

Lumen Vietnam Fund – Monthly Comment September 2026



General Comments

Lumen Vietnam Fund (LVF) Class R showed strong resilience in a difficult September, comfortably outperforming the broader market. While the Vietnam All Share Index (VNAS) dropped -3.93% for the month and sits at -4.68% year-to-date, LVF held losses to just -2.44% and maintained a near-breakeven YTD of -0.56% in USD.

Asset Class Performance in September 2026

	Sep	3Q 2026	YTD
Bloomberg US Treasury	-2.2%	-3.0%	-2.8%
Bloomberg Pan-European Aggr.	-1.9%	-3.5%	-2.3%
Bloomberg US Credit	-2.7%	-3.8%	-3.0%
Bloomberg Euro Aggr. Corp.	-1.3%	-2.5%	-1.2%
ICE BofA US High Yield	-2.5%	-1.8%	0.0%
ICE BofA Euro High Yield Index	-1.8%	-1.8%	0.1%
MSCI AC World (USD)	-0.7%	1.3%	13.9%
S&P 500	-0.3%	2.3%	12.7%
MSCI EMU	-1.9%	-1.5%	11.4%
MSCI Switzerland	-2.6%	-2.3%	7.8%
MSCI UK	-2.0%	1.8%	9.6%
MSCI Japan	0.0%	2.6%	23.3%
MSCI EM (USD)	-0.5%	-0.2%	23.7%

MSCI China	-4.5%	3.6%	-11.7%
Gold – spot	-7.2%	3.2%	-4.3%
Brent - spot	10.9%	27.0%	67.0%

Lumen Vietnam Fund – Market Comment

The Vietnamese equity market experienced a volatile and challenging September, with the VNAS closing at 1,782.19, down -3.90% month-on-month in USD terms, reflecting a period of consolidation after the strong gains seen in August. The market remained range-bound throughout the month, influenced by an increasingly complex global macro environment. Escalating geopolitical tensions in the Middle East pushed Brent crude prices higher, reviving inflation concerns and contributing to rising global bond yields. This was compounded by the US Federal Reserve's decision to raise interest rates by 25 basis points in September, reinforcing expectations of a higher-for-longer rate environment and putting further pressure on emerging-market flows and regional equities.

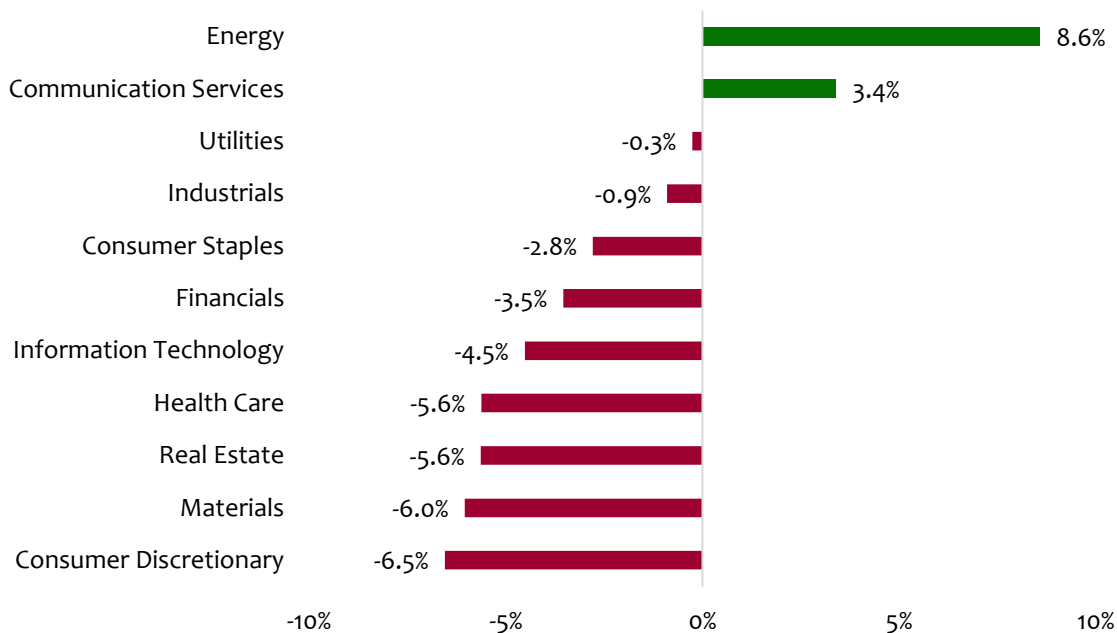
Liquidity conditions softened notably during the month, with average daily trading value (ADTV) declining to approximately USD546.3mm, down -5.70% MoM. Foreign investors remained net sellers overall, with net outflows of USD183.6mm for the month. However, foreign flows remained highly polarized, with technology, consumer staples and energy attracting persistent buying interest despite continued selling pressure elsewhere.

The market's setback was also relatively concentrated. Vingroup-related stocks were among the top contributors to the index decline, accounting for around 18% of the VNAS's total fall during the month. More than half of the market's sectors declined, with Financials, Technology and Real Estate are among the weakest performers, while Energy was the notable exception, gaining +8.58%. This divergence highlighted continued rotation across sectors rather than a broad-based deterioration in market fundamentals.

A major milestone during the month was Vietnam's official transition to FTSE Russell Secondary Emerging Market status, effective September 21. While the upgrade represents an important structural improvement in Vietnam's accessibility to international investors, the immediate market impact was more limited than initially anticipated, as index inclusion will be implemented progressively through multiple tranches from September 2026 to September 2027. The upgrade nevertheless marks an important step in the development of Vietnam's capital market and should gradually broaden the country's access to global institutional capital.

Overall, September's consolidation appeared to be driven more by global liquidity and valuation pressures than by a deterioration in Vietnam's underlying economic fundamentals. Higher global rates, elevated oil prices, continued foreign selling and subdued domestic liquidity kept investors cautious during the month.

Figure 1: VNAS' sector performance in Sep 2026



Source: Bloomberg, as of 30 September 2026

Lumen Vietnam Fund - Portfolio Comments

Despite a challenging environment, LVF outperformed the broader market in September, supported by resilient performance across our core holdings. Our disciplined, fundamentals-based stock selection helped limit downside and capture gains from company-specific catalysts and strategic corporate developments. The key contributors to our relative performance during the month were as follows:

- The **Energy** and **Utilities** sectors were among the strongest contributors to portfolio performance, gaining +5.12% and +2.82%, respectively, during the month. Within Energy, performance was supported by stronger investor interest amid elevated global oil prices and renewed geopolitical tensions in the Middle East, with positive developments across the oil and gas value chain. The passage of the amended Oil & Gas Law and the government's renewed focus on energy security and domestic energy infrastructure also provided additional support to the sector. Within Utilities, portfolio companies benefited from firm electricity prices and improving supply-demand conditions, supporting expectations for stronger earnings in the third quarter.
- The **Financials** sector gained 0.55%, significantly outperforming the broader Financials sector, which declined 3.54%. Performance was supported by selected insurance holdings, which benefited from a higher-rate environment and stronger investment income. A leading commercial bank also appreciated in reports that its strategic foreign institutional shareholder was in advanced discussions to

increase its ownership stake, potentially strengthening the bank's long-term capital base.

- The **Industrials** sector remained broadly resilient, declining only 0.01% versus a 0.90% decline for the broader Industrials sector in the index. This relative strength reflected our selective stock-picking approach. One portfolio company delivered solid operational growth despite challenging industry conditions, supported by strategic initiatives to upgrade its service offerings and expand its operating capabilities, enhancing customer experience and strengthening its long-term competitive position.

Lumen Vietnam Fund – Portfolio Outlook

Looking ahead, we maintain a constructive long-term view on the Vietnamese equity market, viewing the current consolidation phase as an attractive accumulation window rather than a change in the broader structural uptrend. While the global macro environment remains challenging, with elevated oil prices, higher US interest rates and lingering geopolitical uncertainties, we believe a significant portion of these risks are already reflected in current valuations.

The domestic macroeconomic foundation remains solid. Vietnam's economy is entering the final months of the year with broad-based momentum across manufacturing, retail sales and foreign direct investment. This strength was further reinforced by 3Q26 GDP growth of 9.9% YoY, accelerating from 8.8% in 2Q26. Trade dynamics also improved notably, with export growth accelerating despite a high base and elevated import costs, while the trade balance returned to a USD1.3 billion surplus after nine consecutive months of deficits. The Asian Development Bank's recent upward revision of Vietnam's 2026 GDP growth forecast to 7.8% further underscores the country's position as one of the region's key growth engines.

The government's continued focus on accelerating public investment and implementing structural reforms should provide additional support to domestic growth and corporate earnings. Public investment disbursement reached VND661.8tn in the first nine months of 2026, up 19.0% YoY, with September alone accounting for approximately VND133tn. Based on regional experience, the transmission from a meaningful acceleration in public investment to broader economic activity, corporate earnings and private-sector investment can take two to three years, suggesting that Vietnam may still be around the middle of this potential cycle.

Corporate earnings provide an additional near-term catalyst. 3Q26 earnings are expected to grow by around 20% YoY for companies under coverage. At current valuations, the VNAS Index trades at around 10x P/E excluding Vin-related names, and stronger earnings could push P/E to trail below 10x. This combination of improving earnings and relatively undemanding valuations provides a more attractive risk-reward profile, even as weak liquidity and elevated funding costs may continue to constrain the market in the near term.

The FTSE Russell upgrade marks another step forward in the development of Vietnam's capital market, with broader implications for market accessibility and foreign investor participation. We will explore these developments in more detail in the following section.

In this environment, we believe a selective and disciplined investment approach remains essential. We favor staying invested through near-term volatility while selectively accumulating companies with strong balance sheets, visible earnings growth and attractive valuations.

Special Topic: FTSE Upgrade and MSCI Emerging Markets Outlook

Vietnam's entry into FTSE's emerging-market indices opens a multi-year rebuilding of foreign ownership

FTSE Russell officially reclassified Vietnam from Frontier to Secondary Emerging status on 21 September 2026, completing an eight-year process that began with its addition to the watchlist in 2018. The upgrade, announced in October 2025 and confirmed after an interim review on 7 April 2026, is being implemented in four tranches: the first 10% of Vietnam's index weight took effect on 21 September 2026, with the remaining 90% to be added on 22 March, 21 June and 20 September 2027. We estimate total passive inflows of about USD1.6bn across the four tranches (Figure 2).

Figure 2: FTSE's phased inclusion schedule for Vietnam

Effective	Weight added	Cumulative	Flow (USD mm)	% of one day's HOSE turnover
21 Sep 2026	10%	10%	163	21%
22 Mar 2027	20%	30%	327	42%
21 Jun 2027	35%	65%	572	73%
20 Sep 2027	35%	100%	572	73%

Source: FTSE, VNHAM research

Vietnam is one of the few liquid markets that offer genuine diversification for global emerging-market portfolios. The market has no semiconductor exposure, and its earnings are driven by growing domestic industrialisation, rising consumption and a developing financial market. The average daily HOSE turnover of about USD800mm provides ample liquidity for most emerging market portfolios.

FTSE Emerging status is a milestone; MSCI is the next target. An MSCI upgrade would be a far larger event than FTSEs, as MSCI Emerging Markets is the benchmark most widely tracked by global emerging-market funds. The World Bank (April 2026) estimates that the FTSE upgrade could bring USD3–5bn of portfolio inflows in the first few years, rising to as

much as USD 25bn by 2030 if reforms continue; the World Bank has also noted that most new foreign investment would come after an MSCI upgrade. Vietnam is already MSCI's largest frontier market, accounting for 30% of the MSCI Frontier Markets index. MSCI's June 2026 accessibility review acknowledged Vietnam's global-broker model, the establishment of a central counterparty due to begin operations in early 2027 and the English-disclosure roadmap. However, MSCI did not add Vietnam to its watch list, citing foreign-ownership limits that still affect more than 10% of market capitalisation and the lack of an offshore currency market. The government is targeting MSCI Emerging Markets status by 2030, and the next watch-list decision is due in June 2027 (Figure 3).

Figure 3: The reforms MSCI looks for are scheduled for 2026–28

Milestone	What it addresses	Timing
Amended Securities Law to the National Assembly	The legal basis for wider foreign ownership	October–November 2026
Foreign-ownership limits removed in 43 unspecified sectors (Decree 155 revision)	Foreign ownership limit level and foreign room	2026–27
HNX listings move to HOSE	One exchange and one index universe	28 December 2026
Central counterparty clearing goes live	Clearing and settlement	1Q27
MSCI annual market classification review	Checkpoint, not a reform: whether Vietnam is added to the watch list	June 2027
Securities lending, then covered short selling	Stock lending and short selling	2027–28
English disclosure for all listed companies	Information flow and equal rights	1 January 2028
MSCI EM inclusion, on MSCI's usual watch list, announcement and implementation cycle	Outcome: inflows from funds tracking MSCI Emerging Markets	From 2029

Source: MSCI, VNHAM research