Japan & Korea Allocator Intelligence

Weekly GP Intelligence

Edition **#004** Covering **2026-08-31 to 2026-09-07** Article **8** of 11

CAPITAL FLOW SNAPSHOT · JAPAN & KOREA ALLOCATOR INTELLIGENCE #004

Capital Flow Snapshot

This table separates each headline number of the week from the part of it a GP could actually be allocated, and says what to do about the difference.

Metric	Headline	What is actually deployable	Source	GP Implication
Korea's new "strategic sovereign wealth fund" inside KIC	₩20.5tn+α	₩500bn (2.4%) in cash, from the new Future Response Fund. The rest is contributed public-institution equity and in-kind tax stock, which KIC cannot deploy	MoneyToday	No live mandate today. The cash slice is the only part that could seed co-investments, and not before 2027; build the relationship, do not pitch a fund yet
Structure of that account	Temasek-style, firewalled Strategic Investment Account inside KIC, targeting AI, robotics, semiconductors, defence, bio, energy, space, quantum and data centres, operational from 2027	Nothing yet. The enabling law is still moving through the National Assembly	Herald Business	Pre-position now. The first mandates will be sector-specific, so lead with a named sector strategy rather than a generalist fund
Korea's FSC 2027 budget	₩9.2417tn, up 98.7%, including a ₩1tn National Growth Fund line	₩1tn of public "priming" money through the existing KDB-run process. In the 2026 round ₩1.95tn of public money drew ₩5.5tn+ of private capital	Financial News	Eligibility is AUM of ₩1tn or more. The 2027 solicitation is not yet announced; prepare the KDB application and a Korean co-GP now

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Korea's "chip-windfall" Future Response Fund	₩162.3tn	₩45.4tn of real spending. 72% of the headline (₩104.4tn reserve plus ₩12.5tn bond-issuance offset) never becomes spending; the real part is domestic social and industrial policy, and up to 30% of its line items can shift without a new National Assembly vote	korea.kr / Seoul Economic Daily	Not an LP pool. Watch only the slice routed to KIC's account (row 1)
Korean institutions' foreign-securities holdings	Record $549.68bn, up 9.3% on the quarter	Asset managers drove 96% of the increase, chasing equity gains. Insurers — Korea's core private-credit LP channel — shrank their foreign book 1.1% over the same period	Financial News / Yonhap	Do not read the headline as fresh institutional appetite. Insurer demand for offshore private assets is flat to down
Japan's share of ASPAC PE investment	$23.3bn of $67.9bn regional H1 2026 total	Deal capital, not LP capital. Regional fundraising nearly halved year on year to $15.8bn from $30.9bn, into fewer, larger funds; the report gives no Korea fundraising figure	KPMG	Deals up, LP cheques down: a Japanese or Korean LP still writing cheques has pricing power on terms, co-invest and fees
Korea's FX reserves	$442.28bn end-August, up $14.33bn — the largest monthly rise on record	Reserves, not investable capital. Read as a signal of won strength and of the central bank's room for manoeuvre	Financial News	A firmer won marks down unhedged dollar assets in won terms, so Korean allocators, like Japanese ones, will re-underwrite offshore books on a hedged, spread-over-domestic-yield basis before adding to them

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