

Investment Objective and Strategy

Weiss Korea Opportunity Fund ("WKOF") seeks to provide shareholders with an attractive return on their investment primarily through long-term capital appreciation, investing largely in listed preferred shares issued by South Korean companies. In many cases, these listed preferred shares trade at a discount to the corresponding common shares of the same issuers. Unlike many preferred stocks throughout the world, while the listed preferred shares targeted by WKOF are called "preferred," they are generally more similar to non-voting common shares; they may not have any preference in liquidation and typically do not have a fixed dividend—rates typically grow with economic growth in the underlying issuer. As a result, the preferred shares' price-to-earnings ratios are substantially lower and the dividend yields are higher than their respective common shares. While WKOF invests primarily in these preferred shares, it may invest some portion of its assets in cash and other securities, including exchange-traded funds, futures contracts, and other securities.

The vast majority of the Company's return since inception is attributable to the discount narrowing of preferred shares held. Larger discount Korean preferred shares in general are often less liquid than smaller discount Korean preferred shares, but the Investment Manager believes that it is currently in the interest of shareholders to trade off liquidity for what we believe to be a portfolio with higher expected returns. The Investment Manager plans to rebalance the Company's portfolio, over time, toward preferred shares trading at larger discounts, consistent with its view on the most attractive portfolio.

Important Disclosures

All investments involve risks, including possible loss of principal. Investing in international and emerging markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. In addition, single-country and sector funds may be subject to a higher degree of market risk than diversified funds because of concentration in a specific industry, sector or geographic region. Please see WKOF's Admission Document for a more complete discussion of the investment objective, strategy and risks associated with WKOF.

Net Asset Value (NAV) performance is not linked to share price performance, and shareholders may realise individual returns that are lower or higher than the performance of NAV. The annual investment management charge and other charges are deducted from capital.

Performance and NAV data for WKOF are estimates, based on unaudited valuations. Final performance and NAV based on audited data may differ materially from that presented herein. While the information contained herein has been prepared in good faith from sources believed to be reliable, no representations, warranties or undertakings (express or implied) are given as to, or in relation to, the accuracy, reliability or completeness of the information contained herein, and all liability therefore is expressly disclaimed.

Given the continuing political tensions in Asia, the Manager, after consulting with the Board of Directors, caused the Company to implement a general hedging strategy with the goal of reducing overall market risk in the portfolio. This strategy has generally included the purchase of credit default swaps on the sovereign debt of South Korea and/or put options on the iShares MSCI South Korea index, but the composition of the hedges and the notional value of protection held by the Company has changed and will continue to change over time. Moreover, there is no requirement or representation that the Company will be hedged at all times or adequately hedged at any particular time. The composition of hedges held by the Company as of the dates of the financial statements will be disclosed in the semi-annual and annual financial reports.

Performance Analysis

	Since Inception ⁹	Past Month	Trailing 12-Month Period
WKOF NAV/Share (Reinvested Dividends) ^{2, 10}	118.0%	9.0%	33.7%
WKOF NAV/Share (w/o Reinvested Dividends) ^{2, 10}	112.1%	9.0%	33.0%
MSCI South Korea Index ^{1, 10}	48.5%	3.9%	12.8%

Top 10 Holdings¹¹

	Bloomberg Ticker	% of NAV
Samsung Electronics Co., Ltd., Pfd.	005935 KS	13%
LG Chem Ltd., Pfd.	051915 KS	13%
LG Electronics Inc., Pfd.	066575 KS	8%
Samsung Electro-Mechanics Co., Ltd., Pfd.	009155 KS	6%
Hyundai Motor Company, 1st Pfd.	005385 KS	6%
CJ CheilJedang Corp, Pfd.	097955 KS	6%
Mirae Asset Daewoo Co., Ltd., 2nd Pfd.	00680K KS	4%
Hyundai Motor Company, 2nd Pfd.	005387 KS	4%
LG Household & Health Care Ltd., Pfd.	051905 KS	4%
Kumho Petro Chemical Co., Ltd., Pfd.	011785 KS	3%
Top 10 Holdings Summary		66%

Fund Information

Bloomberg Ticker	WKOF LN
Inception	14 May 2013
Benchmark ¹	MSCI South Korea Index
Net Assets ²	£ 153,041,789
NAV/Share ²	£ 1.8751
Closing Share Price	£ 1.8500
Premium/(Discount) to NAV	(1.3%)
Number of Positions ³	45
Total Expense Ratio (TER) ⁴	1.87%

Statistics of Preferred Share Holdings

Portfolio Discount ^{5, 12}	47.7%
Weighted Average Discount of Preferred Shares Held ^{6, 12}	46.7%
Trailing Net Dividend Yield of Preferred Shares Held ⁷	2.1%
Average Trailing 12-Month P/E Ratio of Preferred Shares Held ⁸	8.7x

Dealing Information

Listed	AIM
ISIN	GG00B933LL68
SEDOL	B933LL6

Advisors & Contact Information

Investment Manager	Weiss Asset Management LP
Broker & Nominated Advisor	Nplus1 Singer Advisory LLP T: (44) 20 7496 3000
Fund Administrator	Northern Trust International Fund Administration Services (Guernsey) Limited
Auditor	KPMG Channel Islands Limited
Website	www.weisskoreaopportunityfund.com

References

- MSCI Korea 25/50 Net Total Return Index, denominated in British pounds sterling.
- As noted in the Admission Document, dividends from Korean preferred shares are not accounted for or accrued in the NAV until dividends are received by the Company. Recent changes to dividend policies of certain companies owned by the fund, such as increasing dividend levels or more frequent dividend payouts, may make it more difficult to accurately estimate dividend amounts in a given period prior to that dividend being received by the Company. As a result of the foregoing, the NAV published above may not reflect all income contractually due to the Company as at the stated NAV date. Please refer to the Admission Document for more information regarding the announcement and payment of Korean dividends.
- Number of Positions does not include credit default swaps or options held by the portfolio for hedging purposes.
- The annualised total expense ratio was 1.87% for the period ended 30 June 2020, as stated on the Unaudited Half-Yearly Financial Report. The annualised total expense ratio includes charges paid to the Investment Manager and other expenses divided by the average NAV for the period.
- Represents the discount of WKOF's actual NAV to the value of what the NAV would be if WKOF held the respective common shares of issuers rather than preferred shares on a one-to-one basis.
- Weighted Average Discount of Preferred Shares Held is the average discount of the last traded price of the preferred shares held by WKOF to the last traded price of the respective common shares of the same issuer, weighted by the market value of each investment on the report date.
- Trailing Net Dividend Yield of Preferred Shares Held represents the weighted average dividend yield of the preferred shares owned by WKOF over the 12-month period ending on the report date as reported by Bloomberg, after accounting for Korean taxes applicable to WKOF, and weighted by the market value of each investment on the report date. This figure does not estimate or forecast future dividend payments on WKOF's investments.
- The Average Trailing 12-Month P/E Ratio of Preferred Shares Held is based on the consolidated diluted earnings per share over the trailing 12-month period as reported by Bloomberg, and is calculated as the total market value of WKOF's preferred share portfolio on the report date divided by the total earnings allocable to WKOF based on WKOF's holdings on the report date. Investments with negative reported earnings are excluded.
- Since inception of Weiss Korea Opportunity Fund on 14 May 2013, the WKOF return since inception is calculated on the basis of the Initial Net Asset Value per Ordinary Share.
- MSCI total return indices are calculated as if any dividends paid by constituents are reinvested at their respective closing prices on the ex date of the distribution. For WKOF NAV/Share (Reinvested Dividends) this return includes all dividends paid to WKOF's Shareholders and assumes that these dividends were reinvested in WKOF's Shares at the next date for which WKOF reports a NAV, at the NAV for that date. For WKOF NAV/Share (w/o Reinvested Dividends) WKOF's performance figures include such distributions, but the distributions are not assumed to be reinvested in WKOF when calculating WKOF's performance.
- Top 10 Holdings is calculated using the market value of all holdings including portfolio hedges.
- In prior Monthly Reports we reported only the Weighted Average Discount of Preferred Shares Held. However, we believe that the Portfolio Discount is a more appropriate metric for evaluating WKOF over time, as the Weighted Average Discount can move in potentially misleading ways under extreme circumstances. As a result, we intend to discontinue publishing the Weighted Average Discount and report only the Portfolio Discount in the future.