirement, and generate further wealth through the RIF after retirement. In addition, we are researching LDI models for managing DB-type pension assets that we can actually apply to real corporations. Based on our deep understanding of the pension market and comprehensive pension solutions built on our expertise, we strive to provide the means of overcoming this era of low-interest and increasingly aging population in Korea.

## Key Offerings

### ► Savings Plan - Samsung Korea TDF Series (launched in April 2016)

- Diversified global portfolio optimized for life cycle investment
- Automatically rebalances portfolio to less risky investments as target date approaches
- Picked up by 17 vendors within six months of release
- The first TDF solution offered in Korea

### ► Payout Plan - Samsung Korea RIF Series (launched in May 2017)

Korea's first solution geared towards pension payout

- **Greater Ending Wealth (remaining assets after retirement)**  
Preserves asset value as much as possible for longevity risks
- **Periodically generates cash income**  
Provides a steady source of income even after retirement
- **Risk / variable management**  
Risk management through global diversification, bond investments, and rebalancing
- **Ensures liquidity**  
Capable of responding to sudden need for lump sum cash for events such as children's weddings or medical expenses

## Pension Fund Operations Division AUM (As of late May 2017)



KRW 1.3 trillion

Retirement Pension



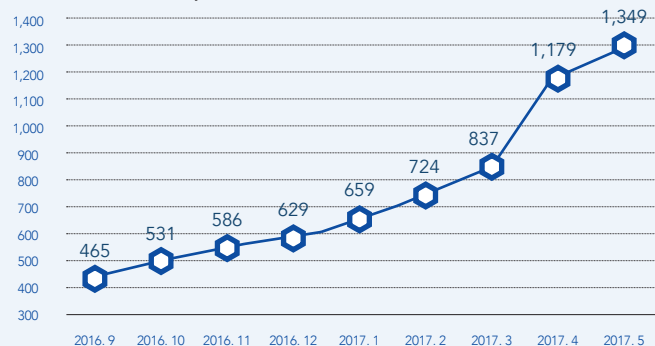
KRW 730 billion

Private Pension

## TDF AUM Trend

(KRW 100 million)

Source: FN Guide (last day of each month)



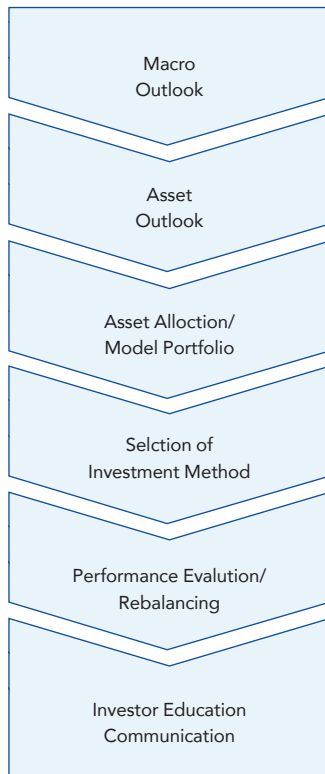
# Investment Research Center

## Playing a key role in asset allocation and solution business

The Investment Research Center was newly established in 2017 in order to strengthen our research capability and to enhance our customers' understanding of our management strategies through more systematic investor education.

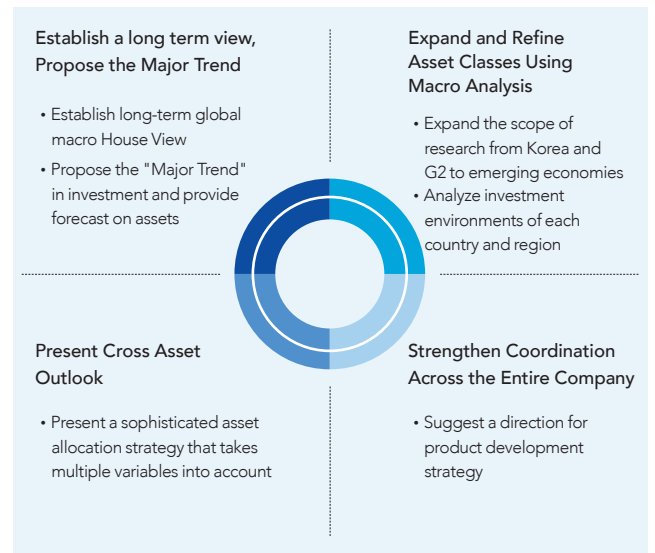
Comprised of the Macro Team and the Investment Strategy Team, the Center plays a central role in the overall asset allocation and solution business of the company.

## Asset Allocation Strategy Center Work Process



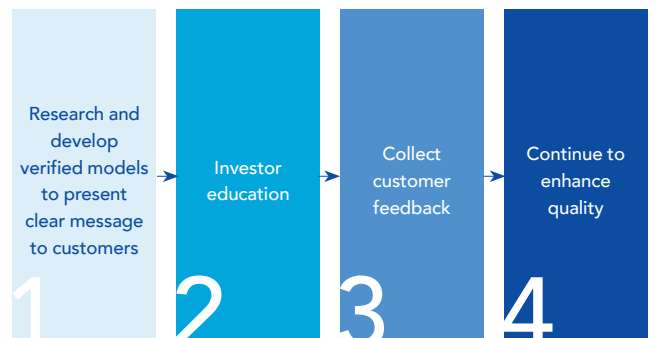
## Macro Team

The Macro Team offers optimal asset allocation strategies based on top-down analysis of the financial market and modern portfolio theory.



## Investment Strategy Team

The Investment Strategy Team uses massive amounts of databases to verify and conduct follow-on research on academic findings in order to find optimal ways to apply theory into real life investment strategies. In addition, the Team is responsible for providing education within and beyond the company to realize the principles of sound investment.



# Bond Management Center

## Increasing AUM through outstanding service and customer diversification

The Bond Management Center distinctively matches its portfolio to the risk profile of the customers by referring to various macroeconomic indexes such as economic and interest outlook, and industrial and credit value analyses.

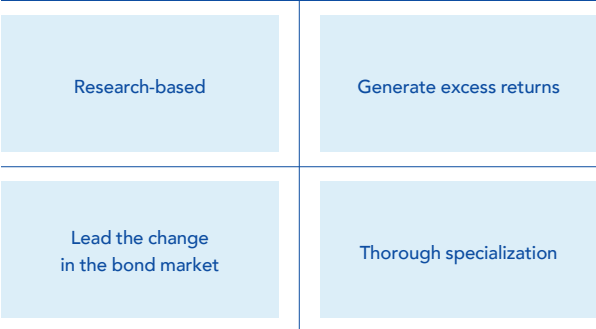
Based on our stable performance from the short-term MMF market, we successfully completed the expansion of the corporate-type MMF. By late 2016, our bond AUM had increased by KRW 2.7 trillion since 2015 to KRW 19.5 trillion (excluding advisory services for affiliates). We have continued to diversify our clientele to reach our goals to grow our AUM.

We will continue to strive to grow as we expand the pension market, strengthen public offering bond lineups such as short, mid, long-term corporate bond funds, and attract new customers for short-term MMFs in order to expand our revenue base.

## Operating Philosophy

Secure comparative advantage and lead the change in the bond market

Continue to provide customers with returns that exceed the benchmark Lead the change in the bond market to gain a comparative advantage over leading competitors



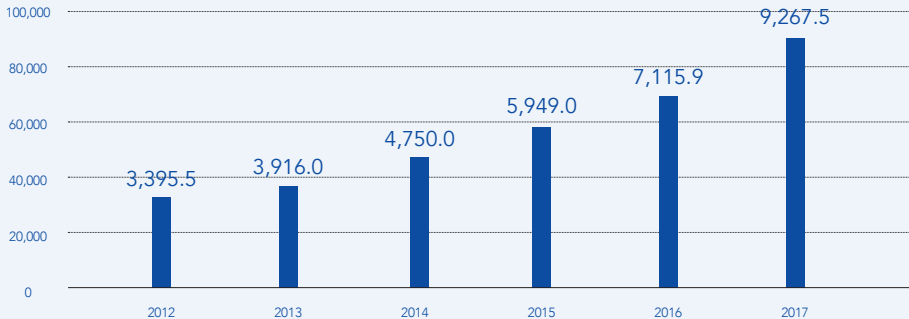
Bond Division AUM



KRW 19.5 trillion

(excluding affiliates advisory service)

Bond Division MMF under management (as of May 2017) (KRW billions)



# Passive Investments / ETF Consulting Center

## Practicing the philosophy of index investment

The Passive Investments / ETF Consulting Center is the leading passive investment organization in Korea that focuses on index investments at home and abroad to generate stable excess returns.

Instead of relying on the individual manager's intuition, we leverage our scientific system based on quantitative analysis, team approach, and sophisticated decision-making process to practice our philosophy of index investment.

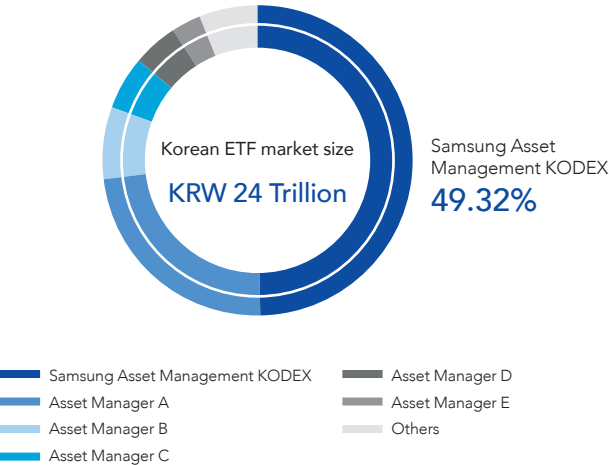
Since the introduction of the first ETF in Korea in 2002, we continue to lead the market with innovative offerings every year. As the leader of the ETF market in Korea, we will continue to strive to expand the horizons for ETF investors by providing various education sessions and engaging in marketing activities.



## KODEX, the greatest and largest ETF in Korea

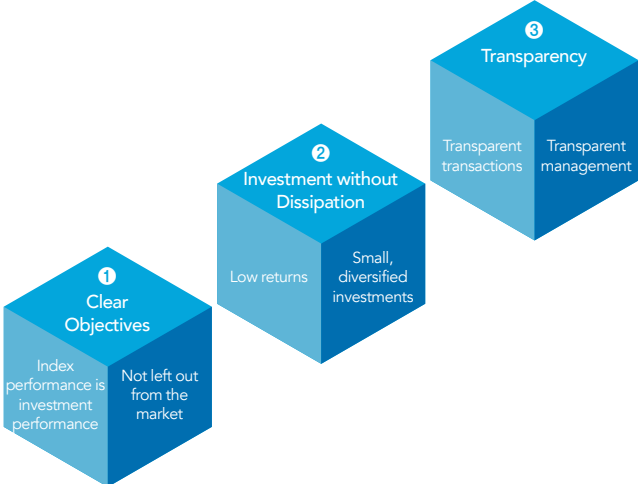
### 1. ETF market share in Korea

KODEX ETF has about 50% market share of the KRW 24 trillion ETF market in Korea (as of May 2017)



### 2. KODEX, the best form of investment

KODEX offers a variety of options such as market index / key sectors / foreign stocks, and bonds, enabling great liquidity.



# Overseas Subsidiaries

(Hong Kong, New York and London)



## Samsung Asset Management (Hong Kong) Limited

Established in November 2007, Samsung Asset Management (Hong Kong) Limited (“SAM HK”) has become the center of global fund management with its main focus on Asian market including mainland China, Greater China, Southeast Asia, and India. SAM HK fortified its market leadership in China with Korea’s first mainland Chinese small and mid-cap fund which showed successful performance. After the set-up of the Quant Investment Team in 2014 and introduction of the first quant model-based Asian equity long-short fund to expand its product lineups, SAM HK also launched its first Cayman hedge fund in January 2016.

Furthermore SAM HK solidified ETF business by listing four new HSI and HSCEI L&I ETF products on the Hong Kong Exchanges in March 2017. SAM HK was the first mover to introduce leverage/inverse ETFs in Hong Kong market, and now it manages a total of 11 ETF products listed on the Hong Kong Exchanges. By September 2016,

SAM HK also established an asset management advisory firm in Beijing to promote a synergy effect in mainland China market.

SAM HK has also steadily expanded its AUM and sales by having its independent local operation for various funds product line-ups of Asian ex-Japan market including mainland China, Greater China, ASEAN countries and showing excellent track records. As of the end of 2016, the AUM size of SAM HK is over KRW 2 trillion.

SAM HK plans to strengthen local marketing functions in continuing its endeavors to strengthen management capabilities of domestic funds on consignment and actively engage in local-to-local business, of which fund is raised and managed locally overseas.

SAM HK plans to actively engage in local-to-local business by enhancing its marketing ability and to strengthen its product line-ups to become one of the representative Asia fund management company.



## NEW YORK



### **Samsung Asset Management (New York), Inc.**

As a step to its global expansion, Samsung Asset Management acquired Samsung Life Investment America headquartered in the center of global finance – Manhattan, New York – from Samsung Life in February 2015 and renamed Samsung Asset Management New York Inc. (“SAM NY”).

Established in 1994 as a local subsidiary of Samsung Life Insurance, SAM NY has been investing in equities and bonds in the local market as well as conducting market research as a listed company on the U.S. Securities and Exchange Commission. The Acquisition of SAM NY marked a significant step in attempts of Samsung Asset Management to complete a round-the-clock global trading platform covering all time zones.

As of the end of 2016, SAM NY has had USD 2.2 billion in AUM on consignment. SAM NY has been striving to enhance the investment returns not only by establishing optimal investment portfolios based on in-depth analyses of the U.S. macro economy and industrial and corporate fundamentals, but also through strict risk management, such as expanding its investment markets including Canada.

Utilizing its geographic advantage of its strategic location in the center of global finance, SAM NY will continue its endeavors to maximize shareholder and customer values by taking proactive measures to

## LONDON



changes in global financial conditions and investment and management trends.

### **Samsung Asset Management (London) Ltd.**

Established as the first overseas asset management subsidiary of Samsung Life Insurance in April 1991, Samsung Asset Management (London) Ltd. (“SAM London”) was acquired by Samsung Asset Management in December 2015, completing SAM Korea’s global asset management infrastructure. SAM London has been focusing on strengthening its investment management and research capabilities in its effort to contribute to foreign financial asset management for the domestic individual and institutional investors.

In May 2016, SAM London launched the Samsung European Value and Dividend Equity Fund that prioritizes stable returns based on the advisory services provided by EDR(Edmond de Rothschild) Group. SAM London recently has been expanding its scope of work with licenses from the UK regulator as an Alternative Investment Fund Manager (AIFM) in order to better search and introduce exceptional European fund products to the domestic investors.

As the only Korean asset management company with regulated operation based in Europe, SAM London will continue to strive to satisfy foreign investment needs of its clients.

# Global Investment Division

## Consistently exceed target returns through global investment

Global Investment Division consists of Global Equity Investment Team, Global Fixed Income Investment Team, and Global Marketing Team. Global Equity Investment Team's key funds performed well despite the increasing volatility in the global markets. The team's close cooperation with SAM HK allowed the company to gain a competitive advantage in Asia and contributed to AUM increase. The Division not only expanded our fund offerings for investors which target the advanced markets such as US, Europe, and Japan, but also effectively responded to changing market trends by launching theme-based funds. We will continuously offer more various products which fit the market needs by strengthening the organic management capabilities on our Asian funds and solidifying partnerships with global asset managers.

Global Fixed Income Investment Team expanded fund offerings by launching global fixed income fund, dollar-denominated emerging sovereign debt fund, and Europe convertible debt fund. The Team also started fiduciary management of insurance company funds allocated to overseas debt investments and established a foundation for new business opportunities with institutional investors. We plan to actively respond to both demands from the insurers and small-to-mid sized institutions for long-term credit products and from the pension funds for stable overperformance compared to global fixed income indices, thus expanding AUM as a result. We also plan to offer diverse investment opportunities on overseas debt market to investors by enhancing communications to market our existing mutual funds and management infrastructure.

Global Marketing Team establishes marketing strategies and executes relevant activities for major institutional investors including sovereign wealth funds to secure inbound funds from overseas. The Team is currently planning to start marketing of ASEAN fund for potential clients in Europe by utilizing local networks of the company's overseas partners. We also plan to continue our effort to expand global client base by securing commitments from US institutional investors.

## Operating Philosophy



## Consistently exceed target returns through global investment

Team Approach	Systematic Investment	Total Risk Management
Construct the Optimal Portfolio by Utilizing Team Work and Enterprise Manpower	Systemize Investment Process by Conducting Qualitative and Quantities Research	Minimize Market and Operational Risk through Total Risk Management



# Multi-asset Solutions

**Focusing on innovation and change for its clients, Multi-asset Solutions Division answers to the needs of the clients**

The Multi-asset Solutions (“MAS”) Division is a new organization established during 2017 to pursue recently emerging global asset allocation business as a new growth engine in order to satisfy the needs of the clients as a solution-focused organization.

The MAS Division develops and implements innovative investment solutions excluding other latest financial products such as ETFs and hedge funds. The Division utilizes offshore funds equipped with competence and capabilities of the global investment powerhouses. The MAS Division also provides the most appropriate and compatible combination of investment methods and strategies to its clients based on its in-depth analyses of risk profile and financial objectives of the clients adopting ‘goal based investing’ approach.

The MAS Division establishing itself as a trustworthy partner of many institutional investors in managing funds for global asset allocation. The Division manages the TDF fund, a core investment solution for retirement pension funds, and operates a fund platform system that analyzes and evaluates over 5,000 global funds in order to offer the best financial products to its clients.

Equipped with its competency in IT, the Division strives to become the first mover in the fintech sector where finance and IT are integrated into a new form such as the robotics advisor. In its efforts to achieve its goals, the MAS Division has been endeavoring to procure extensive financial databases and secure the IT infrastructure, while searching for and training data scientists and quantitative engineers at global level who would lead the fourth industrial revolution.

The MAS Division will continue its efforts to satisfy needs of the new financial consumers of future generation accustomed to new digital media with its innovative IT and financial solutions as the trustworthy manager and innovative leader for its clients that prioritizes client values while preserving core investment values of diversified investment and long-term investment.



**Organization Chart of the MAS Division**

Asset Allocation Team	Fund Strategy Team	Solution Team
<p>Offers medium risk/ returns utilizing domestic and global ETFs for multi-asset allocation</p> <p>Provides stable excess returns beyond a pre-selected benchmark with investment portfolio allocation across various asset classes</p>	<p>Verifies stability and performance sustainability based on quantitative and qualitative fund research on active index funds and pursues stable excess returns through fund allocation</p>	<p>Identifies the needs of investors and the level of risk tolerance to present appropriate asset allocation plans and portfolio to increase the likelihood of investors reaching their investment objectives</p>

# Liability-Driven Investments

## Securing stable long-term excess returns based on a clear understanding of liability features

Newly organized in January 2015, the Liability-Driven Investment (“LDI”) Division has KRW 113 trillion in AUM, managing general and retirement accounts of Samsung Life Insurance as of the end of 2016.

In consideration of the particular needs of a life insurer, the LDI Division executes its asset allocation from a strategic long-term point of view, cultivating a stable revenue platform by balancing investment risks and returns. On account of the long-term liability of the asset management characteristics of the insurance industry, the LDI Division invests the largest amount in domestic bonds, while investing simultaneously in domestic and global equities and overseas bonds as well. The LDI Division also strives to secure overseas investment opportunities by utilizing its global network developed through its longstanding track records in overseas investment. The LDI Division plans to further reinforce its insurance asset management capabilities and build a strong foundation for the LDI business in order to solidify its identity as the LDI specialist by leveraging the talented human resources within Samsung Asset Management.

### Investment Philosophy and Objectives of the LDI Division LDI

**Solidifying its identity as a leading LDI operator**

Ensuring stable, long-term excess returns by matching its investments with liabilities based on the life insurance business asset investment principles  
 “Long term, Stable, Cash Flow”

<p><b>Domestic Fixed-Income Team</b></p>	<p><b>Overseas Fixed-Income Team</b></p>	<p><b>Equity Team</b></p>
<p>Strategize ALM-based, long-term bond-oriented buy &amp; manage plans</p>	<p>Pursue excess return over won-denominated bonds and hedging F/X risks</p>	<p>Improve investment return through active asset diversification of domestic and overseas stocks</p>

## Domestic Fixed-Income Team

The Domestic Fixed-Income Team prioritizes stable cash flows and investment returns from strategic investments in long and short-term profitable bonds under the principle of asset-liability management (ALM) strategies that satisfy the needs of its clients. The team manages approximately KRW 101 trillion in AUM. By operating an optimal investment portfolio model and performing comparative value analyses between different sectors, the Domestic Fixed-Income Team aims to achieve excess returns on its investments in long-term public corporation bonds and retirement pension funds.

## Overseas Fixed-Income Team

The Overseas Fixed-Income Team manages approximately KRW 8 trillion in AUM of overseas fixed-income. Its main investment targets include sovereign bonds issued by developed countries in Europe and the US in addition to the Korean papers. The team is currently expanding its regional portfolio to include those of the Asian and South American countries. By strategically hedging foreign exchange risks in response to market developments, the Overseas Fixed-Income Team prevents foreign exchange risks and improves investment returns.

## Equity Team

The Equity Team diversifies its investments in domestic and overseas stock markets in public offering funds, ETFs, and etc. at appropriate control of risk levels by combining various operating styles despite the volatile market characteristics. Currently, the team manages domestic and overseas stocks (of the US, Europe, Japan, China and etc.) of approximately KRW 2 trillion in AUM and contributes to the increases in the asset investment returns by directly investing in undervalued stocks based on individual corporate sector analyses.

# Alternative Investments

## Utilizing broad market network and extensive experience for selective Investments in alternative assets

Consisted of the Infrastructure Team and the Private Equity ("PE") Team, the Alternative Investment ("AI") Division offers investors with various alternative investment opportunities. The AI Division utilizes its extensive market networks to provide profitable alternative investment opportunities to which the domestic investors lack access in addition to promoting more stable and higher returns compared to those on traditional assets by thorough investment evaluation and selection. As of the end of 2016, the AI Division has recorded an increase of approximately KRW 490.1 billion to KRW 1.501 trillion in AUM compared to those of the end of 2015.

The AI Division is equipped with investment expertise and various management experiences to ensure sustainable performances in diverse AI funds including, but not limited to, domestic BTL, global renewable energy, aircraft financing, overseas PE blind funds, and other domestic and international infrastructure projects, properties, and PEFs. The AI Division will focus on securing new overseas alternative investment assets to satisfy growing investor needs for alternative investment vehicles as downturn in the domestic alternative investment market is expected to continue.

### ▶ Signature Fund - Global Renewable Energy Fund

- The Korean won-denominated fund investing in senior loans of solar power generation and biomass power generation projects in the UK and Japan

AI Division expects stable long-term returns on global renewable energy investments as these advanced markets have been generating investment returns with stable government supports. The Infrastructure Team plans to explore additional investment opportunities based on its experience and network of global renewable energy industry.

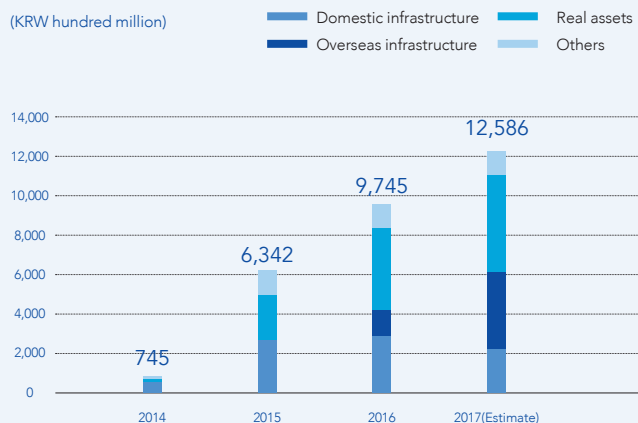
### ▶ Signature Fund - Samsung Global PE Manager Fund #1

- The first Korean won-denominated blind fund of funds investing in global PE funds

The Fund intends to satisfy the needs of Korean institutional investors searching for extra yield through investments in global private equity funds but has very little experience or insufficient internal resources for that end. The fund focuses on global buyout and mezzanine strategies with excellent long-term track records in the developed market such as US and Europe. The fund also invests in the secondary and special situation strategies based on the judgement of market condition from time to time. Samsung Asset Management as a GP of the fund is investing KRW 5 billion of its capital in the fund in order to align its interests with investors.

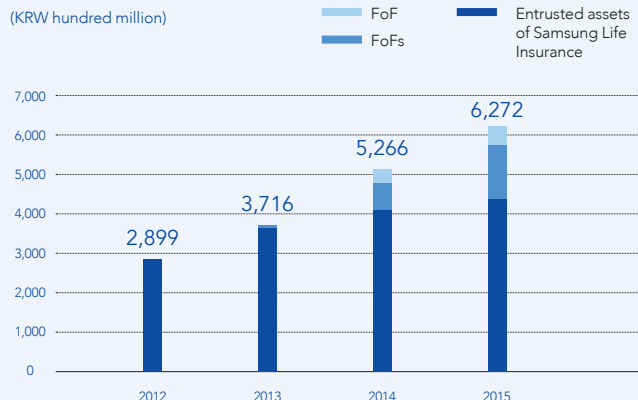
## Infrastructure Team

The Infrastructure Team invests in various global infrastructure projects based on its overseas network and operating experiences. The Team will also continue to seek investment opportunities in real assets such as vessels and aircraft.



## PE Team

The PE Team was newly set up under the AI Division of Samsung Asset in 2015. Originally PE team was the alternative investment department of Samsung Life Insurance, the parent company of Samsung Asset Management but has been transferred to Samsung Asset to inaugurate 3rd party money management business. The asset under management as of end of June 2017 is slightly over \$1bn under the advisory contract with Samsung Life and fund of funds vehicle.





# Samsung Asset Management

**SUBSIDIARY COMPANY**

SAMSUNG ASSET MANAGEMENT  
2017 PROFILE BOOK





# Samsung Active Asset Management

## Prioritize distinguished long-term performance and client partnership

Samsung Active Asset Management was incorporated in 2017 by Samsung Asset Management with the top priority in "promoting distinguished long-term performance" and "building partnerships with its clients."



**Seok Yun**

Chief Executive Officer  
Samsung Active Asset  
Management Co., Ltd.

Implementing management principles based on firm risk management system and close alliance between the research and management departments, Samsung Active Asset Management will strive to create differentiated values, improve overall management processes, and reinforce synergy between research and management. Ultimately, Samsung Active Asset Management will maximize its advantages as an active investment-focused specialist to achieve excellent long-term performance and become a reliable partner for its clients.

## Growth Equity Investment

Fund managers of the Growth Equity Investment Division manage funds that match their investment preferences and strengths. By performing in-depth analyses of information acquired through company visits on-site, fund managers focus on the business competitiveness of the investment target and invest in future values of their investment targets by evaluating changes of the world rather than those of the stock markets. The Growth Equity Investment Division also pursues returns on investments through risk management.

## Value Equity Investment

The Value Equity Investment Division prioritizes 'value investment' and finds 'companies with steady growth in cash flow' to purchase at 'reasonable prices' and hold them long-term. The Value Equity Investment Division demonstrates stable long-term profitability through implementation of its strong investment philosophy of refusing to invest in temporarily popular trends of stock market by thoroughly verifying the risks rather than profitability to minimize the losses.

Samsung Active Asset Management will endeavor to implement various strategies that cater to the different needs of clients in line with its investment principles.





# Samsung Hedge Asset Management



**Yoon-Ho Heo**  
Chief Executive Officer  
Samsung Hedge Asset  
Management Co., Ltd.

## Leading company in the Korean hedge fund market

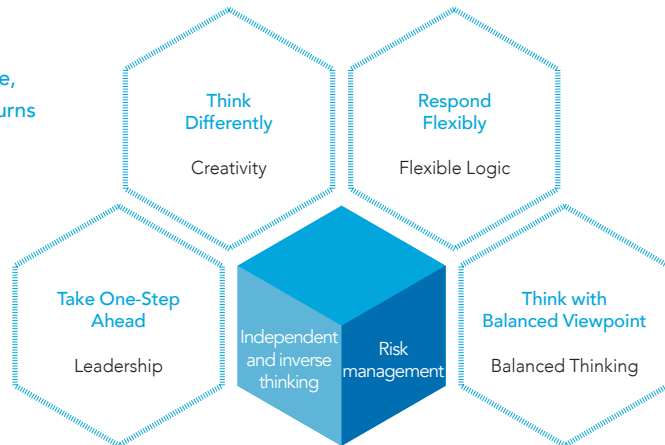
Samsung Hedge Asset Management was incorporated in 2017 by Samsung Asset Management with its expertise in outstanding risk management and profitability preservation know-how.

Samsung Hedge Asset Management has a variety of strategies including equity long-short and relative value strategies and manages absolute-income funds in pursuit of medium absolute returns against medium level of risk. Samsung Hedge Asset Management also strives to achieve absolute profits based on thorough risk management.

Samsung Hedge Asset Management has yielded long-term track records of absolute returns since 2009 in addition to having developed various strategies to achieve stable returns while lowering volatility. Furthermore, the best fund managers in each sector of macro, quant, long-short and hedge of hedge funds have been increasing client asset values through accumulated know-hows and thorough investment strategies.

## Investment Philosophy

To improve is to change,  
to pursue absolute returns





# Stay Ahead Together

"Samsung Asset Management is determined to achieve sustainable long-term growth through ethical, transparent and socially responsible management practices."

Samsung Asset Management is dedicated not only to its inherent duty of protecting and generating profits from client assets, but also to leading future growth of next generations through ethical investment practices. By relentlessly embracing innovation and change, Samsung Asset Management will retain sustainability at highest levels of business ethics, transparency and social responsibility.

SAMSUNG ASSET MANAGEMENT  
2017 PROFILE BOOK



# Ethical Principles

Samsung Asset Management recognizes business ethics as a core asset of its corporate management in order to position itself as an asset management company trusted by all stakeholders including clients, shareholders, investors and local communities. Legal and internal control guidelines are always considered prior to AUM size and/or ROA in all decisions.

Samsung Asset Management takes every necessary step to ensure all employees carry out their work-affiliated decisions in accordance with the code of ethics and legal guidelines, comply with laws and regulations, reject misconduct and perform their duties based on high ethical and moral awareness.

As a member of the Samsung Group, Samsung Asset Management also abides by the Samsung Business Principles providing guidelines to all Samsung employees in making decisions and performances. Samsung Business Principles suggest ethical standards for all Samsung employees in terms of their business activities and social responsibilities.



## Samsung Business Principles

1

Law & Ethics

- We respect the dignity and diversity of individuals.
- We compete in a fair manner by obeying the law and following business ethics.
- We ensure accounting transparency with accurate accounting records.
- We take a neutral political stance and distance ourselves from interfering in politics.

2

Clean Culture

- We draw a clear line between private and public matters in all activities.
- We protect and respect the intellectual property (IP) rights of the company and others.
- We maintain a sound organizational culture.

3

SAMSUNG People

- We place customer satisfaction at the top of our priority list in all our business activities.
- We pursue shareholder-oriented management.
- We strive to make sure employees enjoy a high quality of life.

4

Environment, Safety & Health

- We pursue environmentally friendly management practices.
- We greatly value the health and safety of all people.

5

Social Responsibility

- We go well beyond fulfilling our basic responsibility as a corporate citizen.
- We respect the social and cultural characteristics of local communities and contribute to improving the quality of life in these areas.
- We maintain a mutually prosperous relationship with our partners.

# Internal Control Systems

## Samsung Asset Management has set up the best internal control in the industry

Samsung Asset Management sets internal control standards that define the basic business procedures and standards that should be observed by all employees and practices compliance with laws and regulations for a collective investor as well as sound asset management and investor protection. Control Self-Assessment System ensures regular monitor of self-evaluation of employee compliance in accordance with internal control guidelines.

Furthermore, Samsung Asset Management closely monitors and strictly manages employees' handling of client assets to prevent any violation of standard legal guidelines. Additionally, the next-generation compliance monitoring system also allows the monitoring officer to directly implement the inspection items into the system since 2013. On top of adopting new systems, compliance monitoring has been further enhanced by system validation to prevent errors, speed and accuracy of computerization.



### Internal Control

- Control self-assessment systems for all individuals and departments
- A monitoring system covering the entire investment process

- Separation of relevant units by risk type and comprehensive management through the company-wide risk control organ
- Linking risk assessment results to performance results



- Management's commitment to heightened internal controls
- Facilities and personnel infrastructure for the execution of internal controls

- Timely information collection and reporting
- Internal and external information provisions and communication structure

- Separation of compliance, RM, and audit duties
- Close cooperation among internal control units

# Strengthening Employee Education and Awareness



In order to underscore the significance of compliance, Samsung Asset Management requires all employees to pledge their compliance with internal control guidelines and other requirements annually. Samsung Asset Management also emphasizes the importance of compliance through in-house broadcasting and online bulletin boards. Additionally, Samsung Asset Management continues to conduct ethics management, compliance and anti-fraud education through various channels such as collective education and online education.

Since 2013, Samsung Asset Management has been holding an annual Compliance Day in which a number of business ethics issues of each department are demonstrated to suggest practical guidelines on how to deal with such issues. Additionally, ethical awareness has been added to employee competency evaluation criteria and compliance fidelity to employee performance evaluation criteria in order to solidify foundation to ethical management. In particular, Samsung Asset Management thoroughly prevents violations in disclosure, insider transactions and collusion, three key main inspection items of the Samsung Group, through thorough monitoring and regular education programs.

Business Ethics Education Employee Participation Rate (Unit: %)

	2014	2015	2016
Business Ethics Education	100%	100%	100%
Compliance Education	100%	100%	100%
Graft Prevention Education	100%	100%	100%



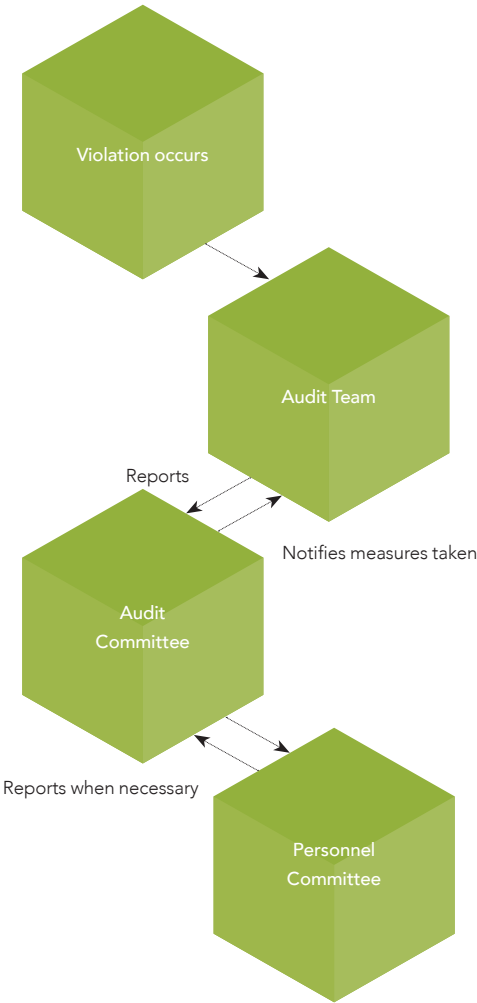
# Reporting on Unethical Practices



Samsung Asset Management operates an online channel (audit.fund@samsung.com) dedicated to whistleblowing related to any unfair practices and/or corruption of employees. Contents of whistleblowing reports are processed through the confirmation process of the Audit Team, which carries out the necessary measures based on fact-checks. Whistleblowers are informed of the findings in a timely manner and appropriate measures are then implemented in accordance with an established process. All reports are real name-based to ensure their authenticity, but kept strictly confidential to protect the identity of the whistleblowers.

In case of violations of the internal control guidelines such as unfair practices, anti-corruption and/or ethical management, the Manager of the Audit Team submits a report the Audit Committee, which then notifies the results of audit to the Manager of the Audit Team and reports to the Personnel Committee when deemed necessary.

Process for Handling Regulation Violations





# Risk Management

## Risk Management Policy

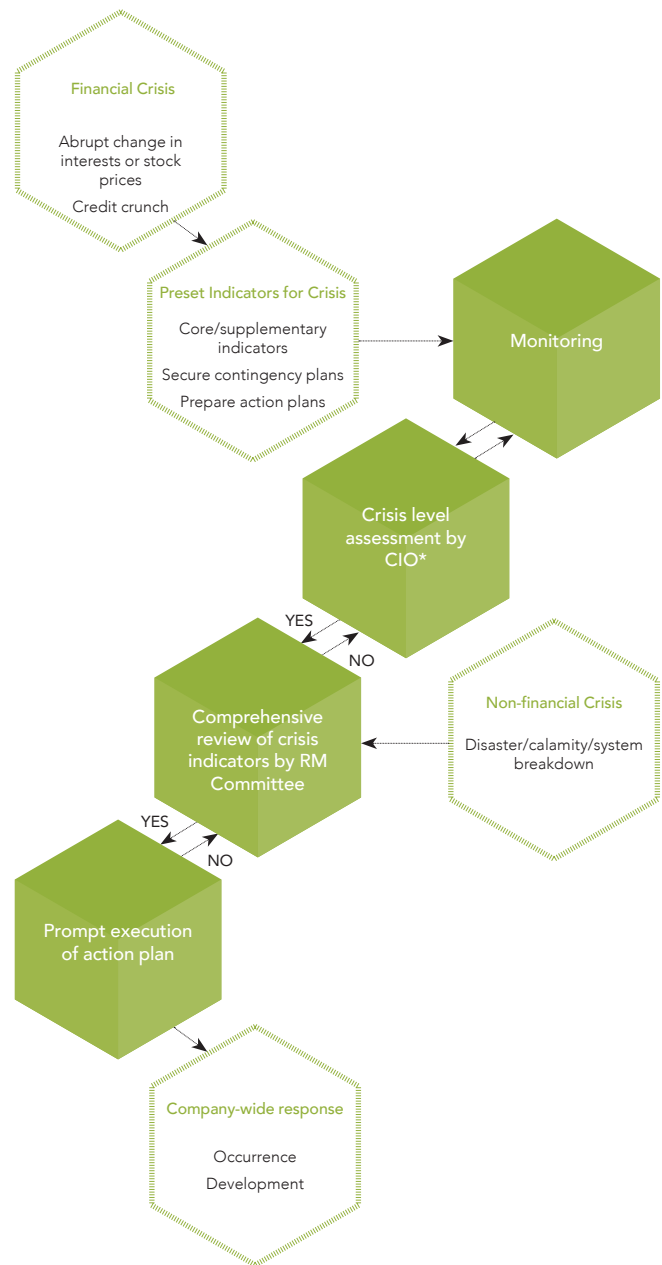
Samsung Asset Management recognizes that the nature of the asset management business is closely linked to risk management, which has led to establishment of the risk management system to systematically manage risks at each level. The system enables Samsung Asset Management to check and balance asset management and risk management roles and maximize performance and investment returns within the acceptable risk parameters. Samsung Asset Management conducts risk measurement and analysis through profitability and performance evaluation by headquarters, funds and managers in addition to risk monitoring through operational strategies and compliance checks, systematically managing risks in order to successfully respond to any crisis, financial or non-financial, at the earliest stage possible.

## Risk Management Organization

The board of directors manages the Risk Management Committee, the highest working-level unit in charge of overall assessment of risks and making decisions related to risk management. The Committee examines all risk management practices and intervenes when necessary. Findings from the assessment, analysis and monitoring of risks at any risk management unit within the company (by the Risk Management Team, Compliance Team and Audit Team) are directly reported to the Committee.

### Risk Management Units

Risk Management Team	Monitoring of market, credit and liquidity risks in accordance with risk management guidelines
Compliance Team	Monitoring of all asset management operations Monitoring of legal and operational risks and internal control compliance
Audit Team	Audit of financials, legal compliance, business activities, management practices and IT operations



\* Chief Information Officer

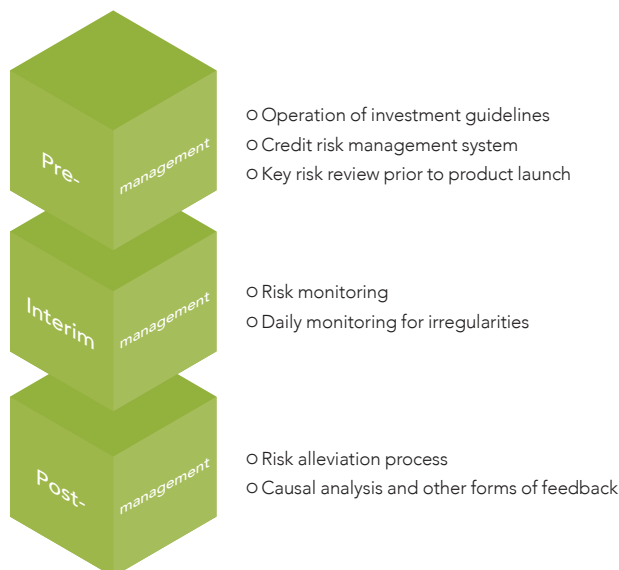


### Risk Management Process

Samsung Asset Management conducts a comprehensive risk management process to manage risks associated with the development, launch and operation of investment vehicles in three phases: pre-, interim, and post-management. In full compliance with the risk management principles and operational guidelines, Samsung Asset Management strategically examines potential risks as early as the product development stage and continuously monitors and manages relevant risks and check for violations on a daily basis. In the event of abrupt risks incurred, proactive measures are taken to eliminate and prevent from reoccurrence.

Moreover, Samsung Asset Management has categorized each type of risk to comprehensively manage the risks inherent in asset operations, such as performance risk, credit concentration risk and atypical product risk.

### Risk Management Process by Stage



### Definition and Management of Risk Types

Each risk type is articulated in the risk management guidelines to establish systematic approach to manage all types of risks. Core control indexes are established for each risk factor within investment guidelines and monitored on a regular basis. Samsung Asset Management effectively and proactively identifies and manages market, credit, liquidity and operational risks.

### Risk Factor Definitions and Control Indexes

Type	Definition	Assessment Tool
Market Risk	Risk associated with uncertain future value of assets due to changes in stock prices, interest rates, exchange rates and any other market-related factors	Pre/post-tracking error standard deviation, beta scenario analysis, sector & item transfer limit
Credit Risk	Risk associated with losses resulting from receiving collective investments or having a counterparty unable to honor its payment obligations	Financial ratios, credit ratings, same-person exposure limits
Liquidity Risk	Risk associated with being unable to meet financial obligations arising from maturity mismatches or from the deteriorating market liquidity of assets in possession	Liquidity to illiquidity asset ratio, transfer ratio of low-liquidity assets, ratio of liquid assets to trade volume
Operational Risk	All financial and non-financial risks that may be incurred during the course of business operations due to an inadequate investment system or due to human error, which may adversely affect investor capital	Frequency of operational errors

# Client Satisfaction

## Improving Financial Accessibility

### User-Friendly Management Result Reports

Usually, reports on the fund management results consist of contents that contain too many jargons for ordinary investors to easily understand. In order to overcome such, Samsung Asset Management became the first in the industry to build up the "Guidelines for suggested vocabulary in management result reports" for more accessible reports for the investors. We are trying to provide easier vocabulary and simpler sentences alongside better font and size for easier accessibility by not only financial experts but also ordinary investors to provide a wholesome information on the investment products.

### Economy Blog for Children

Despite the increased accessibility in finance in general areas of society through developments in communication and financial technology, the importance of rational and responsible economic decision-making is also becoming more critical with the rise of adolescent delinquent borrowers. Teaching economy to children provides an opportunity to manage money wisely on their own and holds a crucial role in enabling them with an advisable consumption habit and economical mind. Samsung Asset Management recognizes the importance of the early economy education for children, and we operate an Economy Blog for Children to strengthen a healthy financial understanding and habit for our children. The blog provides management reports that can be easily understood for children and also has continuously updated educational playground, terminology explanation, and bite-size card news to further their studies.

### Social Media Communication

Samsung Asset Management created social media channels such as Facebook, blogs, Naver posts, and Twitter to provide recommendations on funds and products, market conditions, and financial knowledge, all in real-time. The purpose of the social communication is to assist our clients to understand funds and investment information that customers may find difficult to understand. In this regard, various types of useful information are available on a mobile platform, following the recent media trend, and actively pursues a two-way communication through bulletin

boards and comments. We will continue to provide useful contents through various channels to increase accessibility on funds for all ranges of investors from novice to potential investors as well as experienced investors through various channels.

## Client information protection

### Management and Protection of Consigned Corporate Personal Information

Samsung Asset Management manages customer information with the utmost care and takes all necessary steps to prevent institutions from abusing or misusing the information of its clients in any way. The main sales channel for our major products is through collective investment securities, with commission-based sales extended to our partners, which include securities firms, banks, and insurance companies. Only the National Pension Fund's Investment Pool and a handful of corporations invest directly with us. Therefore, there is very little access to individual investors' personal information and our access scope is limited to direct sales pension funds clients and corporate clients.

Samsung Asset Management engages in its sales through Korea Securities Computing's (KOSCOM) 'PowerBase system,' which also provides us the platform for managing client data. In compliance with the 2011 Personal Information Act, we have implemented plans for the internal control of customer privacy and appointed a Compliance Officer to assume responsibility for customer privacy protection.

Additionally, a virtual PC environment called VDI (Virtual Desktop Infrastructure) has been set up allowing client information access in only such conditions to prevent unauthorized access, leak, or alteration. Since access and edit is possible in the virtual environment, it is impossible for a leak, and access into such system is only carried out under request by the client. On top of that, we have appointed authorized personal information officers who conduct regular on and offline training and review the status of personal information management. Also, regular inspections are conducted on appropriateness for exceptional security authorizations and their actions are monitored.



## Responsible Marketing & Communication

### Safe Sales of Financial Products and Provision of Information

Samsung Asset Management puts into practice its investment philosophy of prioritizing risk management over profit. Accordingly, we employ a business strategy that shuns aggressive sales and instead promotes outstanding investment performance as a way to satisfy clients and maintain sustainable growth. We hold a strict management and control over the data on product that we provide to the clients such as investment manuals and fund management reports.

In addition, we operate a multi-dimensional risk management system to achieve stable excess returns for our client's assets. At the same time, we do not sell or operate products that do not conform to our investment philosophy.

### Total Marketing Services from Innovative Product Development to Sales Support

Samsung Asset Management offers total marketing services that start with planning innovative products and end with supporting product sales activities through a systematic structure. The industry's most competitive product managers work hard to develop a variety

of product strategies and designs that cater to individual client needs, completing an assorted product lineup that includes conventional investment vehicles, interest rates+ $\alpha$  products, and alternative instruments.

We also support sales activities such as product recommendations, marketing support, and promotions by providing various product and market status data for the clients' consideration in investing. They even offer IR sessions for private bankers and major clients on their management strategies and market forecasts as fund managers.

### Increased VOC Activities for the Clients

We are constantly listening to what our clients have to say through our call center and corporate website to reflect their thoughts on our management activities. The VOC (Voice of Customers) are transferred to the relevant departments to provide a real-time feedback to the clients. All of this information is compiled and categorized every month by issues, products, and number of VOCs. Then, it is shared with marketing department and other relevant offices, while the issues addressed by clients are continuously monitored closely to boost client communication satisfaction.

# Social Outreach

## Social Outreach with Participation of All Staff Members

### Club-Oriented Volunteer Activities

Samsung Asset Management actively engages in volunteer activities through office-run clubs under passionate participation of all our staff members. We bring out the various hobbies of our staff to organize into clubs including culture, literature, and baseball clubs and carry out volunteer activities according to the characteristics of the clubs.

Club-based volunteer activities take place at least once a month, and starting in 2016 there is a campaign encouraging every employee to volunteer at least once a year. Furthermore, the company sponsors cookie baking and T-shirt making events in collaboration with external charities like Sarangbat and HopeBridge to promote company-wide engagement in social outreach programs.

**Wall Paintings for Sharing** | Samsung Asset Management's corporate-run clubs participate in the 'Wall Painting for Sharing' campaign. Since 2014, the clubs have painted the walls on the access roads to elementary schools and some outworn facilities on the street of villages in Jung-gu, Seoul, using murals to transform antiquated facilities into aesthetic places.

**Seoul Forest Caring volunteer** | Samsung Asset Management, in connection with the Seoul Green Trust, has been participating in volunteer activities for the Seoul Forest in the Seongdong-gu area of Seoul. Seoul Forest Caring volunteer activity is engaged in creating the vegetation and the landscape for each themed area in the park. On top of that, we participate in management of herbs, shrubs, and weeds as well as mulching activity, spreading material around or over a plant to enrich or insulate the soil, according to the season. In 2016, approximately 80% of our entire staff, 243 persons, participated in creating the beautiful Seoul Forest.

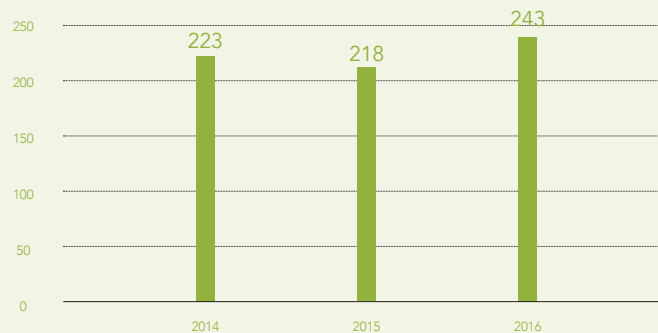


Staff social contribution status

	2014	2015	2016
Participants (Unit: Persons)	223	218	243
Participations (%)	92.5	74.9	89.7
Total hours for social contribution	1,810	1,464	2,292

Participants

(Unit: Persons)





## Social contributions with the neighbors

### Group-wide Social Contribution Activities

Samsung Asset Management carries out company-wide annual blood donation campaign alongside other Samsung Group affiliates. Started in 1996, the blood donation campaign has been hosted each winter in a bid to address Korea's chronic shortage of blood inventory. After giving blood, employees are given a blood donation certificate which they then pass on to those most in need of blood transfusions. In addition, our employees volunteer to make kimchi at the end of every year in collaboration with our sister village, named "Shinpyeong," then deliver the kimchi to local child and youth charities.

### Support for Children and Youth

We continue our support for the underprivileged children and youth in the local society through affiliation with children and youth organizations such as nursery centers, study rooms, and community centers.



We support the emotional fostering of the children and the youth through carrying out the activities such as DIY projects, group outings, cultural performances, and sports events with the affiliation with "House of Isaac" and "Nabi Local Children's Center" – since 2000 and 2016, respectively.

### Extending a Helping Hand to Farmers

We engage in staff-participatory volunteer activities that contributes to the vitalization of the farm economy and support the lacking workers in the farmlands.

We also co-operate a direct-sale market and promote the products of our sister village. Every October, we support the lacking workers in the pear farms through participating farm experience activities. We contribute to the vitalization of the farm economy by purchasing the collected products, then donating them to the local and neighbors and uphold the value of sharing.

# Financial Section

SAMSUNG ASSET MANAGEMENT  
2017 PROFILE BOOK

- 45 Independent auditor's audit report
- 46 Consolidated Financial Statement
- 47 Consolidated Statements of Comprehensive Income
- 48 Consolidated statement of changes in Shareholders' equity
- 49 Consolidated Statements of Cash Flows
- 51 Chronology



# Independent auditor's audit report

Samsung Asset Management Inc.  
Messrs. Shareholders and Board of Directors

We have audited the accompanying consolidated financial statement of Samsung Asset Management Inc. and its subsidiaries. The consolidated financial statement consist of the consolidated statements of financial positions as of December 31st, 2016 as well as related consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity, consolidated statements of cash flows for the period ending on the aforementioned date, and a summary of significant accounting principles and other explanations.

## Management Accountabilities with the Consolidated Financial Statements

Samsung Asset Management's executives are responsible for the preparation and fair presentation of the consolidated financial statements as stipulated in the Korea International Financial Reporting Standards (K-IFRS). They are also held accountable for the internal control that is required for the preparation of the consolidated financial statements without any material risk of misstatement.

## Auditors' Accountabilities

Our accountability stops at expressing our opinion based on our audit of the said consolidated financial statements. We conducted our audits in accordance with the Generally Accepted Accounting Principles (GAAP) of Korea. These standards dictate that we abide by all ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit includes collecting evidence to support the amounts and disclosures in consolidated financial statements for auditing purposes. The procedure choice is at the discretion of the auditors, who factored in the risk of material misstatement (RMM) in the consolidated financial statements as a result of irregularities or errors. Auditors assess this risk in consideration of the internal control status concerning the preparation and fair statement of consolidated financial statements in order to design auditing procedures most well-suited to the situation. However, this is not for the purpose of deriving auditing opinions concerned with the effectiveness of internal control practices. Additionally, an audit includes assessing the accounting principles that have been used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that the collected audit evidence and our audits will suffice for our audit opinion.

## Auditor's opinion

It is our belief that the consolidated financial statements referred to above fairly present, in all material respects, the consolidated financial position of Samsung Asset Management and all its subsidiaries as of December 31, 2015 as well as the results of its financial results and its cash flows for the reporting periods ending on the aforementioned date from the perspective of importance in conformity with K-IFRS.

## Other

The Samsung Asset Management and all its subsidiaries', has been audited by Deloitte Anjin LLC in accordance with the Generally Accepted Accounting Principles (GAAP) of Korea, and the opinions of the auditor has been expressed on the March 3rd, 2016 audit reports.

March 17th, 2017

Seoul Yongsan Hangangdaero 92  
Sam Il Accounting Firm  
CEO Kim Young Sik

This report is effective as of March 17, 2017, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modification to the auditors' report.

# Consolidated Financial Statement

19th (current year) 2016 December 31st

18th (previous year) 2015 December 31st

Samsung Asset Management and its subsidiary companies

(Unit: Won)

Account	End of current year		End of previous year	
I. Cash and cashable equivalents	37,342,471,661		39,308,734,257	
II. Fair value financial assets	184,356,923,820		61,222,076,900	
III. Available-for-sale financial assets	78,366,328,538		74,065,044,491	
IV. Held-to-maturity financial assets	35,944,345,367		35,672,261,327	
V. Loans and receivables	319,354,780,010		298,768,924,218	
VI. Properties, plants and equipment	5,241,224,437		1,018,273,676	
VII. Intangible assets	12,810,263,590		12,341,648,892	
VIII. Current tax assets	436,947,677		500,649,439	
IX. Deferred tax assets	2,170,320,059		2,054,653,474	
X. Other assets	2,485,325,060		2,182,821,904	
Total assets		678,508,930,219		527,135,088,578
I. Financial assets at Fair Value through profit or loss	11,667,902,866		17,974,664	
II. Customers' deposit liabilities	245,609,341,245		196,911,851,190	
III. Other liabilities	76,485,588,303		31,481,037,279	
IV. Provisions	295,444,650		687,446,186	
V. Retirement benefit obligations	450,973,868		1,001,293,373	
VI. Income tax payable	12,931,574,086		12,258,818,537	
VII. Deferred income tax liabilities	6,509,054		12,766,713	
Other liabilities	671,069,602		654,015,799	
Total liabilities		348,118,403,674		243,025,203,741
Equity attributable to owners of the parent company		330,390,526,545		284,109,884,837
I. Capital stock	93,430,000,000		93,430,000,000	
II. Other contributed capital	(384,524,208)		(384,524,208)	
III. Components of other capita	(4,995,462,493)		(1,450,076,953)	
IV. Retained earnings	242,340,513,246		192,514,485,998	
Non-controlling shares		-		-
Total shareholders' equity		330,390,526,545		284,109,884,837
Total liabilities and shareholders' equity		678,508,930,219		527,135,088,578



# Consolidated Statements of Comprehensive Income

19th (current year) 2016 December 31st

18th (previous year) 2015 December 31st

Samsung Asset Management and its subsidiary companies

(Unit: Won)

Account	End of current year		End of previous year	
I. Operating Revenue		181,702,436,340		166,424,234,866
1. Fee revenue	172,806,956,830		158,403,884,791	
2. Financial product evaluation and disposable credit	1,716,480,795		810,309,445	
3. Interest income	4,254,168,245		5,694,811,461	
4. Gain on foreign transactions	372,399,564		258,016,274	
5. Dividend income	1,881,477,915		1,257,132,392	
6. Other revenue	670,952,991		80,503	
II. Operating expenses		111,943,841,112		98,213,856,223
1. Commission expenses	7,692,084,813		6,643,974,134	
2. Financial product evaluation and disposable loss	1,197,109,377		750,759,746	
3. Interest expenses	1,431,397,232		2,033,908,485	
4. Loss on foreign transaction	464,798,676		340,312,511	
5. Selling expenses	7,474,046,337		5,762,968,283	
6. Maintenance expenses	93,667,611,324		82,650,885,712	
7. Other operating expenses	16,793,353		31,047,352	
III. Profit from operating activities		69,758,595,228		68,210,378,643
IV. Gains/Losses on disposition of investments in subsidiaries		250,038,153		(686,233,309)
1. Non-operating revenue	887,121,915		16,621,439	
2. Non-operating expenses	637,083,762		702,854,748	
V. Income before income tax		70,008,633,381		67,524,145,334
VI. Income tax expense		20,182,606,133		18,127,806,897
VII. Net income		49,826,027,248		49,396,338,437
VIII. Other comprehensive income		(3,545,385,540)		315,308,369
Deferred income (not reclassified to profit or loss)	(511,846,059)		(574,658,787)	
1. Readjustments of defined benefit obligations	(675,258,654)		(758,125,045)	
2. Deferred tax (not reclassified to profit or loss)	163,412,595		183,466,258	
Deferred income (reclassified to profit or loss)	(3,033,539,481)		889,967,156	
1. Gains/Losses on valuation of available-for-sale securities	(552,124,294)		(792,394,383)	
2. Gains/Losses on foreign operations translation	(2,649,316,145)		1,488,939,088	
3. Deferred tax (reclassified to profit or loss)	167,900,958		193,422,451	
IX. Total comprehensive profit income		46,280,641,708		49,711,646,806
X. Income attributable		49,826,027,248		49,396,338,437
1. Owners of the parent company	49,826,027,248		49,396,338,437	
2. Non-controlling interests	-		-	
XI. Total comprehensive income attributable		46,280,641,708		49,711,646,806
1. Owners of the parent company	46,280,641,708		49,711,646,806	
2. Non- controlling interests	-		-	
XII. Earnings per share				
1. Basic earnings per share	2,666		2,644	

# Consolidated statement of changes in Shareholders' equity

19th from 2016 January 1st to 2016 December 31st

18th 2015 January 1st to 2015 December 31st

Samsung Asset Management and its subsidiary companies

(Unit: Won)

Account	Capital Stock	Other contributed capital	Other capital Structure	Retained Earning	Attributable to Owners of parent company	Non-controlling interests	Total
January 1, 2015	93,430,000,000	6,967,728	(1,765,385,322)	143,118,147,561	234,789,729,967	-	234,789,729,967
Disposition of treasury stock	-	44,119,900	-	-	44,119,900	-	44,119,900
Business combinations	-	(435,611,836)	-	-	(435,611,836)	-	(435,611,836)
Total comprehensive profit							
Net income	-	-	-	49,396,338,437	49,396,338,437	-	49,396,338,437
Total comprehensive income	-	-	315,308,369	-	315,308,369	-	315,308,369
Readjustments of defined benefit obligations	-	-	(574,658,787)	-	(574,658,787)	-	(574,658,787)
Gains/Losses on valuation of available-for-sale securities	-	-	(598,971,932)	-	(598,971,932)	-	(598,971,932)
Gains/Losses on foreign operation translation	-	-	1,488,939,088	-	1,488,939,088	-	1,488,939,088
December 31, 2015	93,430,000,000	(384,524,208)	(1,450,076,953)	192,514,485,998	284,109,884,837	-	284,109,884,837
January 1, 2016	93,430,000,000	(384,524,208)	(1,450,076,953)	192,514,485,998	284,109,884,837	-	284,109,884,837
Total comprehensive profit							
Net income	-	-	-	49,826,027,248	49,826,027,248	-	49,826,027,248
Total comprehensive income	-	-	(3,545,385,540)	-	(3,545,385,540)	-	(3,545,385,540)
Readjustments of defined benefit obligations	-	-	(511,846,059)	-	(511,846,059)	-	(511,846,059)
Gains/Losses on valuation of available-for-sale securities	-	-	(384,223,336)	-	(384,223,336)	-	(384,223,336)
Gains/Losses on foreign operation translation	-	-	(2,649,316,145)	-	(2,649,316,145)	-	(2,649,316,145)
December 31, 2016	93,430,000,000	(384,524,208)	(4,995,462,493)	242,340,513,246	330,390,526,545	-	330,390,526,545

# Consolidated Statements of Cash Flows

19th from 2016 January 1st to 2016 December 31st  
18th 2015 January 1st to 2015 December 31st

Samsung Asset Management and its subsidiary companies

(Unit: Won)

Account	End of current year		End of previous year	
I. Cash flows from operating activities		(65,645,360,706)		20,861,258,817
1. Cash flows from operating activities	(49,627,863,448)		24,379,269,090	
Net income	49,826,027,248		49,396,338,437	
Loss on redemption of trading securities	95,006,433		93,028,431	
Loss on redemption of trading securities	-		17,974,664	
Reserves for impairment losses on available-for-sale securities	384,666,700		550,000,000	
Interest expenses	1,431,397,232		2,033,908,485	
Loss on foreign currency translation	177,244,267		46,849,789	
Retirement benefits	1,495,299,860		1,401,280,720	
Depreciation	943,340,874		1,578,647,687	
Loss on disposition of tangible assets	12,706,958		-	
Amortization of intangible assets	1,731,480,626		1,327,863,324	
Impairment loss on intangible assets	320,881,510		430,000,000	
Provisions for restoration	16,793,353		31,047,352	
Income tax expenses	20,182,606,133		18,127,806,897	
Gain on valuation of trading securities	(1,140,041,645)		(690,989,243)	
Gain on redemption of trading securities	(21,971,130)		-	
Gain on disposition of trading securities	(345,269,829)		(9,484,037)	
Interest income	(4,254,168,245)		(5,694,811,461)	
Gain on foreign currency translation	(36,818,442)		(28,448,477)	
Dividend income	(1,881,477,915)		(1,257,132,392)	
Gain on disposal of properties, plants and equipment	(12,627,075)		(7,797,500)	
Recovery of liability purchase	(657,713,680)		-	
Changes in operating assets and liabilities	(117,895,226,681)		(42,966,813,586)	
Increase in financial assets recognized as profits/ losses for the current term	(122,101,551,735)		(38,087,581,991)	
Increase (decrease) in loans and receivable asset	(61,941,774,254)		58,798,969,489	
Decrease in other assets	(762,148,543)		(187,248,218)	
Decrease in financial liabilities recognized as profits/losses for the current term	11,649,928,202		(22,833,744)	
Increase (decrease) in customers' deposits for beneficiaries	48,697,490,055		(67,038,538,832)	
Increase (decrease) in other financial liabilities	9,310,970,710		4,904,032,120	
Increase (decrease) in other liabilities	17,053,803		55,793,309	
Provision of retirement funds	(2,720,878,019)		(1,389,405,719)	
Net increase in pension plan assets	(44,316,900)		-	
2. Interest received	4,436,343,169		9,527,639,194	
3. Interest paid	(2,091,372,129)		(2,228,450,287)	
4. Dividend income	874,291,214		38,587,964	
5. Income tax paid	(19,236,759,512)		(10,855,787,144)	

# Consolidated Statements of Cash Flows

19th from 2016 January 1st to 2016 December 31st  
18th 2015 January 1st to 2015 December 31st

Samsung Asset Management and its subsidiary companies

(Unit: Won)

Account	End of current year	End of previous year
II. Cash flow from investing activities	27,427,885,529	(9,041,794,179)
1. Cash income from investing activities	165,882,085,215	151,065,391,287
Decrease in term deposits	111,892,221,561	149,003,000,000
Decrease in loans and receivables	831,421,328	883,103,787
Decrease in deposits	9,865,609,939	30,000,000
Disposal of available-for-sale financial assets	36,979,083,527	-
Decrease in held-to-maturity financial assets	6,164,037,948	1,131,490,000
Disposal of property	24,140,912	7,797,500
Disposal of intangible assets	125,570,000	10,000,000
2. Cash outflows from investing activities	(138,454,199,686)	(160,107,185,466)
Increase in term deposits	(74,178,265,636)	(58,013,507,089)
Increase in loans and receivables	(1,290,000,000)	(1,282,365,614)
Increase in deposits	(4,349,051,526)	(40,313,365)
Acquisition of marketable financial assets	(41,130,654,829)	(53,193,880,135)
Acquisition of held-to-maturity financial assets	(9,909,987,362)	-
Net cash outflows from the investments in subsidiaries	-	(45,277,465,383)
Acquisition of property	(4,916,727,752)	(281,235,263)
Acquisition of intangible assets	(2,679,512,581)	(2,018,418,617)
III. Cash flows from financial activities	36,246,713,448	11,245,363,646
1. Cash inflow from financial activities	36,246,713,448	11,259,822,588
Disposal of treasury stocks	-	48,160,457
Increase in other financial liabilities	36,246,713,448	696,962,131
Capital increase of subsidiaries	-	10,514,700,000
2. Cash outflows from financial activities	-	(14,458,942)
Payment of cash dividends	-	(14,458,942)
IV. Net increase (decrease) in cash and cash equivalents (I + II + III)	(1,970,761,729)	23,064,828,284
V. Cash and cash equivalents, beginning of year	39,308,734,257	16,081,987,459
VII. Effect of exchange rate changes on cash and cash equivalents in foreign currencies	4,499,133	161,918,514
VIII. Cash and cash equivalents, end of year	37,342,471,661	39,308,734,257

# Chronology

## 1998-1999

1998. 09 Samsung Life Trust Management established  
(Paid-in capital of KRW 30 billion)
1999. 12 Old Samsung Life Trust Management merger  
(Paid-in capital KRW 63.2 billion, KRW 18.9 trillion in trust)

## 2000-2002

2000. 03 Recapitalization of KRW 30 billion  
(paid-in capital KRW 93.2 billion)  
Changed the name from Samsung Life Trust Management  
to Samsung Trust Management
2001. 11 Pension fund investment pool weekly management firms  
designated
2002. 10 KODEX 200 ETF listed on the Korean Stock Exchange

## 2003-2005

2004. 12 Managed asset surpasses KRW 60 trillion
2005. 04 ABF fund set up (designated as the management firm in  
Korea for Asia Bond Fund)
2005. 11 Reselected as the Pension fund investment pool weekly  
management firm

## 2006-2007

2006. 01 Enacted the Samsung Trust Management brand slogan  
(Stay Ahead)
2007. 11 Establishment of Hong Kong local corporation  
KODEX 200 ETF listed in the Japan Tokyo Stock Exchange

## 2008-2009

2008. 04 Established Singapore local corporation
2009. 09 KODEX Inverse ETF listed in the Korean Stock Exchange  
Designated by Nomura Asset Management as consigned  
Korean fund management firm
2009. 11 Reselected as the Pension fund investment pool weekly  
management firm

## 2010

2010. 02 KODEX leverage ETF listed in Korean Stock Exchange
2010. 04 Changed the name from Samsung Trust Management to  
Samsung Asset Management
2010. 11 Designated by Japan Niko Fund as consigned Korean  
fund management firm
2010. 12 Designated by Korean Investment Corporation(KIC) as  
asset management firm

## 2011

2011. 05 Nominated by Asian Investor magazine as Korea's best  
management firm

## 2012

2012. 04 Listed on KODEX MSCI Korea ETF for the first time in Korea

## 2013

2013. 08 KODEX Samsung Group stock listed in the Japan Tokyo  
Stock Exchange
2013. 10 Reselected as the Pension fund investment pool weekly  
management firm
2013. 12 Achieved KRW 127.4 trillion in managed assets  
at the end of December

## 2014

2014. 03 Designated as the foreign stock consigned  
management firm for National Pension  
Research Center established in Shanghai, China
2014. 10

## 2015

2015. 02 Acquisition of a local corporation in New York  
Hong Kong's first gift ETF "KODEX HSI Futures ETF /  
KODEX HSI Futures RMB FX ETF" listed in the Hong Kong  
Stock Exchange
2015. 04 Signed a strategic alliance with Indian Reliance Capital
2015. 07 Designated by the Ministry of Labor for industrial funds  
weekly management firm
2015. 10 Signed a strategic alliance with US Capital Group
2015. 11 Signed a strategic alliance with Chinese Fund for entry  
into the Chinese ETF market
2015. 12 Management asset reached KRW 200 trillion  
Acquisition of London subsidiary in Samsung Life  
Insurance2016

## 2016

2016. 04 Launched Samsung Korean Target Date Fund with the  
US Capital Group
- Signed a strategic alliance with the European EDR(Edmond  
de Rothschild) Group
- First to list crude oil futures in the ETF at the Hong Kong  
stock market
2016. 06 First to list 4 leverage inverse ETF sets at the Hong Kong  
stock market
2016. 08 Moved company location (Seoul Junggu Taepyeongro  
→ Seochogu Seochodaero Samsung Electronics Seocho  
Building)
2016. 10 Consulting company established in Beijing, China

## 2017

2017. 01 Divided up subsidiary companies (Samsung Active Asset  
Management, Samsung Hedge Asset Management)
2017. 05 Samsung Korean RIF is launched with US Capital Group

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**SAMSUNG  
ASSET MANAGEMENT**

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