

Equity Strategy

[July] Look beyond the volatility

Structurally higher volatility

Volatility in the domestic equity market has increased sharply. In June, the KOSPI edged down 1% but traded within a wide range (reaching a high of 9,386 and a low of 7,394), while the KOSDAQ fell 14%. This largely reflects the impact of leveraged ETF-driven concentration in semiconductor stocks. As of Jun. 24, Samsung Electronics (SEC) and SK Hynix together accounted for around 60% of the KOSPI's market cap. Meanwhile, the KOSPI's average advance/decline ratio for June fell to 59%, indicating that declining stocks outnumbered advancing ones.

As domestic and global ETF markets continue to grow rapidly, the growing influence of leveraged ETFs is driving structurally higher market volatility. Across the US and Asia, the total net assets of leveraged ETFs have soared 82% YoY to US\$249bn. In Korea, the single-stock leveraged ETF market has grown rapidly since its launch, with net assets exceeding W40tr and average daily trading value reaching roughly W13tr since mid-June.

Share price direction ultimately hinges on earnings

While leveraged ETFs have amplified volatility, the underlying direction of stock prices is still driven by earnings. Indeed, the semiconductor rally has been rooted in earnings. At the same time, the heavy concentration in semiconductors has created opportunities elsewhere, with many non-semiconductor stocks trading at attractive levels relative to their fundamentals ahead of the 2Q earnings season.

The KOSPI's aggregate 2Q26 operating profit is expected to reach a record W225tr (+253% YoY), including W159tr (+54% QoQ) from semiconductors and W65.5tr (+36% YoY) from non-semiconductor sectors. Non-semiconductor earnings should improve for the fourth straight quarter, following negative growth in 2Q25. As in 1Q26, consensus estimates appear relatively reliable, and recent earnings revisions have been positive.

Excluding SEC and SK Hynix, the KOSPI's 12-month forward P/E stands at 9.4x (vs. 10-year average of 10.3x), down 28% from this year's peak, while its P/B has also fallen from 1.4x to 1.2x. Considering the earnings outlook, we believe the valuation appeal of non-semiconductor KOSPI stocks has meaningfully improved.

Potential policy tailwinds for the KOSDAQ

Despite this year's shift of household assets into equities, the KOSDAQ has been largely left behind. Given the nature of retirement pension and individual pension assets, flows have been concentrated in ETFs tracking blue-chip companies. In 2Q26, retail investors net bought W13.3tr in semiconductor ETFs while net selling W0.7tr worth of KOSDAQ ETFs.

Among KOSDAQ-related policy initiatives, we are particularly focused on the proposed tier system, which could pave the way for ETFs focused on high-quality KOSDAQ stocks and thereby improve liquidity and investor flows. It could also broaden access to long-term capital from sources such as pension funds and the National Growth Fund. To identify likely beneficiaries of the proposed tier system, we screened KOSDAQ companies based on profitability, free-float market cap, shareholders' equity, and trading value.

July: Semiconductors, hardware, securities, shipbuilding, cosmetics, retail, and games

We expect positive momentum in the Korean equity market to continue in July, supported by earnings expectations and attractive valuations. We continue to favor market leaders such as semiconductor stocks and other large caps. The KOSDAQ also warrants attention given recent pullbacks and the supportive policy backdrop. Our preferred sectors are semiconductors, IT hardware, securities, shipbuilding, cosmetics, retail, and games, all of which continue to exhibit strong earnings momentum.

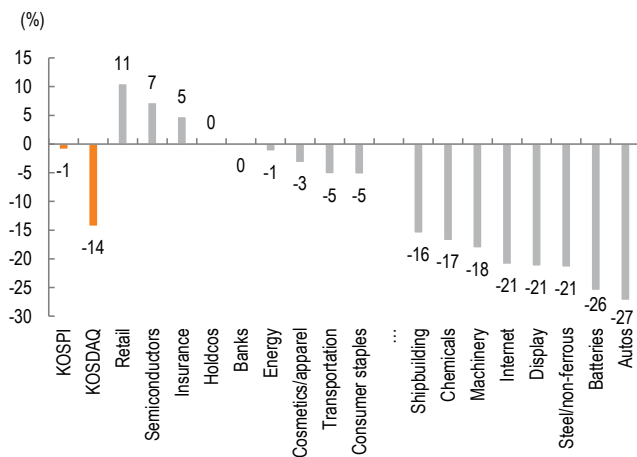
The flip side of semiconductor concentration

Volatility in the domestic equity market has increased sharply, with circuit breakers triggered three times in June. The KOSPI edged down 1% in the month but swung between a high of 9,386 and a low of 7,394, while the KOSDAQ dropped 14%. Out of 26 sectors, 22 posted negative returns, with retail, semiconductors, insurance, and holding companies ending the month in positive territory.

This volatility mainly reflects the impact of concentration in semiconductor stocks driven by leveraged ETFs. The cross-sector return dispersion, measured by the standard deviation of sector returns, reached a record 56% on Jun. 4. The combined weight of SEC and SK Hynix within the KOSPI has risen from 49% at end-May to 56%. Including SK Square, Samsung C&T, Samsung Life, and Samsung Electro-Mechanics (SEMCO) pushes that figure above 64%.

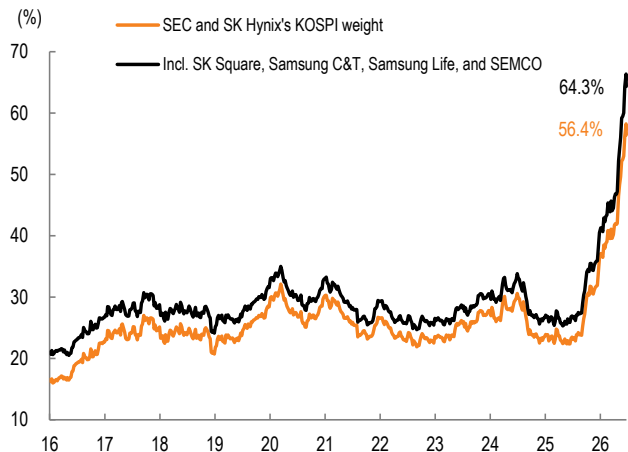
As we argued in our 2H26 outlook report ("Ready for a re-rating"), market leadership by semiconductors and IT hardware, along with the outperformance of large-cap stocks, is likely to continue in 2H26. Semiconductors remain the primary driver of earnings growth for the KOSPI, and semiconductor valuations remain the most attractive relative to earnings growth among major sectors. That said, the strong concentration in semiconductors has given rise to attractive entry points elsewhere. Ahead of the 2Q earnings season, we believe investors should reassess companies with positive earnings momentum, while also paying attention to the KOSDAQ, which has significantly underperformed the KOSPI for an extended period.

Figure 1. Returns by sector in June (as of Jun. 29)



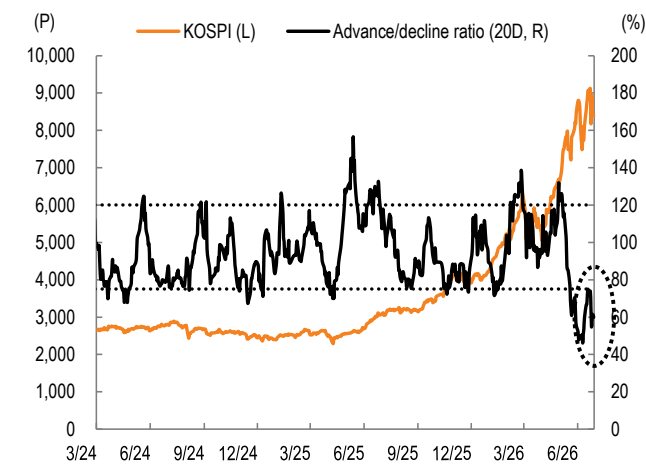
Source: FnGuide, Mirae Asset Securities Research

Figure 2. SEC and SK Hynix account for 56% of the KOSPI's market cap



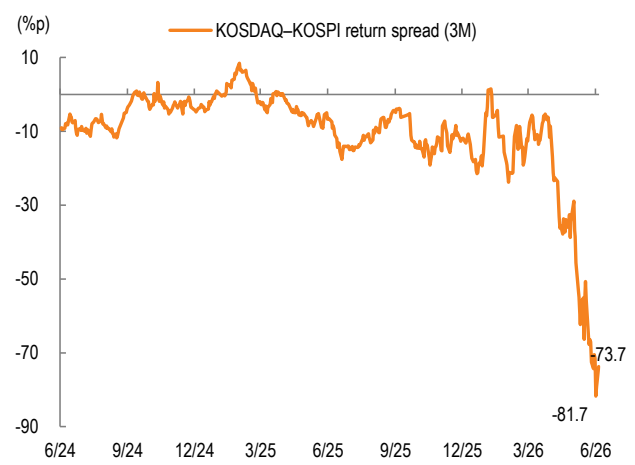
Source: FnGuide, Mirae Asset Securities Research

Figure 3. KOSPI's advance/decline ratio



Source: FnGuide, Mirae Asset Securities Research

Figure 4. Widening KOSDAQ-KOSPI return gap



Source: FnGuide, Mirae Asset Securities Research

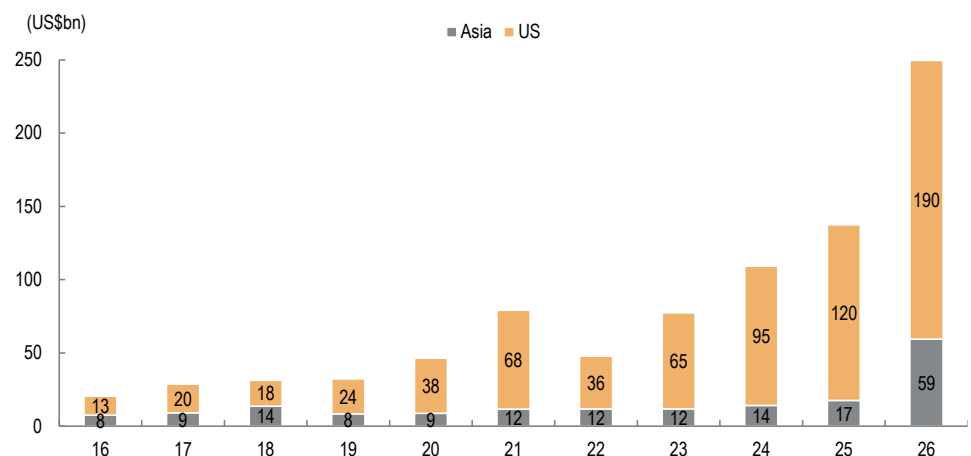
Structurally higher volatility

Growing influence of leveraged ETFs

The leveraged ETF market has grown significantly. Across the US and Asia, the total net assets of leveraged ETFs have soared 82% YoY to US\$249bn. In Korea, the launch of single-stock leveraged ETFs linked to SEC and SK Hynix in late May accelerated the growth of the broader leveraged ETF market, with total net assets rising sharply from W9tr last year to W41tr.

Since the SEC and SK Hynix leveraged ETFs were listed on May 27, cumulative net buying by retail investors has reached roughly W11tr. Average daily trading value has also climbed to around W13tr since mid-June, equivalent to about one-quarter of the KOSPI's average daily trading value of around W50tr. Since their launch, semiconductor-related ETFs alone have attracted roughly W8tr, even as overall inflows into domestic equity ETFs have remained limited.

Figure 5. Net assets of leveraged ETFs in the US and Asia



Notes: Inverse ETFs excluded; inverse ETF net assets stand at US\$14bn in the US and US\$4.8bn in Asia

Source: Bloomberg, Mirae Asset Securities Research

As flows have become concentrated in semiconductor ETFs and leveraged ETFs, the spillover effects of sharp moves in individual stocks have increased significantly. Indeed, if a large-cap semiconductor stock falls sharply, ETFs holding the stock are forced to sell it, creating additional downward pressure on other constituents of those ETFs. Selling pressure is further amplified through rebalancing by single-stock and index leveraged ETFs. Moreover, selling pressure can also feed back into the domestic market through overseas-listed ETFs.

Investors will need to adapt to an equity market environment marked by structurally higher volatility. Amid rapid growth in ETF markets at home and abroad, the influence of leveraged ETFs has also increased, creating an environment in which price swings are likely to become larger than in the past.

Table 1. Est. short gamma exposure of major tech stocks

Underlying stock	Short gamma per 1% price move (US\$m)			Est. forced selling if share price falls (US\$m/Wtr)	
	Single-stock ETFs	Index/sector ETFs	Total	5% decline	10% decline
Nvidia	-107	-431	-538	-2,688 / -4.13	-5,376 / -8.25
Micron	-167	-326	-493	-2,465 / -3.78	-4,929 / -7.57
SK Hynix	-359	-85	-444	-2,221 / -3.41	-4,442 / -6.82
AMD	-33	-247	-280	-1,402 / -2.15	-2,803 / -4.30
Broadcom	-6	-217	-224	-1,118 / -1.72	-2,235 / -3.43
SEC	-145	-70	-215	-1,077 / -1.65	-2,154 / -3.31
Intel	-18	-197	-215	-1,073 / -1.65	-2,146 / -3.29
Applied Materials	-1	-153	-153	-767 / -1.18	-1,534 / -2.35
Marvell	-26	-124	-150	-751 / -1.15	-1,502 / -2.31
Lam Research	-1	-145	-146	-732 / -1.12	-1,464 / -2.25
KLA	-0	-128	-129	-643 / -0.99	-1,287 / -1.98
Texas Instruments	-0	-105	-105	-525 / -0.81	-1,050 / -1.61
Qualcomm	-4	-83	-87	-437 / -0.67	-874 / -1.34
Arm	-2	-33	-35	-176 / -0.27	-351 / -0.54

Notes: Single-stock ETFs include leveraged/inverse ETFs; for index/sector ETFs, gamma exposure is allocated according to each company's weighting; USD/KRW assumption is 1,535

Source: Mirae Asset Securities Research

Share price direction ultimately hinges on earnings

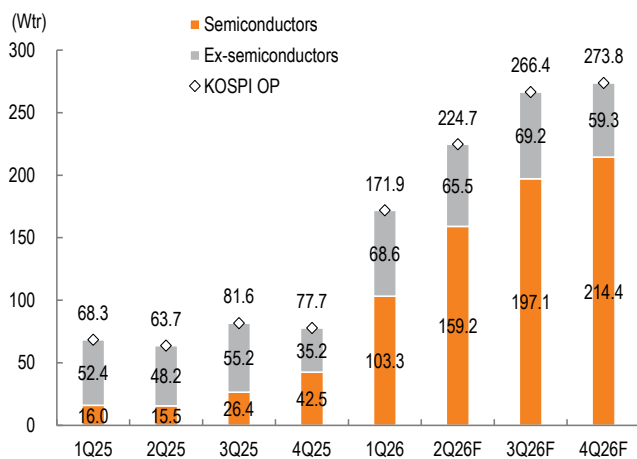
Concentration creates opportunities ahead of 2Q earnings season

While leveraged ETFs have amplified volatility, the underlying direction of stock prices is still driven by earnings. Indeed, the semiconductor rally has been rooted in earnings. At the same time, the heavy concentration of investor flows into semiconductors has created opportunities elsewhere, leaving many non-semiconductor stocks trading at attractive levels relative to their fundamentals ahead of the 2Q26 earnings season.

Earnings season will kick off in early July with SEC. The KOSPI's aggregate operating profit is expected to reach a record W225tr (+253% YoY), including W159tr (+54% QoQ) from semiconductors and W65.5tr (+36% YoY) from non-semiconductor sectors. Non-semiconductor earnings should improve for the fourth straight quarter, following negative growth in 2Q25.

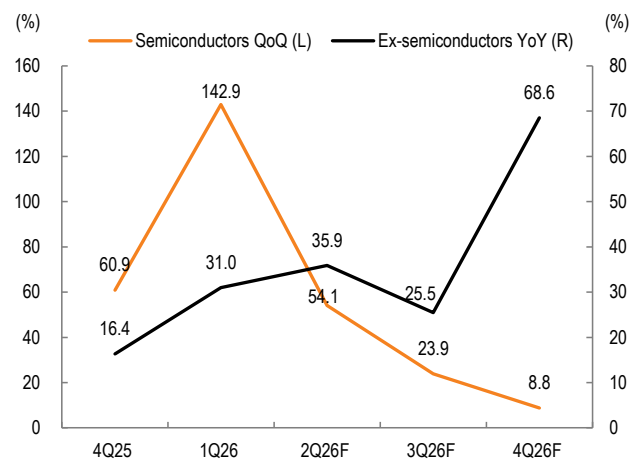
The energy, chemicals, and battery sectors are expected to swing to operating profit YoY, while IT hardware, shipbuilding, retail, power equipment, and securities are projected to deliver operating profit growth of more than 50% YoY. In contrast, the transportation, telecom, utilities, and insurance sectors are expected to post relatively weak earnings growth for 2Q26.

Figure 6. KOSPI's aggregate quarterly OP



Note: Aggregate OP for 316 companies with available consensus estimates
Source: FnGuide, Mirae Asset Securities Research

Figure 7. KOSPI semiconductors vs. ex-semiconductors: OP growth



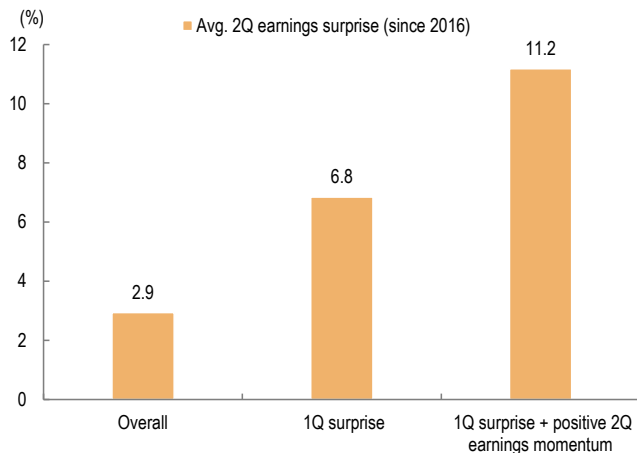
Source: FnGuide, Mirae Asset Securities Research

We forecast domestic companies' aggregate 2Q26 earnings to be solid. Recent revisions to earnings estimates have been positive, and historically, a strong 1Q earnings season has tended to be followed by a similarly strong 2Q. Over the past 10 years, companies have exceeded 2Q consensus earnings estimates by an average of 2.9%. In years when 1Q earnings also surprised to the upside, the average 2Q beat increases to 6.8%. Moreover, among companies with positive 2Q earnings momentum, the average earnings beat reaches 11.2%, suggesting that analyst consensus estimates have generally proven reliable (1Q26 average consensus beat: +19.0%).

The 2Q26 operating profit consensus for semiconductors has been revised up 69.1% (from W89tr to W150tr) over the past three months, but revisions have recently leveled off due to provisioning-related issues. For non-semiconductor sectors, the consensus has been revised up 6.7% over the same period.

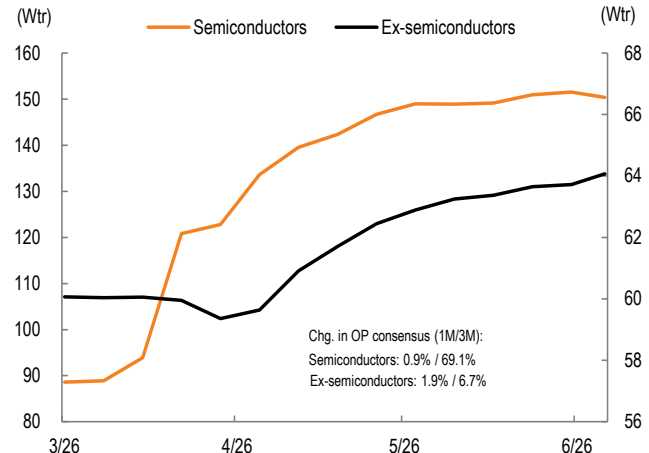
Sectors currently showing strong upward earnings revisions include chemicals, energy, securities, batteries, games, retail, transportation, semiconductors, IT hardware, power equipment, cosmetics/apparel, and shipbuilding. However, consensus trends could change once the 2Q26 earnings preview season begins in earnest.

Figure 8. Avg. 2Q earnings surprise



Source: FnGuide, Mirae Asset Securities Research

Figure 9. 2Q26 OP consensus trends: Semiconductors vs. ex-semiconductors

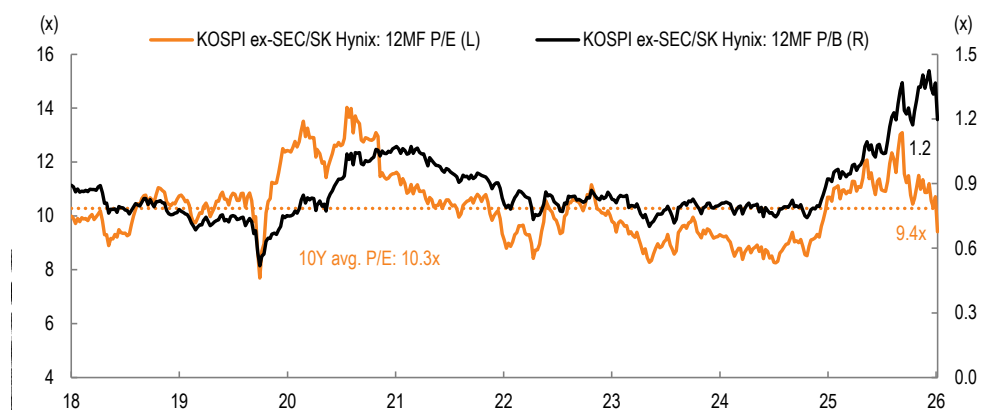


Source: FnGuide, Mirae Asset Securities Research

Amid the concentration of investor flows into semiconductors, the KOSPI's 12-month forward P/E excluding SEC and SK Hynix has declined to 9.4x, down 28% from this year's peak. Its P/B has also fallen from 1.4x to 1.2x. Considering the earnings outlook, we believe the valuation appeal of non-semiconductor KOSPI stocks has meaningfully improved.

<Table 2> shows sectors whose P/E and/or P/B have declined relative to their YTD averages. Among them, sectors that have seen upward ROE estimate revisions since early this year include securities, shipbuilding, chemicals, construction, healthcare, batteries, banks, consumer staples, power equipment, and cosmetics.

Figure 10. KOSPI's P/E and P/B trends excl. SEC and SK Hynix



Source: FnGuide, Mirae Asset Securities Research

Table 2. Sectors trading below their YTD avg. multiples (shaded: upward ROE revisions)

Sector	Return (%)		12MF P/B (x)			12MF P/E (x)			12MF ROE (%)		
	1M	YTD	Current	2026 avg.	Decline (%)	Current	2026 avg.	Decline (%)	Current	1M prior	Start of 2026
Media/entertainment	-20.9	-40.7	1.1	1.6	-34.2	13.6	18.3	-26.1	7.8	7.8	8.8
Defense	-22.4	11.8	3.8	5.2	-27.8	23.1	29.3	-20.9	16.3	16.2	18.8
Hotels/leisure	-15.7	-30.0	0.8	1.1	-25.8	9.9	12.9	-23.5	8.1	8.0	8.4
Steel/nonferrous metals	-31.4	-4.2	0.3	0.4	-24.3	10.4	14.2	-27.2	3.3	3.3	3.4
Securities	-24.0	21.2	1.1	1.4	-23.0	6.3	8.8	-28.6	16.7	16.6	14.4
Shipbuilding	-26.4	-6.2	2.7	3.4	-21.6	12.2	16.2	-24.8	21.9	21.8	19.9
Chemicals	-29.0	-5.8	0.7	0.9	-21.5	18.8	35.7	-47.2	3.9	3.7	3.0
Construction	-26.7	29.0	0.8	1.0	-21.0	8.3	11.6	-28.2	9.1	8.8	7.3
Games	-17.6	-13.0	1.0	1.2	-19.3	9.0	11.9	-24.8	10.6	10.6	9.7
Holding companies	7.7	155.5	1.0	1.3	-19.0	19.6	8.5	129.9	5.2	24.9	11.8
Healthcare	-18.6	-25.6	3.2	3.9	-17.8	27.7	36.3	-23.8	11.6	11.4	10.2
Internet	-14.7	-21.8	1.4	1.7	-17.4	17.1	20.4	-16.2	8.0	8.0	8.2
Batteries	-27.8	34.2	2.2	2.5	-14.2	47.6	63.1	-24.5	4.5	4.4	4.0
Transportation	-10.7	-2.9	0.7	0.8	-11.4	11.1	11.9	-6.3	6.4	6.1	7.1
Auto	-26.3	28.1	0.7	0.8	-11.3	7.8	8.6	-8.8	9.5	9.5	9.9
Machinery	-29.2	-0.4	3.3	3.7	-11.2	41.1	48.8	-15.7	8.1	8.2	8.0
Banks	-7.7	10.8	0.65	0.71	-7.9	7.2	8.0	-9.3	9.0	8.9	8.6
Consumer staples	-12.1	-3.3	1.0	1.1	-7.4	9.9	11.2	-11.6	10.5	10.4	9.6
Telecom	-8.6	25.6	0.9	1.0	-6.0	10.9	11.3	-3.2	8.3	8.3	8.6
Power equipment	-28.1	52.1	6.0	6.4	-5.5	30.1	33.3	-9.6	20.0	19.9	17.7
Cosmetics/apparel	-13.3	-0.2	1.3	1.4	-2.3	10.2	11.6	-12.4	13.0	12.9	10.6

Notes: Based on Jun. 26 closing prices; IT hardware, semiconductors, retail, energy, insurance, holding companies, and utilities are trading above their YTD P/B or P/E averages

Source: Mirae Asset Securities Research

Policy tailwinds for the KOSDAQ

Tier system likely to serve as a catalyst for capital inflows

Requirements for maintaining a KOSDAQ listing will become significantly stricter from Jul. 1, and financial authorities estimate that around 150 companies could ultimately be subject to delisting this year. Removing distressed companies is a key step toward addressing one of the causes of the KOSDAQ's longstanding valuation discount. Meanwhile, a three-day event marking the KOSDAQ's 30th anniversary will be held on Jul. 1-3. At the event, the direction of previously announced initiatives—including measures to improve market fundamentals (e.g., the removal of distressed companies), initiatives to attract new capital (e.g., the National Growth Fund and pension funds), corporate value enhancement, and disclosure reforms—will likely be discussed.

Among these initiatives, we are particularly focused on the proposed tier system, which would divide KOSDAQ companies into three tiers—premium, standard, and watchlist—while allowing them to move between tiers based on certain criteria. The premium tier is expected to comprise 80-170 leading companies. While the detailed criteria have yet to be finalized, we believe investors should begin identifying potential candidates.

Table 3. Proposed KOSDAQ three-tier framework

Tier	Constituents	Entry/maintenance criteria	Disclosure regime
Premium	Mature large-cap companies (80-170 companies)	Strict criteria based on market valuation (market cap), operating performance (revenue/profit), and governance	[Autonomy and accountability] Reduced ad hoc disclosure items; introduction of corporate governance reports and English disclosures
Standard	Broader universe of KOSDAQ growth companies	Current KOSDAQ listing standards	[Growth and credibility] Expanded disclosures, including earnings guidance, preliminary results, and growth plans; regular IR activities
Watchlist	Companies at risk of delisting or characterized by elevated trading risk	Segregated and subject to separate oversight	

Source: FSC (Mar. 18), Mirae Asset Securities Research

The tier system is important for two reasons. First, separating out higher-quality companies should facilitate the launch of passive products (e.g., ETFs tracking the premium tier), while also broadening access to long-term capital from sources such as pension funds and the National Growth Fund. Second, together with the tightening of listing maintenance standards, the reform should help restore market confidence by creating a clearer distinction between companies likely to attract capital and those likely to exit the market.

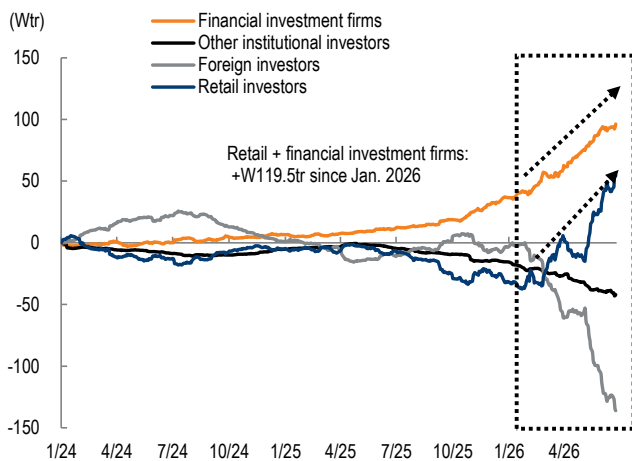
The proposed reform is not without drawbacks. Some industry groups representing start-ups and growth companies oppose it, arguing that companies assigned to lower tiers, including innovative companies, could be stigmatized as “non-premium” and that the system could deepen market polarization. Even so, the incentive to enter the premium tier could encourage companies to enhance corporate value. Over the medium to long term, we expect the combination of stronger institutional and foreign inflows and the removal of underperforming companies to improve the overall quality of the KOSDAQ market.

Despite the ongoing shift of household assets into equities, the KOSDAQ has been left behind. Flows have increasingly shifted toward ETFs, causing buying to be concentrated in large-cap stocks. YTD, retail investors and financial investment firms have net bought ₩120tr in the KOSPI market while net selling ₩0.6tr worth of KOSDAQ stocks.

Since the beginning of the year, net buying of domestic equity ETFs by retail investors has reached W40.8tr (W24.1tr in 1Q26 and W16.7tr in 2Q26), with the vast majority directed toward semiconductor ETFs. The launch of single-stock leveraged ETFs further accelerated retail inflows into the semiconductor sector, with retail investors' net purchases of semiconductor ETFs reaching W13.3tr in 2Q26 alone. In contrast, retail investors were net sellers of W0.7tr in KOSDAQ ETFs in 2Q26.

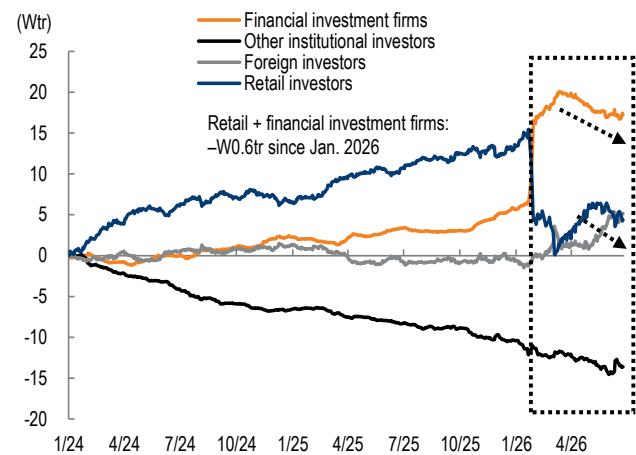
The shift in pension assets has likewise favored large-cap KOSPI stocks. Given the nature of retirement pension and individual pension assets, flows have been concentrated in blue-chip ETFs. In contrast, the KOSDAQ has a higher proportion of companies with weaker financial profiles and a more limited range of listed ETFs, leaving it largely excluded from this trend. Although the launch of active KOSDAQ ETFs in March initially attracted inflows, those flows subsequently slowed for the same reason. Against this backdrop, we believe the proposed tier system could improve KOSDAQ inflows by facilitating the launch of ETFs composed of high-quality KOSDAQ companies.

Figure 11. Strong net buying of KOSPI stocks by retail investors and financial investment firms



Source: FnGuide, Mirae Asset Securities Research

Figure 12. KOSDAQ buying loses momentum



Source: FnGuide, Mirae Asset Securities Research

When government-led indices have been introduced in the past (e.g., the Value-Up Index), they have consistently incorporated financial soundness criteria. While the exact methodology remains uncertain at this stage, the proposed premium tier is likely to be composed of sector leaders and companies with relatively strong financial profiles.

To identify potential candidates for inclusion in the premium tier, we screened KOSDAQ companies with shareholders' equity of at least W200bn, positive operating profit and net profit for two consecutive years, and average daily trading value of at least W10bn. <Table 4> presents the 40 largest companies by free-float market cap among those meeting these criteria.

Table 4. Top 40 KOSDAQ companies by free-float market cap meeting our screening criteria

(₩100mn, %)

Ticker	Company	Sector	Market cap	Free-float market cap	Shareholders' equity	NP		Avg. daily trading value	Share price performance	
						2024	2025		3M	YTD
196170	Alteogen	Healthcare	199,073	158,522	4,452	623	1,417	2,313	4.5	-17.4
036930	Jusung Engineering	Semiconductors	84,782	56,770	5,905	1,068	357	2,755	135.7	558.5
240810	Wonik IPS	Semiconductors	73,920	48,920	9,700	207	840	1,108	11.8	121.8
058470	Leeno Industrial	Semiconductors	64,933	48,121	7,312	1,133	1,520	1,160	-20.6	41.3
039030	EO Technics	Semiconductors	59,935	41,283	6,879	428	572	625	14.9	78.9
080220	Jeju Semiconductor	Semiconductors	38,886	33,477	2,271	195	395	2,552	166.6	328.5
319660	PSK	Semiconductors	49,157	32,959	5,389	791	785	449	112.7	359.9
403870	HPSP	Semiconductors	41,644	32,645	3,082	863	727	2,104	3.8	51.0
084370	Eugene Technology	Semiconductors	37,078	23,085	4,595	633	425	362	25.9	115.7
095340	ISC	Semiconductors	40,380	20,642	5,366	547	561	612	-20.1	71.5
214450	PharmaResearch	Healthcare	31,636	20,576	6,893	920	1,651	501	-2.6	-24.4
095610	TES	Semiconductors	31,460	19,549	3,918	427	569	433	157.9	264.8
005290	Dongjin Semichem	Semiconductors	29,257	19,064	10,838	1,548	991	506	19.1	56.6
098460	Koh Young	IT hardware	21,317	16,167	3,352	210	148	1,288	12.5	35.6
237690	ST Pharm	Healthcare	25,249	15,687	5,934	347	550	270	-19.9	1.5
145020	Hugel	Healthcare	31,929	14,119	9,503	1,358	1,409	190	1.2	12.6
357780	Soulbrain	Semiconductors	26,253	14,106	10,558	1,184	791	278	-21.0	28.8
035900	JYP Entertainment	Media/education	18,122	14,008	6,206	978	1,606	200	-19.8	-29.8
064760	TCK	Semiconductors	28,843	13,663	5,193	720	699	223	12.2	81.4
257720	Silicon2	Retail	22,034	12,431	4,574	1,207	1,686	342	-13.9	-13.1
214150	Classys	Healthcare	29,682	11,950	5,530	979	1,319	227	-12.0	-16.5
082920	Vitrocell	Home appliances	18,340	11,312	3,305	513	569	277	23.9	129.6
140860	Park Systems	IT hardware	17,016	11,307	2,251	428	345	141	-6.9	16.3
218410	RFHIC	IT hardware	18,083	11,239	3,391	257	287	442	-10.9	108.6
078600	Daejoo Electronic	IT hardware	15,802	11,188	2,537	369	207	471	-14.7	58.6
058610	SPG	Home appliances	17,786	11,033	2,580	131	91	779	-29.5	-1.4
131290	TSE	Semiconductors	27,598	10,683	3,913	425	382	165	115.5	333.2
183300	KoMiCo	Semiconductors	19,333	10,488	2,703	559	499	217	60.7	109.0
214370	Caregen	Healthcare	38,621	10,235	2,125	323	201	165	-31.5	0.1
043260	Sungho Electronics	Home appliances	21,312	9,542	2,508	80	910	955	-30.9	225.2
041510	SM Entertainment	Media/education	16,164	9,415	10,026	183	3,472	156	-24.3	-47.7
031980	PSK Holdings	Semiconductors	26,500	9,148	5,064	958	917	281	21.1	165.4
101490	S&S Tech	Semiconductors	11,649	8,816	3,030	305	583	297	-37.6	13.0
137400	People & Technology	Home appliances	8,848	7,259	6,929	1,420	743	131	-22.9	-0.7
083450	GST	Semiconductors	9,289	6,840	3,012	454	453	179	77.2	74.7
166090	Hana Materials	Semiconductors	11,906	6,335	4,637	318	384	171	1.5	39.7
031330	SAMT	IT hardware	12,879	6,134	4,861	544	758	143	147.7	210.4
050890	Solid	IT hardware	6,811	5,998	3,527	461	364	966	-15.8	52.1
195940	HK inno.N	Healthcare	10,964	5,757	13,284	616	757	109	-25.3	-21.5
074600	Wonik QnC	Semiconductors	8,938	5,307	4,870	508	225	159	4.5	58.5

Source: FnGuide, Mirae Asset Securities Research

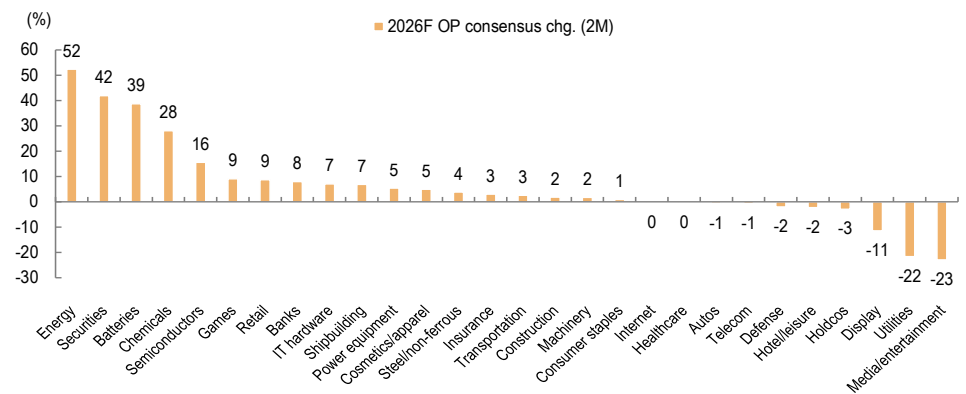
July: Preferred sectors and companies

Semiconductors, IT hardware, securities, shipbuilding, cosmetics, retail, and games

We expect the Korean equity market to remain on a positive trajectory in July, supported by earnings expectations and attractive valuations. We continue to favor market leaders, particularly semiconductors and other large-cap stocks. That said, we believe it is time to prepare for market leadership to broaden rather than remain narrowly concentrated. We also see opportunities in the KOSDAQ, given recent sharp pullbacks and the supportive policy backdrop. Our preferred sectors are semiconductors, IT hardware, securities, shipbuilding, cosmetics, retail, and games, all of which continue to exhibit strong earnings momentum.

Within our preferred sectors, we selected stocks of interest by identifying companies with positive revisions to both 2026 and 2Q26 operating profit consensus estimates, as well as upward revisions to high-end analyst estimates <Table 5>.

Figure 13. 2026 OP consensus changes by sector (2M)



Source: FnGuide, Mirae Asset Securities Research

Table 5. Preferred stocks for July

(%, W100mn, x)

Ticker	Stock	Sector	Market cap (Wtr)	Share performance		OP consensus chg. (2M)		2026F OP		12MF	
				1M	YTD	2Q26F	2026F	Avg.	High	P/E	P/B
005930	SEC	Semiconductors	1,985	13.6	183.2	13.9	17.4	860,210	996,300	6.4	2.5
000660	SK Hynix	Semiconductors	1,905	30.3	310.6	7.6	10.3	634,511	714,460	7.3	3.9
009150	SEMCO	IT hardware	148.9	26.8	681.6	8.5	9.4	3,819	4,070	88.5	12.8
329180	HD HHI	Shipbuilding	59.2	-24.3	10.8	13.6	11.6	9,973	11,010	18.0	4.5
034730	SK Inc.	Holdcos	59.1	24.2	217.7	104.4	81.1	21,971	50,800	6.3	1.2
009540	HD KSOE	Shipbuilding	24.5	-22.4	-15.1	3.7	4.6	14,211	16,842	6.3	1.4
000150	Doosan	IT hardware	23.4	-19.0	84.6	12.2	10.9	4,649	5,570	49.7	10.7
011070	LG Innotek	IT hardware	22.0	-12.8	243.5	8.8	3.6	1,526	2,028	24.1	3.1
278470	APR	Cosmetics	13.6	-6.8	57.1	7.2	7.4	1,681	1,860	21.7	12.7
006260	LS Corp.	Holdcos	10.4	-39.6	67.1	24.8	17.7	4,205	4,920	16.5	1.6
259960	Krafton	Games	9.4	-21.7	-17.1	17.2	14.7	3,208	4,843	8.0	1.0
016360	Samsung Securities	Securities	9.3	-18.1	37.7	26.3	20.4	5,763	7,860	6.0	1.0
004170	Shinsegae	Retail	7.0	41.0	199.6	31.9	20.7	1,467	1,710	17.4	1.3
353200	Daeduck Electronics	IT hardware	6.6	-21.3	182.8	24.3	22.7	593	650	28.8	5.7
319660	PSK	Semiconductors	5.5	63.9	410.0	38.3	38.1	464	511	31.8	7.2
036570	NC	Games	5.1	-12.3	18.1	33.3	19.3	1,285	1,694	10.5	1.2
023530	Lotte Shopping	Retail	4.9	10.2	141.0	26.3	14.5	1,090	1,340	12.3	0.3
222800	Simmtech	IT hardware	4.7	-6.0	152.9	25.4	20.0	435	492	26.3	5.7
095610	TES	Semiconductors	3.5	44.6	311.5	6.6	12.9	259	276	31.9	6.2
483650	d'Alba Global	Cosmetics	3.0	11.5	61.0	6.3	7.4	435	520	19.8	8.3

Notes: Based on Jun. 26 closing prices

Source: FnGuide, Mirae Asset Securities Research

Appendix 1

Important disclosures and disclaimers

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. has acted as a liquidity provider for equity-linked warrants backed by shares of SK Hynix, Shinsegae, Samsung Electronics, LS, Samsung Electro-Mechanics, HD Korea Shipbuilding & Offshore Engineering, LG Innotek, Lotte Shopping, SK Inc., NC, Krafton, APR, HD Hyundai Heavy Industries as an underlying asset; other than this, Mirae Asset Securities has no other special interests in the covered companies.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report.

The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.

Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeasset.us.com or +1 (212) 407-1000.

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong SAR: This report is distributed in Hong Kong SAR by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong SAR. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong SAR (Cap. 571, Laws of Hong Kong SAR) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong SAR to any person.

India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.

All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul) One-Asia Equity Sales Team Mirae Asset Center 1 Building 26 Eulji-ro 5-gil, Jung-gu, Seoul 04539 Korea Tel: 82-2-3774-2124	Mirae Asset Securities (HK) Ltd. Units 8501, 8507-8508, 85/F International Commerce Centre 1 Austin Road West Kowloon Hong Kong SAR Tel: 852-2845-6332	Mirae Asset Securities (UK) Ltd. 41st Floor, Tower 42 25 Old Broad Street, London EC2N 1HQ United Kingdom Tel: 44-20-7982-8000
Mirae Asset Securities (USA) Inc. 810 Seventh Avenue, 37th Floor New York, NY 10019 USA Tel: 1-212-407-1000	Mirae Asset Wealth Management (Brazil) CCTVM Rua Funchal, 418, 18th Floor, E-Tower Building Vila Olimpia Sao Paulo - SP 04551-060 Brazil Tel: 55-11-2789-2100	PT. Mirae Asset Sekuritas Indonesia District 8, Treasury Tower Building Lt. 50 Sudirman Central Business District Jl. Jend. Sudirman, Kav. 52-54 Jakarta Selatan 12190 Indonesia Tel: 62-21-5088-7000
Mirae Asset Securities (Singapore) Pte. Ltd. 6 Battery Road, #11-01 Singapore 049909 Republic of Singapore Tel: 65-6671-9845	Mirae Asset Securities (Vietnam) LLC 7F, Saigon Royal Building 91 Pasteur St. District 1, Ben Nghe Ward, Ho Chi Minh City Vietnam Tel: 84-8-3911-0633 (ext.110)	Mirae Asset Securities Mongolia UTsK LLC #406, Blue Sky Tower, Peace Avenue 17 1 Khoroo, Sukhbaatar District Ulaanbaatar 14240 Mongolia Tel: 976-7011-0806
Mirae Asset Investment Advisory (Beijing) Co., Ltd 2401B, 24th Floor, East Tower, Twin Towers B12 Jianguomenwai Avenue, Chaoyang District Beijing 100022 China Tel: 86-10-6567-9699	Beijing Representative Office 2401A, 24th Floor, East Tower, Twin Towers B12 Jianguomenwai Avenue, Chaoyang District Beijing 100022 China Tel: 86-10-6567-9699 (ext. 3300)	Shanghai Representative Office 38T31, 38F, Shanghai World Financial Center 100 Century Avenue, Pudong New Area Shanghai 200120 China Tel: 86-21-5013-6392
Ho Chi Minh Representative Office 7F, Saigon Royal Building 91 Pasteur St. District 1, Ben Nghe Ward, Ho Chi Minh City Vietnam Tel: 84-8-3910-7715	Mirae Asset Capital Markets (India) Pvt Ltd 1st Floor, Tower 4, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070 India Tel: 91-22-62661300 / 48821300	