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KOREA: CAPITAL & REGULATION · JAPAN & KOREA ALLOCATOR INTELLIGENCE #005

KIC Explores Selling More Than \$1bn of PE Fund Stakes — Recycling, Not Retreat

Korea's sovereign fund is exploring a secondary-market sale of about 6% of its PE book. It sits below its last stated alternatives goal, so on the evidence so far this is not a forced sale. For secondaries buyers it is a named seller with a named adviser. For primary funds, it means a new commitment to KIC must now beat something KIC already owns.

KIC is exploring a sale of PE investments worth more than \$1bn, with PJT Partners advising. Korean press confirms these are LP interests in other managers' funds, put at more than \$1bn, or about ₩1.4tn. Talks are at an early stage, and the assets, structure and size could all change. KIC has not disclosed the funds, managers, price or buyers.

Measure it against the balance sheet. KIC managed \$232.0bn at end-2025, with 21.9% (\$50.8bn) in alternatives and 7.6% in private equity. By end-May 2026 it managed \$244.1bn with 21.5% in alternatives. The sale is therefore about 2% of alternatives and roughly 6% of the PE book. That makes it pruning, not an exit.

It is not a denominator fix either (selling private assets because falling public markets pushed their share over target). KIC's former chief executive set a goal of about 25% in alternatives by 2025. KIC sat about three points below that at end-2025 and drifted lower by May, so on the evidence so far it is selling while underweight. Nor is the sale likely to fund the new Strategic Investment Account. The government plans to keep that account strictly separate from the reserve book that holds these stakes. It will be capitalised mainly with about ₩20tn of state-held shares contributed in kind.

The better reading is recycling. KIC is moving from fixed asset-class weights to a total portfolio approach (TPA), in which every investment competes for the same capital on its effect on the whole portfolio. It launched a TPA pilot fund in July. Buyers are pricing LP-led buyout interests at around 90% of NAV, and older tail-end funds near 70%. So KIC can sell existing positions at a modest discount and redeploy into whatever wins under TPA. Singapore's GIC hired the same adviser for a similar sale of about \$1bn of PE fund interests. KIC's PE head has said its programme favours mid-cap deals over large-cap.

Sign-off remains a constraint. KIC's first 2026 CIO search ended without an appointment. It reopened the search on 24 August, with applications due by 7 September. Incumbent CIO Lee Hoon continues until a successor is named.

Market Entry Implication: Korea's sovereign fund is behaving like a large global LP: it uses the secondary market as a routine allocation tool. Japan's big allocators are adding capital; KIC is rotating it. For a secondaries buyer that is an opening. For a primary PE fund, the bar has moved from "does KIC want more PE" to "is your fund better than what KIC already holds", judged on cash returned.

Which GPs Have Opportunities:

GP profile	Why this fits	What they'd need
Diversified LP-led secondaries buyers writing large tickets	A named sovereign seller, a named adviser, and \$90bn of LP-led dry powder in the market	Standing with PJT's private capital advisory team, fast pricing of a multi-manager buyout book, and comfort with deferred payment
Tail-end and strip specialists	The portfolio may be split; tail-end funds trade near 70% of NAV	Fast underwriting of older funds and willingness to take a strip
GPs whose funds have KIC as an LP	Their funds may be in the sale	A ready transfer and consent process and a list of preferred replacement LPs
Mid-cap buyout GPs with strong DPI (cash actually returned to LPs, as a multiple of paid-in capital)	KIC's PE head backs mid-cap, and recycled capital is likelier to go to funds that return cash	Realised DPI evidence and a TPA-style case for the fund's effect on KIC's whole portfolio

Recommended Actions: Secondaries buyers should contact PJT's private capital advisory team by mid-October to get on the buyer list; the process is still early. GPs with KIC in their LP base should check transfer, consent and right-of-first-refusal terms now. Primary PE funds should reframe the pitch before ASK 2026 on 28 October from "add to PE" to "better than what you hold".

Sources: note 5.

Sources

[5] KIC Puts More Than \$1bn of Old PE Fund Stakes Up for Sale.

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- [Management status — KIC](#)
- [KIC 국회 보고 — 매일경제 via Nate](#)
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- [Secondary Market Review H1 2026 — Evercore \(PDF\)](#)
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