

Lumen Vietnam Fund – Monthly Comment May 2026



General Comments

In May, the Lumen Vietnam Fund (LVF) finished the month slightly negative of -0.74% in USD for Class R, bringing the year-to-date performance to +4.84%. For comparison purpose, the Vietnam All Share Index (VNAS) lost -0.55% month-to-date and achieved +0.29% year-to-date in terms of USD.

Asset Class Performance in May 2026

	May	1Q 2026	YTD
Bloomberg US Treasury	0.1%	0.0%	0.0%
Bloomberg Pan-European Aggr.	1.1%	-0.7%	0.9%
Bloomberg US Credit	0.7%	-0.5%	0.6%
Bloomberg Euro Aggr. Corp.	0.9%	-1.0%	0.9%
ICE BofA US High Yield	0.1%	-1.2%	1.5%
ICE BofA Euro High Yield Index	0.4%	-2.0%	1.1%
MSCI AC World (USD)	5.4%	-2.5%	12.4%
S&P 500	5.3%	-4.3%	11.3%
MSCI EMU	4.4%	-2.4%	8.5%
MSCI Switzerland	3.5%	-2.4%	5.1%
MSCI UK	0.5%	4.0%	6.8%
MSCI Japan	6.6%	3.0%	18.1%
MSCI EM (USD)	9.7%	-0.1%	25.7%

MSCI China	-3.1%	-8.5%	-8.4%
Gold – spot	-1.2%	7.2%	5.1%
Brent – spot	-4.1%	41.6%	49.2%

Lumen Vietnam Fund - Market Comments

The VNAS Index demonstrated resilient upward momentum at the beginning of May, continuing a healthy rally that began in late March and propelling the index to an all-time intraday high of 1,981 points. This initial expansion was heavily supported by large-cap stocks in the banking sector as well as Vingroup related stocks (VIC and VHM). However, as momentum began to cool down, the market experienced a soft consolidation phase toward the end of the month, finishing at 1,900, down -0.69% in local currency terms (-0.55% in terms of USD). This adjustment broadened the overall market landscape, creating an asset-allocation environment where stock picking are becoming increasingly vital.

Daily average traded value remained around reasonable at USD 830mn. Foreign investors maintained selling streak, pushing year-to-date net outflows beyond USD 2.5bn as institutional participants rotated funds back toward developed markets, influenced in part by the ongoing AI-driven rally and a moderation of geopolitical tensions in the Middle East. Persistent foreign selling has reduced foreign ownership in many large-cap stocks to multi-year lows. Despite this, the market has remained stable, supported by strong domestic participation that has absorbed a significant portion of the selling pressure. This has created an increasingly attractive valuation disconnect, providing scope for foreign capital to re-enter the market as sentiment and market conditions improve.

A positive development is that buying interest consistently re-emerges during market pullbacks, reflecting ongoing accumulation of fundamentally strong companies trading at attractive valuations. Encouragingly, leverage risks across the financial system remain well contained, while the absence of excessive retail speculation helps limit the risk of broader market instability.

From a policy perspective, the State Bank of Vietnam has maintained a proactive approach in monitoring credit growth and banking sector risks, in line with the government's objective of supporting sustainable economic growth while preserving macroeconomic stability.

Against this backdrop, investors remain well positioned to use the current period of market rotation as an opportunity to build long-term value. A selective and disciplined investment approach, focused on companies with strong balance sheets and resilient cash flow generation, should provide a solid foundation for long-term capital appreciation.

Lumen Vietnam Fund - Portfolio Comments

The Vietnamese stock market traded sideways during in May, with gains concentrated in only a few sectors. LVF recorded a modest decline during the month, while Energy, Utilities, and Financials were the main contributors to performance. These were also the only sectors within the VNAS Index to finish the month in positive territory. The details are as follows:

- **The Energy** sector delivered the strongest performance during the month (+5.46%), supported by rising oil prices and improving sector outlook. Brent oil prices remained elevated compared to earlier in the year, while policy support and regional cooperation initiatives continued to strengthen confidence in Vietnam's energy security strategy. In addition, first-quarter earnings across the oil and gas sector remained robust, driven by improving exploration and production activity, stronger transportation demand, and supportive regulatory developments.
- **The Utilities** sector's 4.23% rise in May 2026 was largely driven by a sharp acceleration in thermal power demand, which grew 8.7% YoY due to hot weather and industrial expansion. To support this surging load, thermal power plants relied on a highly proactive fuel procurement strategy. Sector players successfully secured imported LNG shipments at highly competitive prices - up to 50% lower than prevailing market spot rates - by locking in contracts prior to regional geopolitical shocks. This cushion against input cost volatility was further reinforced by accelerated government infrastructure developments, including the completion of eight major southern 500 kV and 220 kV transmission projects. These grid expansions effectively minimized supply bottlenecks, ensuring stable power distribution to major industrial hubs.
- **The Financials** sector also contributed positively to portfolio returns (+2.45%), supported by expectations of a more accommodative interest-rate environment and improving earnings outlooks. Securities firms benefited from stronger market sentiment and expectations surrounding potential market upgrade developments, while several companies announced capital raising plans to support future growth. Within banking, investors continued to favor institutions with strong asset quality, resilient funding structures, and improving earnings momentum. Some banks that had previously underperformed also began to regain investor attention as provision pressure eased and profitability prospects improved.

Overall, market performance in May remained relatively subdued amid concerns that persistently high oil prices could delay the easing of inflationary pressures. At the same time, the ongoing market consolidation provides an attractive entry point for investors with available liquidity, including LVF, to selectively build positions in fundamentally strong companies with compelling long-term growth potential.

Lumen Vietnam Fund – Vietnam Market Valuation Near Historical Lows

The Vietnam stock market, as measured by the VN-Index, reached an all-time high in mid-May 2026. Despite this strong performance, market valuation remains in line with its five-year rolling average. This reflects the solid and sustained earnings growth of Vietnamese listed companies, which has supported market valuation and underpinned long-term share price performance. Over the past five years, earnings of companies listed on the Ho Chi Minh Stock Exchange (HOSE) have grown at an average annual rate of 18%, the strongest among Southeast Asian markets. In 1Q2026, Vietnamese listed companies continued to deliver robust results, with aggregate earnings rising 49.8% YoY. Despite geopolitical uncertainty, we forecast that Vietnamese listed companies will continue to deliver earnings growth of 16–17% per year in both 2026 and 2027.

Figure 1: Vietnam Equity Market Valuation

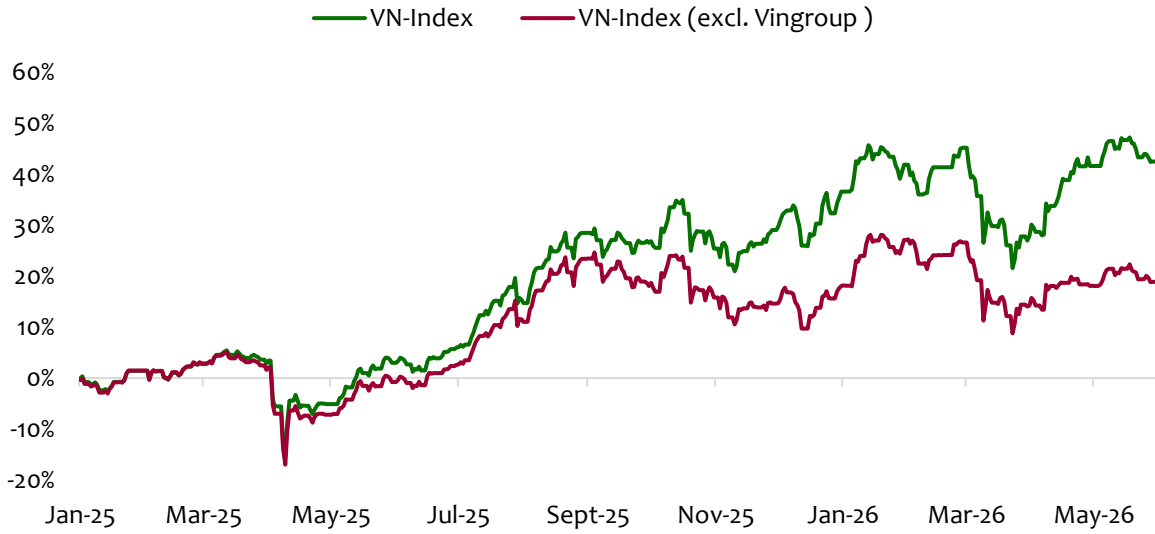


The VN-Index is currently trading at its five-year average valuation. However, if Vingroup (VIC) is excluded, the market would be trading close to its three-year historical valuation low. VIC accounts for approximately 18% of the VN-Index’s total market capitalization yet contributes only around 2% of the total combined earnings of the companies included in the index.

Lumen Vietnam Fund – Solid Earnings Growth in 1Q2026

Vietnamese listed companies on HOSE continued to deliver strong earnings growth in 1Q2026, with aggregate earnings rising 49.8% YoY.

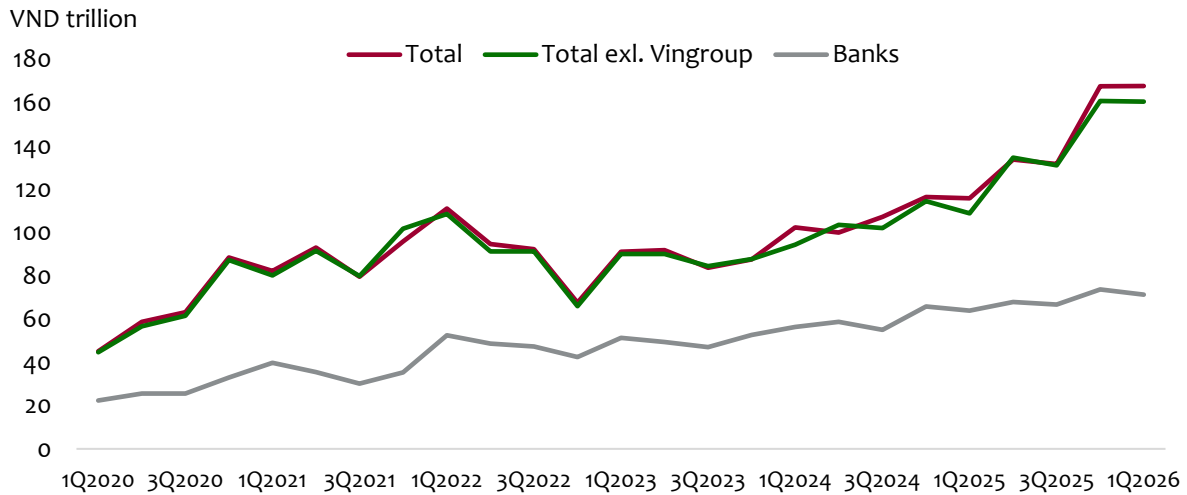
Figure 2: VN-Index performance



Source: Bloomberg, VNHAM

Despite some seasonal geopolitical headwinds, this robust expansion reinforces the structural growth trajectory of both Vietnamese corporates and the broader economy.

Figure 3: Aggregate Quarterly NPATMI of Listed Companies on HOSE



Source: FiinPro, VNHAM

Notably, market earnings have become less dependent on the banking sector, which accounted for only around 43% of total earnings in 1Q2026, down from more than 50% over the past four years. This suggests that the Vietnamese equity market is becoming more diversified in both earning generation and market capitalization. In our view, the next phase of earnings growth for Vietnamese listed companies is likely to be driven increasingly by consumer staples, consumer discretionary, materials, and utilities rather than by banks alone.

Figure 4: Earnings Growth in 1Q2026 and Forecasts for 2026, 2027

Sector	% Earnings Contribution	1Q2026 YoY	2021-2025 Avr. YoY	2026F YoY	2027F YoY
Financials	47.5%	13.3%	22.3%	16.9%	16.8%
Banks	42.5%	11.6%	21.3%	16.3%	16.8%
Real Estate	23.3%	197.6%	11.3%	17.3%	17.0%
Consumer Staples	4.7%	72.7%	6.5%	37.3%	21.5%
Materials	8.8%	99.7%	22.2%	42.8%	20.4%
Industrials	6.7%	25.8%	110.3%	-8.1%	12.4%
Utilities	3.9%	42.6%	14.0%	10.3%	19.3%
Consumer Discretionary	3.1%	76.0%	24.5%	23.7%	14.7%
Information Technology	1.7%	2.1%	21.7%	13.9%	14.1%
Energy	0.0%	-105.1%	27.5%	2.3%	12.3%
Health Care	0.4%	5.6%	4.4%	na	na
Communication Services	0.0%	-51.1%	4.5%	na	na
Total	100.0%	49.8%	17.7%	17.2%	17.0%

Source: FiinPro, VNHAM, forecasted growth based on top 100 companies by market cap.

Banking Sector

While the banking sector has historically served as the primary engine of market earnings growth, it has recently emerged as a near-term drag on overall market momentum. The 1Q2026 results reinforce our cautious structural outlook on the industry, which is driven by two key factors: (i) compressing profitability as net interest margins (NIMs) face sustained pressure, and (ii) an accelerating divergence in performance, with smaller institutions underperforming and losing competitive advantages.

Nevertheless, top-tier banks remain well-positioned to capture rising capital demand as Vietnam enters its next phase of high growth. Furthermore, these resilient lenders are fundamentally better equipped to manage asset quality and mitigate funding risks amid tightening sector conditions.

Real Estate

The real estate sector emerged as a headline driver of the broader market's strong 1Q2026 performance, though results were highly fragmented across individual developers. The sector's share of aggregate HOSE earnings surged to 23% in 1Q2026—up from a historical average of 14%—a spike propelled almost entirely by Vinhomes (VHM). Beyond this single outlier, limited project handovers led to generally soft earnings results across the wider industry.

Looking ahead, a rising interest rate environment and tightening bank credit quotas for real estate continue to hinder development. These regulatory and macroeconomic headwinds are expected to weigh on sector performance not only in the first quarter but throughout the coming quarters.

Consumer Staples and Discretionary

Consumer goods sales expanded notably, rising by an average of 15% YoY, supported by balanced growth in both pricing and volume. Traditional retail channels, which account for 85% of the total market, began to stabilize and recover following a contraction last year induced by stricter tax regulations.

Despite fragmented consumer sentiment recovery, modern retail leaders delivered exceptional results, driven by ongoing structural consolidation and shifting lifestyle preferences. Consequently, large, well-capitalized consumer and retail enterprises are well-positioned to aggressively capture market share from smaller independent operators and traditional channels alike.

Materials

Over the past five years, the materials sector has outpaced the broader HOSE market, delivering an above-average corporate earnings growth rate. This robust performance was heavily concentrated in and driven by Hoa Phat Group (HPG). HPG's 1Q2026 earnings surpassed market consensus estimates, fueled by higher steel sales volumes, margin expansion within its core steel business, and some one-off income in the reporting quarter. Looking forward, HPG is well-positioned to capitalize on a substantial project backlog across both domestic infrastructure and real estate developments. Furthermore, the recent uptick in steel prices is expected to enhance profitability, driving stronger earnings results over the coming quarters.

Utilities

The utilities sector, driven primarily by power generation companies, emerged as a key contributor to aggregate HOSE earnings growth in 1Q2026. This robust quarterly performance was supported by expanding electricity generation volumes, with thermal power producers outperforming due to the lingering climatic impacts of El Niño.

While the first quarter historically represents a seasonally low base due to the Tet holiday period, a sharp acceleration in power demand is anticipated for 2Q2026. This sequential surge will be driven by accelerating manufacturing activity alongside elevated residential consumption, as prolonged hot weather necessitates higher dispatch rates from thermal power generators.