Lumen Vietnam Fund – Monthly Comment October 2026



General Comments

Lumen Vietnam Fund (LVF) USD Class R moved largely in line with the broader market during October, posting a -1.98% return against a -1.82% decline for the VNAS Vietnam All Share Index. On a cumulative basis, the fund continues to demonstrate solid capital preservation, holding year-to-date losses to -2.53% in USD compared to a -6.42% decline for the VNAS, both in terms of USD.

Asset Class Performance in October 2026

	Oct	3Q 2026	YTD
Bloomberg US Treasury	2.4%	-3.0%	-0.5%
Bloomberg Pan-European Aggr.	0.9%	-3.5%	-1.4%
Bloomberg US Credit	2.1%	-3.8%	-0.9%
Bloomberg Euro Aggr. Corp.	0.8%	-2.5%	-0.5%
ICE BofA US High Yield	0.6%	-1.8%	0.5%
ICE BofA Euro High Yield Index	-0.8%	-1.8%	-0.9%
MSCI AC World (USD)	-1.5%	1.3%	12.1%
S&P 500	-0.9%	2.3%	11.8%
MSCI EMU	-1.6%	-1.5%	9.7%
MSCI Switzerland	6.8%	-2.3%	15.1%
MSCI UK	1.5%	1.8%	11.3%
MSCI Japan	-4.0%	2.6%	18.5%
MSCI EM (USD)	-8.0%	-0.2%	13.8%
MSCI China	-7.1%	3.6%	-18.0%

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Gold – spot	-6.6%	3.2%	-10.7%
Brent – spot	13.0%	27.0%	88.7%

Lumen Vietnam Fund – Market Comment

The Vietnamese equity market consolidated further in October, with the VNAS slipping -1.82% with high intra-month volatility. The market remained range-bound, heavily influenced by an increasingly complex global macro environment. Escalating geopolitical tensions, particularly the US-Iran conflict and attacks in the Strait of Hormuz, pushed Brent crude prices to the monthly average price of around USD 108 per barrel, reviving global inflation concerns. This was compounded by the US Federal Reserve's decision to hold its policy rate at 3.75–4.00%, reinforcing expectations of a "higher-for-longer" rate environment. Consequently, the US 10-year Treasury yield averaged around 5.14% during the month, tempering foreign institutional appetite for emerging markets and triggering sharp volatility in global technology stocks.

Liquidity conditions continued to stabilise during the month, with the average daily trading value at around USD 518.3mm. Foreign investors maintained a net selling position, pushing cumulative year-to-date outflows to approximately USD 4.5–4.6bn and driving the foreign ownership ratio to a new record low of 12.9%. Selling pressure was mostly concentrated in Consumer Staples, Financials, and selected large-cap names.

Domestic interest rates continued to act as the primary constraint on market recovery. While the Government and the State Bank of Vietnam (SBV) actively directed commercial banks to lower deposit and lending rates to support economic growth, actual funding conditions remained tight, with market participants closely monitoring how commercial banks weight lending incentives against net interest margin (NIM) sustainability.

Lumen Vietnam Fund - Portfolio Comments

During October, LVF's portfolio performance mirrored broader market trends. While several of our core holdings delivered exceptionally strong third-quarter business results, validating our value-based stock selection, their price action was temporarily weighed down by the defensive market posture. Despite these overarching macro pressures, our focus on quality companies with strong earnings visibility allowed the fund to demonstrate steady resilience and capture company specific catalysts. The most notable positive contributors to our performance this month were the Materials, Utilities, and Real Estate sectors.

- The **Materials** sector was a standout performer, delivering a robust gain of 4.88% during the month. The sector benefited from renewed investor interest amid expectations of stronger domestic demand driven by ongoing public investment and construction activities. Within our portfolio, a core steel holding strongly outperformed after releasing highly positive third-quarter preliminary results that

significantly beat market expectations. The company recorded its second-best quarterly profit ever, driven entirely by core business growth without relying on one-off income. This solid performance was underpinned by the successful ramp-up of its major integrated manufacturing complex, which delivered substantial year-over-year volume growth across key product segments, further solidifying the company's leading market position. Sentiment on the stock was additionally boosted by supportive share purchases by key insiders and family members

- The **Utilities** sector remained resilient, posting a positive return of 0.27%. Performance was anchored by a key thermal power holding, which reported impressive earnings growth that has already exceeded its full-year profit target within the first nine months. This strong profitability was supported by higher power generation volumes, expanding gross margins, and solid financial income generated from its substantial cash reserves. Furthermore, the company's lower depreciation expenses following the full amortization of core plant equipment and its commitment to attractive cash dividend distributions continued to provide a stable foundation for the stock.
- The **Real Estate** sector contributed positively with a 0.26% gain, benefiting from a positive shift in market sentiment following a recent correction and improving expectations for a more accommodative monetary environment. The Government and SBV intensified efforts to lower borrowing costs, issuing instructions for commercial banks to reduce both deposit and lending rates to support businesses. Within this supportive macro context, an industrial park developer in our portfolio delivered strong results, with third-quarter net profit jumping significantly year over year. This earnings surge was strictly in line with our expectations and was driven by the successful handover of industrial land from its robust project backlog, reinforcing our confidence in the company's execution capabilities.

Overall, as the Vietnamese equity market navigates this period of consolidation, LVF's portfolio continues to demonstrate the strength of a disciplined, value driven investment process. While we remain acutely aware of near-term global volatility and shifting macroeconomic currents, we view the current market environment as a compelling opportunity to selectively accumulate high-quality stocks. Supported by a strong domestic economic backdrop, highlighted by accelerating public investment and improving corporate earnings visibility, our core holdings are well positioned. Moving forward, we maintain our vigilant approach, thoughtfully managing downside risks while strategically positioning the fund to capture sustainable, long-term value.

Lumen Vietnam Fund – Portfolio Outlook

Looking ahead, we maintain a constructive long-term view on the Vietnamese equity market, viewing the gap between resilient and strong economic fundamentals and hesitant investor sentiment as a highly attractive accumulation window. While the global

macro environment remains challenging and domestic funding conditions are tight, we believe a significant portion of these risks are already priced in. Excluding Vingroup-related names, the market currently trades at a highly compelling forward P/E of just 8.8x, offering an attractive earnings yield that provides a strong valuation cushion against further downside risk.

Vietnam's macroeconomic foundation remains strong and expansion momentum in October. Trade dynamics were exceptionally strong in October, with total trade surging 48% YoY to USD 122bn and 10-month export growth to 27.5% YoY, which generated a substantial monthly trade surplus of USD 7.3bn. The manufacturing sector also sustained its positive trajectory, with the PMI rising to 52.3, marking its 16th consecutive month of expansion. Furthermore, the government's recently approved roadmap to achieve an investment-grade sovereign rating by 2030, anchored by an ambitious annual GDP growth target of over 10%, underscores the country's unwavering commitment to long-term economic expansion.

To further support this growth trajectory and alleviate cost pressures on the real economy, the government has introduced several proactive macroeconomic policies. Notably, retail electricity prices have been reduced by 2%, the first cut in two decades, and the special consumption tax on gasoline was temporarily lowered to 0% through March 2027 to contain inflation and reduce business operating costs. On the corporate front, aggregate 3Q26 net profit delivered impressive growth of 35.8% YoY. Although this momentum showed divergence and was primarily driven by the non-financial sector (+65.5% YoY), it confirmed that underlying business operations remained resilient despite the elevated interest rate environment.

In this complex environment, we believe a selective and disciplined investment approach remains essential. With the all-time high margin lending balances across the system and subdued liquidity, we anticipate that market dynamics will gradually shift from broad-based de-risking toward more tactical positioning. We favour staying invested through near-term volatility, using market weaknesses to selectively accumulate defensive energy exposure and high-quality domestic cyclicals. By focusing on fundamentally sound companies with strong balance sheets, clear earnings visibility, and compelling valuation entry points, we believe the portfolio is best positioned to lead the next phase of the recovery once external pressures eventually subside.