

March 14, 2017

Portfolio Managers' View on South Korean President Park Geun-hye's Impeachment

On March 10, 2017, South Korea's Constitutional Court ruled to uphold Congress's impeachment vote for President Park Geun-hye. As a result, an election for a new president will be held within the next 60 days; likely on May 9, 2017.

The front runner is Mr. Moon Jae In, who was previously the opposition leader in the Minjoo Party and is perceived to be anti-chaebol and less hawkish towards North Korea. Mr. Moon is leading in current polls with about 30% support rating, with the runner-ups at below 20% levels.

Regarding the THAAD anti-missile system, Mr. Moon has mentioned that the next government should have the final say through ratification by the Congress. Thus, his comments have fueled optimism for improving relationship with China. However, we maintain a more cautious stance, given the reversal of THAAD would damage relations with the United States. Furthermore, a reversal decision is unlikely to pass Congress, given other major parties such as Liberty Korea Party, Barun Party, and People's Party all support THAAD deployment.

On the economic front, Mr. Moon has advocated better corporate governance, and less concentration of economic power from chaebols. However, these policies have proven difficult to implement in the past, and we hope to see further concrete measures from Mr. Moon once he formally launches his election campaign.

Fund Managers



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