Lumen Vietnam Fund – Monthly Comment August 2026

General Comments

In August 2026, the Lumen Vietnam Fund (LVF) Class R climbed **+6.41% in USD** for Class R, lifting its year-to-date return to +1.93% in USD for Class R, while the Vietnam All Share Index (VNAS) rose +6.58% for the month and stood at -0.78% year-to-date in terms of USD.

Asset Class Performance in August 2026

	Aug	2Q 2026	YTD
Bloomberg US Treasury	0.3%	0.3%	-0.5%
Bloomberg Pan-European Aggr.	-0.3%	2.0%	-0.4%
Bloomberg US Credit	0.4%	1.3%	-0.3%
Bloomberg Euro Aggr. Corp.	-0.2%	2.3%	0.1%
ICE BofA US High Yield	1.0%	0.6%	2.6%
ICE BofA Euro High Yield Index	0.3%	1.5%	1.9%
MSCI AC World (USD)	2.4%	15.3%	14.7%
S&P 500	2.7%	15.2%	13.1%
MSCI EMU	1.0%	15.8%	13.6%
MSCI Switzerland	-0.3%	13.2%	10.7%
MSCI UK	0.0%	3.4%	11.8%
MSCI Japan	3.7%	16.7%	23.4%
MSCI EM (USD)	3.4%	24.1%	24.4%
MSCI China	-0.4%	-6.8%	-7.5%

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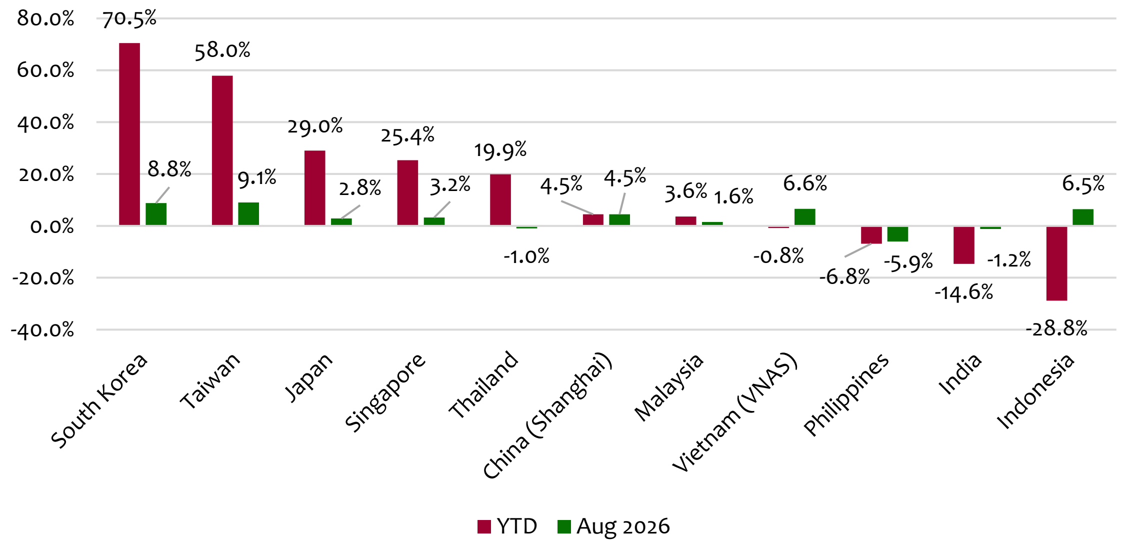
Gold – spot	10.6%	-13.5%	3.1%
Brent - spot	3.8%	-7.1%	50.6%

Lumen Vietnam Fund – Market Comment

The Vietnamese equity market ended August 2026 firmly above the psychological 1,800-point threshold, with the VNAS Index reaching 1,863.41, up +5.71% month-to-date in VND terms and +6.58% in USD terms. Despite lingering global uncertainties, including US–Iran tensions and renewed US–Canada tariff disputes, the market maintained its upward momentum, broadly in line with resilient regional markets. Domestic policy support, expectations of a market upgrade, and improving investor sentiment remained the key drivers.

Figure 1: Regional markets' performance in Aug and YTD 2026 (in USD)



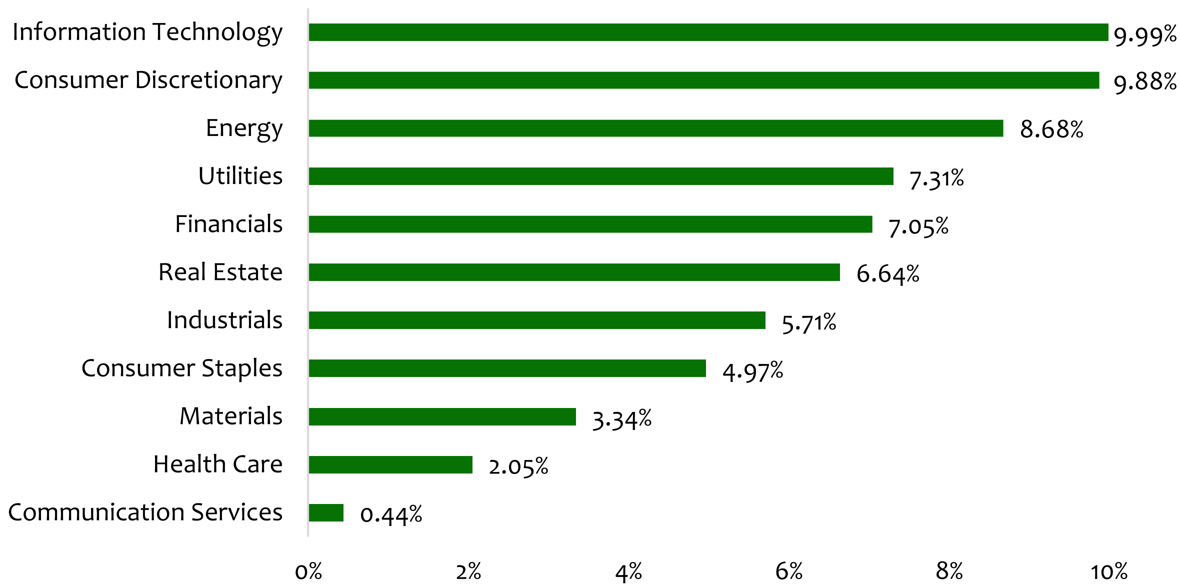
Source: Bloomberg, as of 31 Aug 2026

Liquidity was broadly stable, with average daily trading value (ADTV) at USD579.3mn, down a modest -2.85% month-on-month. Foreign investors remained net sellers, with monthly outflows of USD67.1mn, although selling was concentrated in selected large-cap names. More encouragingly, foreign flows showed early signs of improvement, with intermittent weeks of net buying, particularly in technology and securities stocks.

A notable feature of August 2026 was the broader participation across the market. Capital rotated from earlier market leaders toward sectors that had lagged the initial rebound, with Financials and Real Estate emerging as the strongest performers. Mid- and small-cap stocks also participated meaningfully, pointing to improving market breadth. State-linked companies (SOEs) experienced particularly strong and broad-based gains following the issuance of Decision 40 and Telegram 52, which provided greater clarity on the framework and implementation timeline for State-capital restructuring and value unlocking during 2026–2030. Expectations were further supported by SCIC's plans to divest stakes in a few companies in the state-owned enterprises (SOE).

The improving market backdrop was also supported by domestic policy and liquidity developments. The State Bank of Vietnam actively eased money-market conditions, with overnight interbank rates falling by 190bps to 3.01% toward month-end. In addition, the government and SBV introduced a VND220tn preferential lending package through State-owned banks for SMEs and priority sectors, alongside broader efforts to encourage commercial banks to reduce lending rates. On the external front, S&P affirmed Vietnam's sovereign rating at BB+/B with a stable outlook, while a recent US report-maintained Vietnam in the Tier 2 category for transshipment risks, helping ease concerns over the potential introduction of new widespread tariffs.

Figure 2: VNAS Sector Performance in Aug 2026



Source: Bloomberg, VNHAM compilation as of 31 Jul 2026

Lumen Vietnam Fund - Portfolio Comments

Following the market correction in July, the Vietnamese equity market demonstrated a strong recovery in August, with the VNAS closing the month with a solid +6.6% gain. This upward momentum was broad-based, experiencing a rally across almost all sectors in the market. In this favorable environment, LVF successfully captured the market's upside, guided by our disciplined, fundamentals-based allocation strategy. During the month, the strongest contributions to LVF's overall performance came from the **Consumer Discretionary**, **Energy**, **Utilities**, and **Information Technology** sectors.

- The **Consumer Discretionary** sector posted an exceptional gain of +15.63%, largely reflecting strong gains in a few individual stocks. Performance was driven by a combination of regulatory clarity, renewed investor interest and robust operating results. A major retail and pharmacy chain also contributed meaningfully, supported by strong first-half results, continued valuation re-rating and the expansion of its healthcare ecosystem into diagnostic and laboratory testing services.

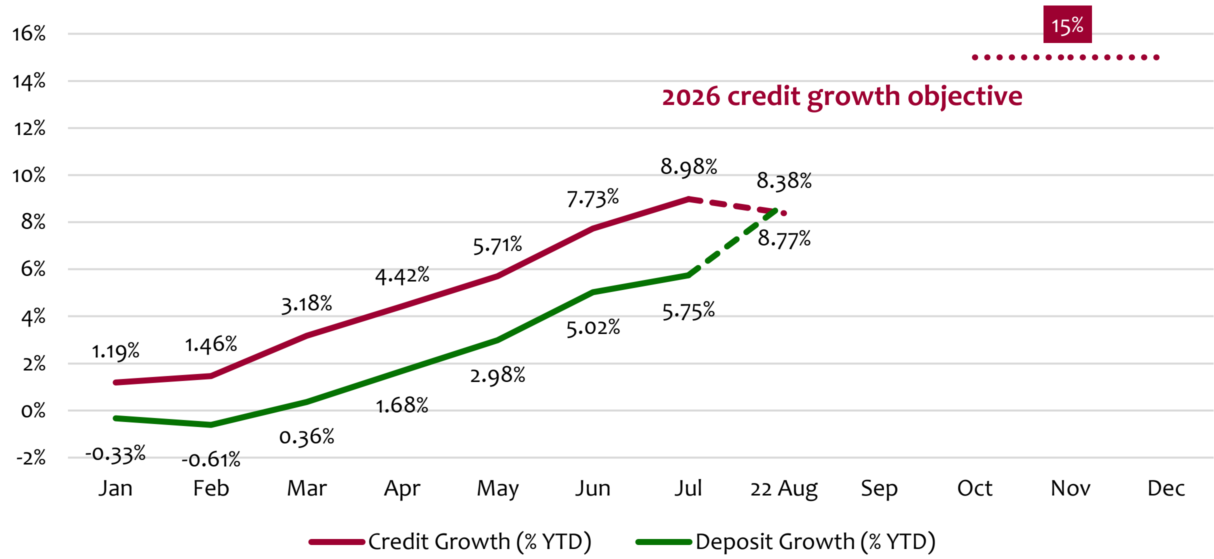
- The **Energy** and **Utilities** sectors delivered impressive returns of +14.76% and 14.00%, respectively. This surge was heavily supported by important policy developments, most notably the National Assembly's approval of the amended Oil & Gas Law. The revised legal framework introduces a highly supportive environment for upstream investments, featuring streamlined administrative procedures, enhanced incentives for technically challenging fields, and a solid foundation for offshore energy projects. Positive developments in LNG supply and the government's renewed focus on state-owned enterprise restructuring also helped improve sentiment across the energy value chain.
- The **Information Technology** sector also demonstrated strong momentum, advancing +10.02% during the month. Investor interest returned as foreign capital rotated toward companies with resilient earnings growth and more attractive valuations. The recovery was further reinforced by strategic AI-related initiatives, including the appointment of a leading technology company as a global select partner of a major generative AI platform. This partnership strengthens its ability to deliver enterprise AI solutions and expand into higher-value technology services, reinforcing the sector's long-term growth potential.

Overall, August 2026 provided a highly favorable environment for the Vietnamese equity market, and LVF's portfolio effectively captured this recovery. Our positive return came from the strong rebound across our core holdings; we remain vigilant and recognize that market dynamics can shift rapidly. We maintain our disciplined approach amidst ongoing global macroeconomic developments, thoughtfully positioning the portfolio to focus on companies with sustainable, long-term growth drivers and resilient fundamentals.

Lumen Vietnam Fund – Portfolio Outlook

Looking ahead, we believe the investment environment is gradually becoming more supportive, particularly as liquidity conditions show early signs of improvement and normalisation. While strong credit demand has kept pressure on funding costs, the declining loan-to-deposit ratio, improving deposit growth, stronger USD liquidity and the gradual return of funds from various channels suggest that liquidity within the formal banking system is starting to improve. To be specific, funds that were previously held in gold, real estate, USD holdings and cash transactions are gradually returning to bank deposits as the relative attractiveness of these alternative channels declines and financial transactions become increasingly formalised. As this process continues, we believe there is scope for lending rates to gradually ease, helping to underpin private investment, corporate activity and broader economic growth.

Figure 3: Vietnam's credit and deposit growth YTD 2026



The broader macroeconomic backdrop is also strong. August 2026 data showed stronger momentum across domestic consumption, manufacturing, trade and foreign investment, while the acceleration in public investment and fiscal expenditure should provide an additional growth impulse. Retail sales increased 13.3% YoY in the first eight months, PMI remained in expansion territory for the 14th consecutive month, committed FDI rose 55.4% YoY, and public investment disbursement reached VND546.8tn, up 18.5% YoY. Although inflation has moved higher, we believe the combination of improving economic activity, stronger fiscal spending and gradually improving financial-system liquidity creates a constructive environment for corporate earnings.

Against this backdrop, several market-specific catalysts could further lift sentiment. The imminent FTSE Russell emerging-market upgrade remains a key near-term catalyst, with Vietnam potentially receiving a 0.49% index weight in the September review and attracting more than USD1.5bn in passive inflows. Meanwhile, the government's ongoing SOE restructuring and capital divestment programme could unlock value across several state-linked companies, while potential reforms to market infrastructure and trading mechanisms could further enhance market accessibility and liquidity.

In this environment, the Lumen Vietnam Fund continues to pursue a disciplined and selective investment strategy, allocating capital toward companies with strong exposure to the improving liquidity environment, domestic growth and structural policy developments, while maintaining discipline on earnings quality, balance-sheet strength and valuation. This approach underpins our positioning across the key sectors below:

- **Financials Sector**: We maintain a selective but increasingly constructive positioning. Near-term pressure from higher funding costs, lower CASA ratios and property-related NPL risks remains, particularly for banks with weaker deposit franchises or asset-quality buffers. However, the gradual return of liquidity to the banking system could improve deposit mobilization and eventually ease funding costs. We therefore favor state-owned banks and leading institutions with strong deposit franchises, high asset quality and robust provisioning buffers, which are better positioned to benefit from stronger capital demand and a potential normalization of lending rates. We also see the brokerage sector as a potential beneficiary of the anticipated FTSE upgrade and improving market liquidity.

- **Real Estate Sector**: While the real estate sector continues to face near-term challenges, particularly around liquidity and transaction activity, we believe many of these concerns have already been substantially reflected in current share prices, creating greater scope for differentiation within the sector. We will prioritize developers with high-quality land banks aligned with genuine housing demand and the long-term expansion of Vietnam's urban network, together with healthy financial positions and strong execution capabilities. We believe these companies are better positioned to capture the recovery in demand as financing and liquidity conditions gradually improve.
- **Consumer Discretionary and Consumer Staples Sectors**: Vietnam's ongoing modernization of consumption patterns and the rapid expansion of e-commerce are creating opportunities for leading companies to gain market share, while industry consolidation could open a new growth cycle for businesses with strong competitive advantages. We favor companies with extensive and well-established distribution networks, strong capabilities to integrate offline and online channels, and a deep understanding of evolving consumer preferences, particularly among younger urban consumers. We also place emphasis on companies with strong R&D and product innovation capabilities, healthy financial resources and competitive pricing, which should enable them to capture market share and sustain growth as the consumer landscape continues to evolve.
- **Industrials Sector**: We remain constructive on the industrial sector, supported by Vietnam's ambition to strengthen its position as a regional manufacturing and logistics hub. The continued expansion of manufacturing capacity, supply-chain relocation and infrastructure investment should create long-term opportunities for companies with strategically located assets and strong competitive positions. We favor leading companies with prime geographic locations, high-quality industrial and logistics assets, and management teams that are agile and willing to continuously upgrade their assets and operating capabilities. These characteristics should allow them to capture increasing demand as Vietnam deepens its role in regional manufacturing and logistics networks.
- **Information Technology Sector**: We favor leading companies with proven execution capabilities, strong R&D and technology platforms, deep relationships with global and domestic customers, and the ability to continuously upgrade their service offerings. Companies with these capabilities should be well positioned to capture the increasing technology spending of global businesses and benefit from increasing demand for digital transformation, AI, cloud computing and higher-value technology services.

- **Energy and Utilities Sectors**: Vietnam's growing energy demand and the government's focus on strengthening energy security and domestic infrastructure should create a favorable long-term environment for the sector. We favor leading companies with strategically important assets and infrastructure, strong balance sheets and established positions across the energy value chain, which are well positioned to capture rising demand as the country's energy capacity expands. Given the sector's sensitivity to commodity prices and geopolitical developments, particularly the US–Iran conflict, we remain selective and closely monitor external market conditions.

Overall, we believe the market is entering a more favourable environment as liquidity conditions gradually normalise and economic growth broadens. The combination of potential foreign inflows from the FTSE upgrade, SOE restructuring, stronger public investment and the gradual return of domestic liquidity to the formal financial system provides several potential catalysts for the portfolio over the medium term.

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