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KOREA: CAPITAL & REGULATION · JAPAN & KOREA ALLOCATOR INTELLIGENCE #004

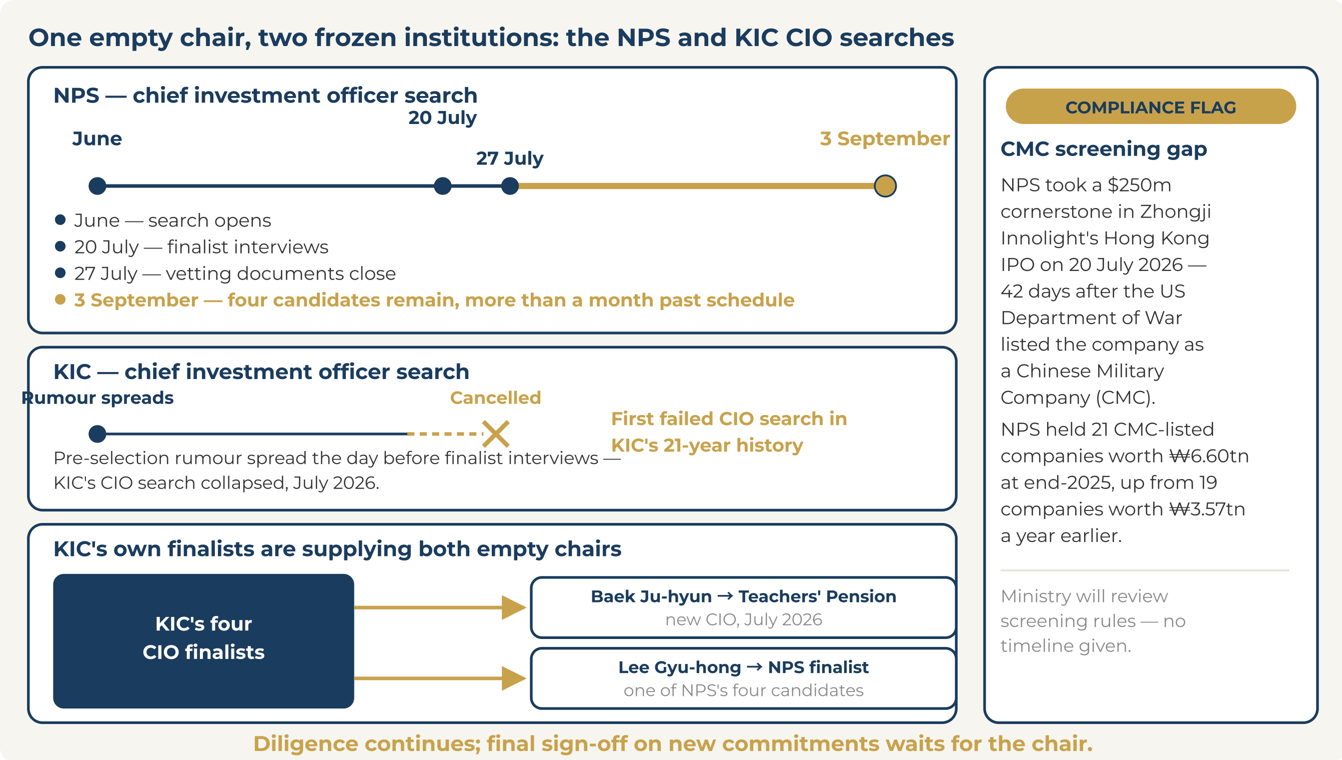
NPS and KIC: One Empty Chair, Two Frozen Institutions

Korea's two largest outbound allocators are both without a chief investment officer. Diligence continues, but nothing new gets signed, so a Q3 close is now a Q4 close.

NPS's fund-management chief is the single sign-off point for new large alternatives commitments. The seat has sat empty more than a month past schedule. Four candidates remain shortlisted as of 3 September, after a process that opened in June, ran finalist interviews on 20 July and closed vetting documents on 27 July.

KIC's own recent history shows these gaps can run far longer than a month. Its CIO search collapsed in July 2026 after a pre-selection rumour spread the day before finalist interviews — the first failed CIO recruitment in KIC's 21-year history. Two of KIC's four finalists explain why: Baek Ju-hyun left to become Teachers' Pension's new CIO in July, and Lee Gyu-hong is now one of NPS's four finalists. Korea's two largest sovereign-scale institutions draw candidates from the same small, shrinking pool.

The same week, NPS's supervising ministry admitted, for the first time, a real geopolitical-screening gap. NPS took part in a $250m cornerstone tranche in the Hong Kong IPO of Zhongji Innolight, a Chinese optical-component maker, on 20 July 2026. That was 42 days after the US Department of War added the company to its Chinese Military Company (CMC) blacklist. It sits on top of an existing, disclosed position: NPS's foreign-equity holdings included 21 CMC-listed companies worth ₩6.60tn at end-2025, up from 19 companies worth ₩3.57tn a year earlier. After a National Assembly request, the Health Minister said the ministry would review the fund's investment principles on this point, but gave no timeline.



NPS still has four unnamed CIO finalists as of 3 September, more than a month past schedule; KIC's own search collapsed in July, the first failed CIO recruitment in its 21-year history, and two of its finalists have since resurfaced — one now leads Teachers' Pension, the other is one of NPS's four. NPS's $250m stake in Zhongji Innolight's Hong Kong IPO landed 42 days after Washington blacklisted the company, on top of ₩6.60tn already held in Chinese Military Company-listed stock.

Market Entry Implication: Read both stories as one mechanism. Nothing structurally new — a fund commitment or a compliance rule — gets approved until the CIO chair is filled, and once it is, a screening rule likely follows. GPs mid-diligence with NPS should build a Q4-not-Q3 close into their models. China-adjacent managers should have a one-page CMC / US Entity List screening summary ready for Korean allocators generally, since other Korean funds may adopt similar language once NPS moves first.

Which GPs Have Opportunities:

GP profile	Why this fits	What they'd need
Global direct-lending managers already in NPS's approved-manager roster, mid-diligence on a follow-on vintage	Diligence work can continue, but final sign-off needs the CIO chair filled — a Q3 close realistically becomes Q4	A funding forecast built around Q4, not Q3, and patience rather than reading a quiet month as a rejection
China-adjacent private equity, credit or infrastructure GPs with China-domiciled or China-supply-chain portfolio exposure	These are the GPs most likely to be asked, once a CMC-screening rule exists, to prove none of their portfolio touches the entity list	A documented, refreshed screening process ready to hand over in a DDQ or side letter
Korea-focused credit and secondaries GPs targeting Teachers' Pension, GEPS or the mutual-aid associations rather than NPS or KIC directly	Both of Korea's largest outbound allocators are in leadership limbo at once, so near-term momentum sits with the second tier	An existing relationship or credible pitch to Teachers' Pension (now under new CIO Baek Ju-hyun) or a similar fund, rather than waiting for NPS/KIC silence to break

Sources: note 4.

Sources

[4] NPS and KIC: One Empty Chair, Two Frozen Institutions.
- NPS CIO selection drags past a month as cabinet reshuffle crowds the vetting queue — 파이낸셜뉴스
- Korea Health Ministry concedes NPS China-military-company exposure weighs on screening — 머니투데이

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