

OPINION

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Market Trends and Implications Around the Launch of Single-Stock Leveraged and Inverse ETFs

On May 27, 2026, single-stock leveraged and inverse (2×) ETFs based on Samsung Electronics and SK Hynix were launched. With rapid inflows from retail investors, cumulative net purchases through June 19 reached approximately KRW 8.2 trillion for leveraged ETFs and KRW 0.3 trillion for inverse (2×) ETFs. Immediately after the launch, retail investor capital flows showed increased net selling of domestic semiconductor-focused ETFs and KOSPI index-tracking ETFs, primarily those with a leveraged structure. In the KOSDAQ market, net selling by retail investors expanded but has gradually narrowed, while KOSDAQ index-tracking ETFs saw capital inflows.

The volatility of the two underlying stocks (Samsung Electronics and SK Hynix) rose following the product launch. While the rebalancing trades of single-stock ETFs may have played a partial role, volatility has also increased more sharply among global semiconductor stocks such as Micron, alongside expanding macroeconomic uncertainty—suggesting that multiple factors have been at play.

Structurally, single-stock ETFs can amplify volatility through rebalancing trades. Retail investors' counter-trend trading behavior may partially offset this effect. However, the rapid growth of leveraged ETF AUM—driven by recent NAV gains from rising stock prices—suggests that the influence of rebalancing may grow over time. Continued monitoring of AUM trends and the impact of rebalancing during high-volatility periods is therefore warranted. Investors should also exercise prudent risk management, mindful of the elevated risks following stock price rallies and the concentration risk inherent in single-stock exposure.

* All opinions expressed in this paper represent the author's personal views and thus should not be interpreted as Korea Capital Market Institute's official position.

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On May 27, 2026, single-stock leveraged and inverse (2×) ETFs based on Samsung Electronics and SK Hynix (hereinafter "single-stock ETFs") were launched.¹⁾ Amid rapid retail investor inflows, concerns have been raised that these products could intensify investment concentration and amplify the volatility of the two underlying stocks.

This report examines retail investor capital flows in both the stock market and the ETF market, and analyzes changes in trading volume and volatility of the two stocks (Samsung Electronics and SK Hynix) using data from the launch date (May 27) through June 19.²⁾ It also estimates the size of rebalancing trades—a structural feature of leveraged and inverse ETFs—and discusses the resulting implications.

Single-Stock ETFs and Retail Investor Capital Flows

Following the launch of single-stock ETFs on May 27, retail investor capital flowed rapidly into leveraged ETFs. From the launch date through June 19, cumulative net purchases by retail investors reached approximately KRW 8.2 trillion for leveraged ETFs (SK Hynix KRW 4.6 trillion, Samsung Electronics KRW 3.7 trillion) and KRW 0.3 trillion for inverse ETFs. Correspondingly, AUM of leveraged ETFs expanded to KRW 9.15 trillion for SK Hynix and KRW 5.22 trillion for Samsung Electronics as of June 19.³⁾ This section examines how retail investor capital flows in the stock and ETF markets shifted around the launch of single-stock ETFs.

To analyze retail net-purchase behavior in the stock market, residuals from the launch are compared against a return–net-purchase trendline estimated over the 20 trading days preceding the launch (April 24–May 26).⁴⁾ In <Figure 1>, points on the trendline indicate patterns consistent with the pre-launch trend, while points above and below the line represent additional buying and additional selling relative to that trend, respectively. The analysis shows that for KOSPI* (excluding Samsung Electronics and SK Hynix), the average daily residual before

1) Seven leveraged ETFs and one inverse (2×) ETF were launched for each of Samsung Electronics and SK Hynix. The leveraged ETF statistics for each stock aggregate the seven ETFs.

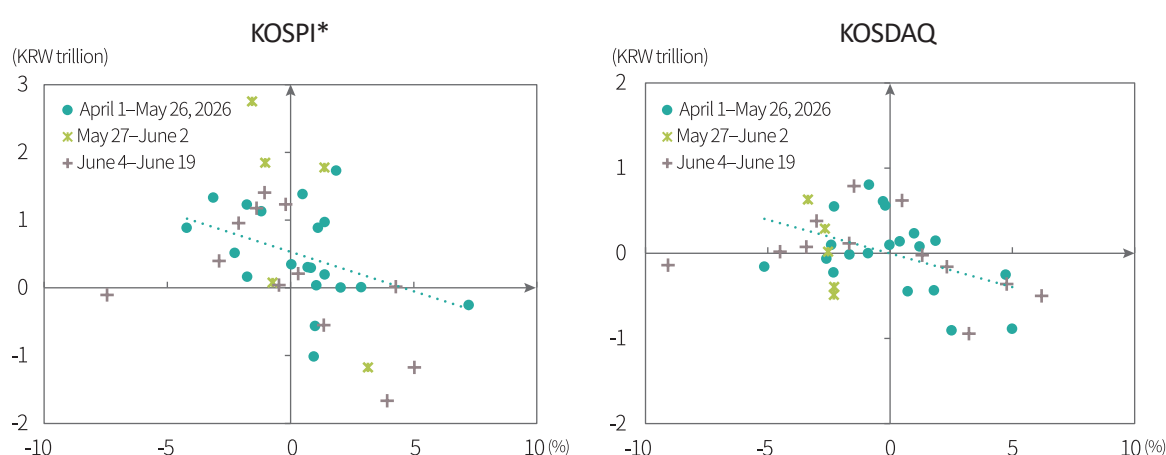
2) Given that the sample covers less than one month post-launch, rigorous causal analysis is limited; the report focuses on documenting facts and observed patterns.

3) AUM includes holdings by liquidity providers (LPs), so the entire AUM does not directly translate into market impact. Based on retail investor holdings only, the estimated market value as of June 19 is KRW 6.6 trillion for SK Hynix and KRW 4 trillion for Samsung Electronics.

4) The purpose is to examine whether retail net-purchase behavior changed even after accounting for return levels; results may vary depending on the choice of reference period.

and after the launch reveals no clear directional shift, though the dispersion of daily residuals has somewhat widened compared with the pre-launch period, indicating heightened volatility in retail net purchases. In the KOSDAQ market, retail net selling expanded relative to the trendline: the excess net selling averaged KRW 194.6 billion per day during the first five trading days after launch (May 27–June 2), then narrowed to KRW 40.6 billion during the subsequent period (June 4–19).

Figure 1. Index Returns and Retail Investor Net Purchases



Note: Horizontal axis = returns (%); vertical axis = retail net-purchase amount (KRW trillion); trendline based on April 24–May 26. KOSPI* is a hypothetical index excluding Samsung Electronics and SK Hynix from the KOSPI.

Source: Data Guide

ETF market capital flows also shifted around the launch of single-stock ETFs. The daily average of retail net purchases across all ETFs excluding single-stock ETFs fell sharply from KRW 551.9 billion pre-launch (April 24–May 26) to KRW 116.4 billion during the first post-launch week (May 27–June 2), before partially recovering to KRW 170 billion afterward (June 4–19).

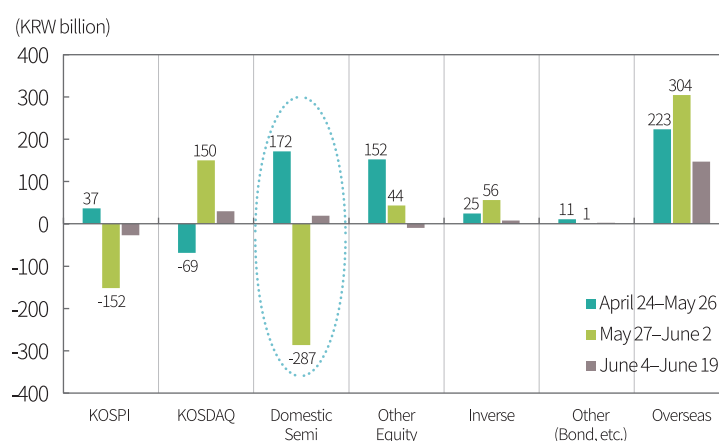
By category,⁵⁾ domestic semiconductor ETFs⁶⁾ showed the most pronounced change. During the 20 pre-launch trading days, domestic semiconductor ETFs accounted for KRW 3.4 trillion (31%) of total cumulative net purchases (KRW 11 trillion) across all ETFs, but flipped to net selling after the launch. Their daily average net purchase fell from KRW 171.7 billion pre-

5) Categories are based on KG Zeroin's fund classification. Within domestic equity funds, KOSPI/KOSDAQ index trackers (including leveraged versions) and semiconductor-focused ETFs (whose benchmarks include semiconductor indices or whose names contain "semiconductor") are separated; the remainder (thematic, etc.) is grouped as "other equity."

6) ETFs whose benchmarks are semiconductor indices or whose names include "semiconductor."

launch to a net sale of KRW 286.6 billion in the first week, then partially recovered to a modest net purchase of KRW 19.3 billion (June 4–19). Notably, the first-week decline in overall ETF net purchases was driven by semiconductor leveraged ETFs.⁷⁾ KOSPI index-tracking ETFs also experienced expanded net selling in the first week, centered on leveraged products, before easing thereafter. In contrast, KOSDAQ index-tracking ETFs shifted from an average daily net sale of KRW 68.5 billion pre-launch to an average daily net purchase of KRW 150 billion in the first week (a swing of KRW 218.5 billion), driven mainly by leveraged products—contrasting with the expansion of retail net selling in the KOSDAQ cash market during the same period. Meanwhile, buying interest in other equity-focused ETFs (thematic funds, etc.) also cooled, with daily average net purchases falling from KRW 152.5 billion pre-launch to KRW 43.5 billion in the first week. Overseas ETFs continued to see steady net inflows both before and after the launch.

Figure 2. Changes in Retail Investor Daily Average Net Purchases of ETFs (by Category)



Note: Daily averages by period, Excludes single-stock ETFs. ETF category classification: see footnote 5. "Inverse" combines KOSPI and KOSDAQ inverse ETFs.

Source: Data Guide, Korea Capital Market Institute

Taken together, the capital-flow patterns indicate that immediately after the launch of single-stock ETFs, capital flowed out of domestic semiconductor ETFs and overall (ex-single-stock) ETF net purchases declined. Retail net selling also expanded in the KOSDAQ market, though capital inflows into KOSDAQ index-tracking ETFs suggest that overall capital flows in KOSDAQ did not

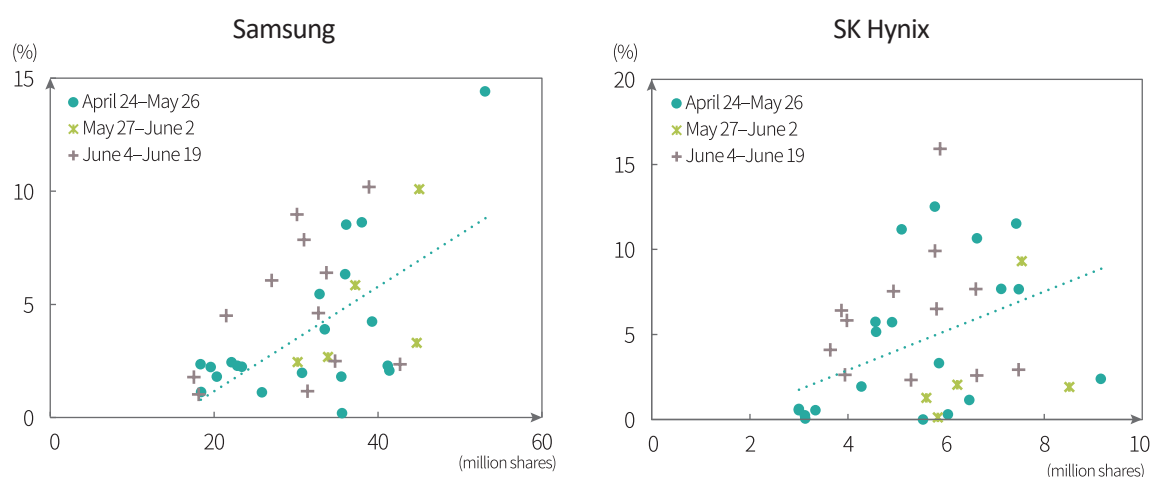
7) During the first week (May 27–June 2), the top two ETFs by decline in daily average net purchases were semiconductor leveraged ETFs, and the third was a KOSPI 200 leveraged ETF. The combined decline in daily average net purchases across these three ETFs reached KRW 543.5 billion.

shift substantially.⁸⁾ These changes have gradually moderated since the launch, and no clear shifts have been observed in other ETF categories, such as overseas ETFs.

Stock Trading Volume and Volatility

Next, we examine how the trading volume and price volatility of Samsung Electronics and SK Hynix have changed since the launch of single-stock ETFs.⁹⁾ Based on the trading volume distribution over the 20 pre-launch trading days, average daily trading volume during the first week (May 27–June 2) reached the top 20% level for both Samsung Electronics and SK Hynix, indicating a marked increase. In the subsequent period (June 4–19), volumes declined to the top 60% for Samsung Electronics and top 50% for SK Hynix—reverting to intermediate levels.

Figure 3. Trading Volume and Volatility (Absolute Value of Returns)



Note: Horizontal axis = trading volume; vertical axis = volatility (absolute value of daily returns); trendline based on April 24–May 26.

Source: Data Guide

We further examine whether the first-week increase in trading volume translated into higher volatility. In <Figure 3>, points above the trendline represent volatility higher than what would be expected at the corresponding volume level, while points below the line represent lower

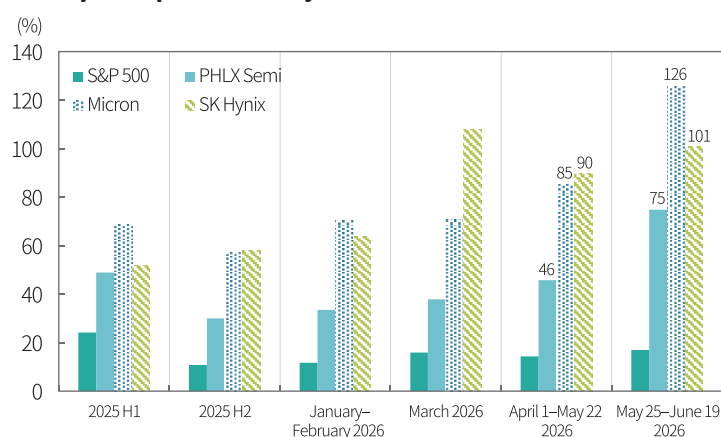
8) Aside from index-tracking products, net purchases of other equity ETFs also declined, some of which may include KOSDAQ-related holdings.

9) Changes in trading volume are assessed by comparing post-launch volumes with the percentile distribution of the 20 pre-launch trading days (April 24–May 26). Whether volatility rose relative to the corresponding volume level is evaluated by examining residuals against a volume–volatility (absolute return) trendline estimated over the same period.

volatility. During the first week (May 27–June 2), although trading volumes rose for both stocks, the observations remained below the trendline, indicating that the expansion of volatility was limited relative to the increase in volume. In the subsequent period (June 4–19), volumes declined to intermediate levels, yet volatility on average exceeded the trendline, suggesting that volatility was somewhat elevated relative to volume.

To place the post-launch volatility changes in a broader context, we compare them with volatility trends in the global semiconductor sector, which is closely linked to the two underlying stocks. <Figure 4> shows the annualized volatility of major semiconductor stocks and the S&P 500. During the post-launch period, SK Hynix's volatility rose from 90% to 101%. Over the same window, the Philadelphia Semiconductor Index rose from 46% to 75%, and Micron rose from 85% to 126%—both by wider margins. The S&P 500's volatility also increased from 14% to 17%, indicating that broader market volatility has been rising in tandem. With volatility rising sharply among U.S. semiconductor stocks—led by memory names such as Micron—the elevated volatility of the two Korean stocks appears to reflect broader trends in the global semiconductor sector, particularly the memory segment.

Figure 4. Volatility Comparison: Major Semiconductor Stocks and Market Indices



Note: Periods are demarcated on a Friday basis to account for the time difference between Korea and the U.S.; daily-return volatility is annualized.

Source: Bloomberg, Data Guide

Macroeconomic factors may also influence volatility. Since the Iran war, uncertainty around inflation and global monetary policy has risen,¹⁰⁾ and financial market volatility appears to have

10) See Macro-Financial Research Division, 2026, Macroeconomic Outlook for the Second Half of 2026 and Key Issues; Financial Market Outlook and Asset Allocation Strategy for the Second Half of 2026, KCMF Capital Markets Focus No. 2026-12.

expanded as well. Taken together, the volatility increases in the two stocks can be viewed as the outcome of multiple factors—including rising volatility in the global semiconductor sector and elevated macroeconomic uncertainty.

Rebalancing Trades of Single-Stock ETFs

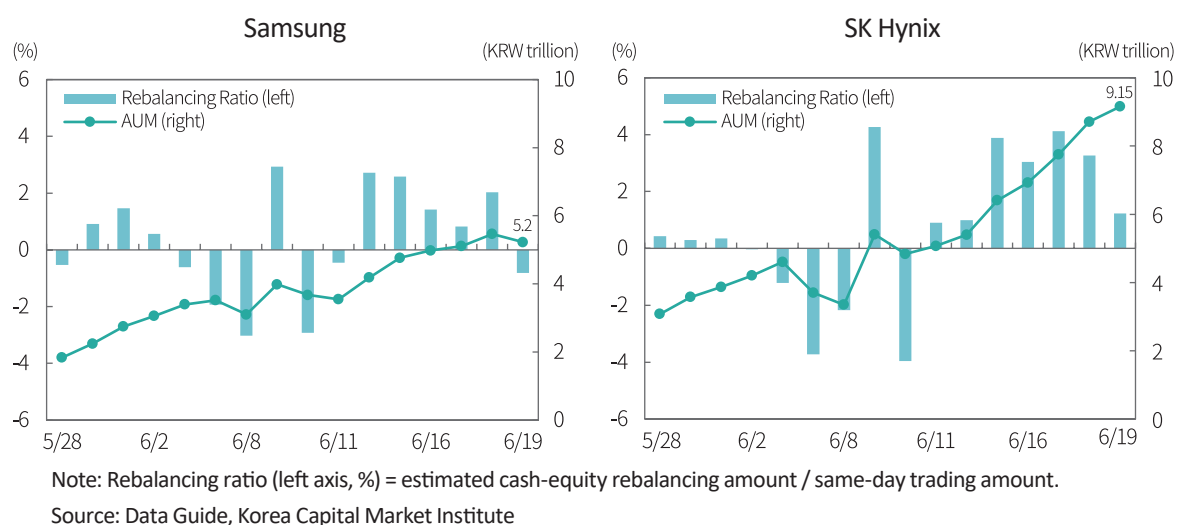
Single-stock leveraged ETFs hold both cash-equity and futures positions at levels corresponding to AUM in order to track twice the daily return of the underlying asset. When the stock price moves, rebalancing trades occur to maintain the target exposure ratio, with the magnitude approximately proportional to $AUM \text{ (previous day)} \times \text{price change (current day)}$ —executed in both cash-equity and futures markets.¹¹⁾ For example, as of June 19, SK Hynix's leveraged ETF had a prior-day AUM of KRW 8.7 trillion; with a same-day price increase of 2.9%, the additional purchases are estimated at approximately KRW 0.26 trillion in cash equity and KRW 0.27 trillion in futures.¹²⁾

Comparing the estimated cash-equity rebalancing amount with the day's trading amount, the absolute-value average was 1.6% for Samsung Electronics and 2.1% for SK Hynix, generally within the 1–3% and 1–4% ranges, respectively (see <Figure 5>).¹³⁾ Because rebalancing size is proportional to returns, the ratio relative to trading amount rises during periods of elevated volatility; moreover, because rebalancing trades move in the same direction as price movements, they carry an inherent mechanism that can further amplify volatility.

11) For a leveraged (2×) ETF, the rebalancing size (cash equity plus futures) is $2 \times AUM \times r$ (where r is the return); for an inverse (2×) ETF, the rebalancing size in futures is $6 \times AUM \times r$ (Cheng, Minder, and Ananth Madhavan (2009), “The Dynamics of Leveraged and Inverse Exchange-Traded Funds,” *Journal of Investment Management*, Vol. 7, No. 4, pp. 43–62).

12) For futures-based ETFs (two ETFs each for Samsung Electronics and SK Hynix), only a futures position at twice the AUM is held, and the rebalancing trades are also executed exclusively in futures at twice the amount. The futures trading amount also includes the rebalancing volume of inverse (2×) ETFs, but the impact is limited given their small AUM of KRW 0.3 trillion.

13) This examines only the rebalancing demand generated directly in the cash-equity market; rebalancing trades in futures may also transmit indirectly to the cash market through arbitrage trading. On average, the rebalancing ratio for futures is approximately 1 percentage point lower than that for cash equity.

Figure 5. Rebalancing Ratio and AUM Trend of Single-Stock Leveraged ETFs

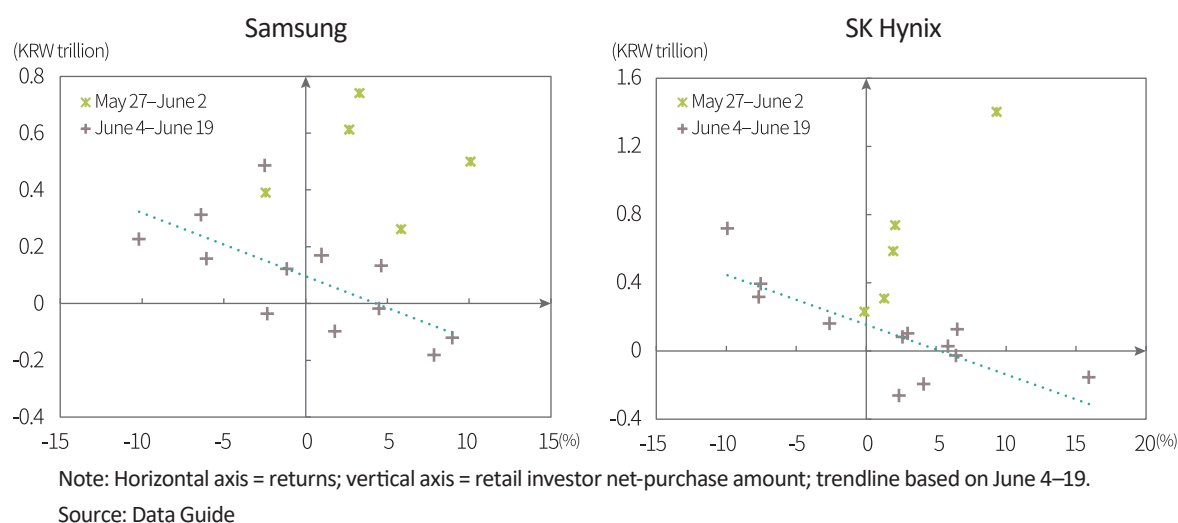
Particularly noteworthy is the pace of AUM growth. Because a leveraged ETF's NAV moves at twice the rate of the underlying stock's return, AUM can grow rapidly during rising markets even without new capital inflows, driven purely by NAV appreciation. In fact, SK Hynix's leveraged ETF AUM rose from KRW 4.84 trillion on June 10 to KRW 9.15 trillion on June 19—an increase of KRW 4.31 trillion, of which approximately KRW 3.6 trillion is estimated to reflect NAV appreciation.¹⁴⁾ As AUM grows, the rebalancing size associated with a given return change grows proportionally; if the current trend persists, the ratio of rebalancing to trading amount would rise further, potentially amplifying the impact on volatility.

In addition, around futures expiration dates, rollover trades from the current month's contract to the next month's contract become concentrated. Since the entire futures position must be transferred to the next contract, trading volume rises starting about a week before expiration, which can also influence volatility.

However, since the week after launch (June 4–19), retail investors have shown counter-trend trading behavior¹⁵⁾ (see <Figure 6>). Specifically, net purchases have tended to increase when stock prices fall and decrease when prices rise—the opposite direction to rebalancing trades, which may partially offset the effect of rebalancing.

14) Calculated by multiplying the number of listed shares as of June 10 by the change in NAV. For reference, retail investors were net sellers of KRW 0.14 trillion during June 11–19, while SK Hynix's stock price rose 35% over the same period.

15) As shown in <Figure 1> and <Figure 6>, returns and net purchases exhibit a negative slope.

Figure 6. Stock Returns and Retail Investor Net Purchases of Single-Stock Leveraged ETFs

Concluding Remarks

This report has examined changes in retail investor capital flows and volatility around the launch of single-stock ETFs. Immediately after the launch, increased net selling was observed in domestic semiconductor-focused ETFs and KOSPI index-tracking ETFs, primarily among leveraged products. In the KOSDAQ market, net selling by retail investors expanded but has gradually narrowed, while KOSDAQ index-tracking ETFs saw capital inflows. Meanwhile, the volatility of the two underlying stocks (Samsung Electronics and SK Hynix) rose following the product launch; while the rebalancing trades of single-stock ETFs may have played a partial role, volatility has also risen more sharply among global semiconductor stocks such as Micron, alongside expanding macroeconomic uncertainty—suggesting that multiple factors have been at play.

Structurally, single-stock ETFs can amplify volatility through rebalancing trades. Retail investors' counter-trend trading behavior may partially offset this effect. However, the growing AUM of leveraged ETFs—driven by NAV appreciation amid recent stock price gains—suggests that the impact of rebalancing may grow over time. Continued monitoring of AUM trends and the impact of rebalancing during high-volatility periods is therefore warranted. Investors should also exercise prudent risk management, mindful of the elevated risks that follow stock price rallies and the concentration risk inherent in single-stock exposure.