

Lumen Vietnam Fund – Monthly Comment March 2026



General Comments

In March, the Lumen Vietnam Fund (LVF) finished the month with a negative performance of -6.52% in USD for Class R, bringing the year-to-date performance to +4.97% in USD for Class R. For comparison purpose, the Vietnam All Share Index (VNAS) lost -10.21% month-to-date and achieved -7.83% year-to-date in terms of USD.

Asset Class Performance in March 2026

	March	1Q 2026	YTD
Bloomberg US Treasury	-1.7%	0.0%	0.0%
Bloomberg Pan-European Aggr.	-2.6%	-0.7%	-0.7%
Bloomberg US Credit	-2.0%	-0.5%	-0.5%
Bloomberg Euro Aggr. Corp.	-2.3%	-1.0%	-1.0%
ICE BofA US High Yield	-1.2%	-1.2%	-1.2%
ICE BofA Euro High Yield Index	-2.1%	-2.0%	-2.0%
MSCI AC World (USD)	-6.2%	-2.5%	-2.5%
S&P 500	-5.0%	-4.3%	-4.3%
MSCI EMU	-8.4%	-2.4%	-2.4%
MSCI Switzerland	-7.5%	-2.4%	-2.4%
MSCI UK	-5.9%	4.0%	4.0%
MSCI Japan	-10.6%	3.0%	3.0%
MSCI EM (USD)	-13.0%	-0.1%	-0.1%
MSCI China	-7.4%	-8.5%	-8.5%
Gold – spot	-11.2%	7.2%	7.2%
Brent – spot	21.9%	41.6%	41.6%

Lumen Vietnam Fund - Market Comments

Lumen Vietnam anchored itself through a significant transition in March, recovering from a strong drop early March to close with a negative of -6.52% in USD. Market activity mirrored this movement; initial selling pressure drove daily trading values to a heightened USD 1,414 mm before subsiding to roughly USD 710mm by late month. This shift suggests a pivot from aggressive distribution toward a more cautious phase of bottom-fishing as participants internalized external shocks and shifting domestic funding availability. These price fluctuations paved the way for a more nuanced assessment of the catalysts and sector-level rotation that defined the month.

Dual pressures from the Iran Conflict – especially concerns regarding energy supply disruptions at the Strait of Hormuz - and a sharp intra-month spike in interbank rates to 10.4% p.a. served as the primary catalysts for the month's price fluctuations. This surge in funding costs cooled the Real Estate sector, where Vingroup-related stocks such as VIC and VHM faced substantial selling pressure. Fueled by supply concerns, the Energy and Utilities sectors displayed resilience at first, but quickly followed the overall market trend.

Foreign investors maintained a net selling stance, with outflows reaching USD 592mm. This selling was concentrated in prominent blue chips such as VIC and FPT. Despite these exits, the local investors continued to be the stronghold of the equity market when they accounted for almost 87% of the total trading value.

The March correction represents a necessary consolidation phase for a balanced and risk-controlled expansion of the market. The long-term outlook remains firmly positive, supported by a projected 8% GDP growth target and the commencement of transformative infrastructure projects, including the several metro lines in Ho Chi Minh City. The Purchasing Managers' Index (PMI) jumped to 54.3 signaling robust economic health and positive outlook. By anchoring growth in the pillars of public investment and industrial momentum, the market is well-positioned to convert recent market volatility into a foundation for structural expansion. We believe the market uncertainty provides good entry point for taking capital allocation in Vietnam as the overall narrative for Vietnam remains strong.

Lumen Vietnam Fund - Portfolio Comments

In March the LVF demonstrated resilience and delivered relatively strong performance, supported by disciplined portfolio construction and effective stock selection. Notable we were rewarded in building higher cash positions weeks prior to the Iran Conflict due to our active portfolio management and investors inflows. **Real Estate, Utilities and Consumer Staples** sectors emerged as the main drivers of portfolio performance with details as below:

- **The Real Estate** sector recorded a relatively modest decline of 4.28% during the month, underscoring the importance of stock selection as a key differentiator.

Core holdings in LVF outperformed the sector, supported by both valuation-driven inflows and project-specific catalysts. In addition, positive policy developments related to provincial administrative upgrades and infrastructure prioritization improved sentiment toward projects with strategic land exposure. Another portfolio holding also delivered solid gains thanks to resolving outstanding receivables and supportive regulatory direction aimed at easing financial pressures. Dividend announcements further enhanced investor confidence.

- **The Utilities** sector saw some short-term softness in March (-5.83%), amid mixed macro signals and evolving expectations around energy supply dynamics. Market consensus increasingly points to the potential return of El Niño conditions in the second half of 2026, which could create a more favorable outlook for thermal power generation while posing slight headwinds for renewable energy output.

Despite near-term fluctuations, defensive utility names continued to demonstrate relative resilience compared to the broader market. Electricity demand remained stable, with early-year growth broadly in line with expectations and projected to accelerate in line with Vietnam's economic expansion targets. Within this context, thermal power producers with stable cost structures and favorable contract positions appear better positioned, while gas-fired plants maintained a more neutral outlook. Strong earnings momentum reported in late 2025 also continued to support investor confidence, helping to stabilize sentiment toward the sector.

- **The Consumer Staples** sector declined by 7.27%, which compares favorably with the broader market's sharper correction. In a more volatile environment, the sector benefited from relatively stable domestic demand and its resilience to external uncertainties, helping to cushion downside risks. Investor interest remained supported by the sector's earnings visibility and essential consumption nature, with both domestic and foreign flows continuing to favor high-quality names. Selected companies also recorded positive performance, driven by company-specific catalysts and supportive regulatory developments.

Overall, March marked a more defensive phase for the market, where heightened volatility and broad-based corrections weighed on investor sentiment. In this environment, LVF's emphasis on high quality stock selection played a crucial role in preserving value. Importantly, the fund maintained a healthy cash position, which provides flexibility during periods of market dislocation to accumulate good names at attractive valuations

Lumen Vietnam Fund – Portfolio Outlook

The market entered April with a cautious tone, which is understandable given short term risks remains. Major global equity indices have so far only experienced moderate corrections, while the USD continues to strengthen and bond yields have broadly risen as

as inflation expectation sharply increased, causing scaling back expectations for monetary easing. In this environment, the energy shock at the Strait of Hormuz is increasing the risk of a stagflationary scenario, where inflation rises while economic growth weakens. As a result, the prospect of a rapid market recovery in the near term remains relatively limited.

Despite these risks, we believe the probability of a sharp and disorderly sell-off remains relatively low given several supportive underlying conditions. Foreign investor participation is still near cyclical lows, and retail investors have generally maintained a cautious stance. These factors should help contain downside risks even if volatility persists.

From a fundamental perspective, several drivers could support a recovery in the Vietnamese equity market.

- Geopolitical tensions in the Middle East—particularly concerns among international investors regarding potential disruptions to Vietnam’s energy supply — we believe foreign investor confidence could recover as the government’s diplomatic efforts to secure stable energy supplies begin to deliver tangible results in the coming period.
- The expected upgrade of Vietnam’s stock market to FTSE Emerging Market status in 2026, together with the establishment of an international financial center in Vietnam, could attract greater participation from global investors. At the same time, the return of the IPO wave is expected to broaden the investable universe, offering more diversified opportunities across multiple sectors rather than being concentrated mainly in financial stocks as in the past.
- In Vietnam, policy direction has become clearer, with authorities prioritizing growth while maintaining macroeconomic stability. This is reflected in ongoing efforts to improve the institutional framework, reduce policy delays, and maintain balance in monetary management. These efforts provide an important foundation for sustaining medium-term market expectations. Importantly, we would like to emphasize that despite short-term challenges, the government’s target of achieving an average GDP growth rate of around 10% over the next five years remains unchanged, even if the growth figure recorded in 2026 may fall below that level. In a more positive sense, near-term headwinds could serve as catalysts for deeper and more decisive reforms. Achieving growth while simultaneously improving operational efficiency will no longer be optional but will instead become an urgent and critical requirement from the broader economy to individual businesses. Meanwhile, the inflationary impact may ultimately prove more contained than market fears suggest, partly due to strong government intervention aimed at limiting price pressures through concrete measures such as significant reductions in taxes and fees embedded in domestic fuel prices, the deployment of the fuel price stabilization fund, and tax and fee reductions for aviation services.

- Corporate earnings prospects for the first quarter of 2026 are expected to remain positive. Based on our coverage universe, earnings growth for the quarter could reach around 37.6% year-on-year. This growth is likely to be driven primarily by domestic demand and the ongoing investment cycle, particularly in sectors such as real estate and retail. In addition, sectors benefiting from commodity price movements or geopolitical developments could deliver stronger than expected performance relative to the broader market. At the same time, many stocks have already experienced sharp declines and have, to some extent, priced in much of the negative news related to the Middle East conflict as well as concerns surrounding liquidity conditions in the banking system. The broad-based correction across most sectors is therefore creating opportunities to accumulate companies that are expected to deliver strong earnings in the coming quarters, supported by solid balance sheets, ample cash reserves, and well-secured input supply arrangements established from late 2025 through the first half of 2026.

For Lumen Vietnam Fund, in the context of gradually rising interest rates since late 2025, we have rebalanced our portfolio toward more defensive sectors such as energy and consumer staples while increasing our cash position to a reasonable level. This positioning helped mitigate part of the negative impact from broader market volatility during March. With our current cash balance, we will continue to gradually deploy capital into sectors and companies that have experienced meaningful valuation discounts under the higher interest-rate environment but demonstrate strong resilience to short-term challenges.