

MONTHLY NEWSLETTER

April 2024

Indochina Capital is one of Vietnam's leading investment firms. Founded in 1999, ICC has two divisions:

Asset management: Exclusive focuses on listed Vietnam equities
Real estate: Property development, investment, and advisory

Indochina Equity Model Portfolio

Portfolio Manager: Diep Nguyen (13 years managing the strategy)
Number of Investments: 19
Median Portfolio Market Cap: \$3.15 bn

Strategy

The firm's long-term active fundamental investment philosophy is supported by bottom-up company analysis complemented by a top-down overlay. The success of ICC's high conviction and disciplined strategy hinges upon close and consistent engagement with its portfolio companies.

| | 2024f | 2025f |
|------------|--------|-------|
| EPS Growth | 157.1% | 22.2% |
| P/E Ratio | 13.1 | 10.7 |

Performance

| | 1 Month | YTD | 3 Year (CAGR) | 5 Year (CAGR) | 10 Year (CAGR) |
|--------------------------|---------------|--------------|---------------|---------------|----------------|
| Indochina Capital | -7.39% | 4.17% | 3.89% | 12.20% | 11.71% |
| VN Index | -7.81% | 2.43% | -3.89% | 2.54% | 5.69% |
| MSCI FM | -3.50% | 1.04% | -5.62% | -1.13% | -2.51% |
| MSCI EM | 0.26% | 2.17% | -8.10% | -0.62% | 0.50% |
| S&P 500 | -4.16% | 5.57% | 6.39% | 11.32% | 10.33% |

Manager's Comment

- The Vietnam stock market had a steep correction in April, hitting a low of 1,166 points before bouncing back to end the month at 1,209.5 points. The sell-off was driven by heightened concerns on the State Bank of Vietnam's liquidity control measures to alleviate FX pressure from a strong USD and on political infighting which has resulted in the resignation of the Chair of the National Assembly in April after two presidents were ousted in 14 months. **The Index registered a monthly loss of 7.81% in USD terms.**
- Our portfolios incurred an average loss of 7.39%** in April. The primary positive contributors to performance were FPT (partnership with Nvidia for a new "AI factory"), and MWG (rumors of

impressive earnings recovery in Q1 2024). During the month of April, we reduced cash balances from 3% (March) to 0.1% while maintaining the number of holdings at 19.

- Global uncertainty remains the key concern, however, **Vietnam's economy continues to record improvements** in industrial production, in domestic consumption and in foreign investments. Q1 earnings release accentuated listed companies are recovering from the trough in 2023, which is good support for the stock market besides a low interest rate environment. Exchange rate should likely be the center of investor's focus in the coming months.

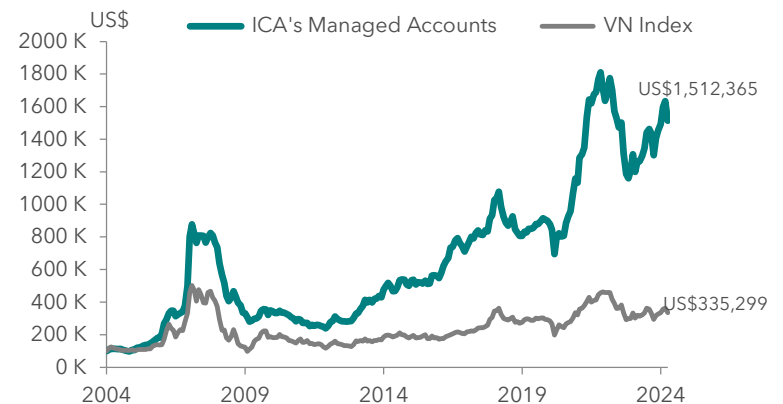
Top 10 Holdings (74% of NAV)

| Ticker | Sector | NAV% | VN Index% | % Change | Sector | Weight | VN Index Weight |
|--------|---------------------|--------|-----------|----------|---------------------|--------|-----------------|
| FPT | Info. Technology | 12.27% | 3.19% | 0.17% | Banks | 28.99% | 40.05% |
| IDC | Industrials | 9.93% | N/A | 6.88% | Materials | 19.25% | 8.97% |
| MBB | Banks | 8.05% | 2.36% | 5.18% | Industrials | 12.84% | 8.65% |
| PVD | Energy | 7.53% | 0.34% | 4.69% | Info. Technology | 12.27% | 3.61% |
| ACB | Banks | 7.30% | 2.12% | 1.79% | Cons. Discretionary | 12.16% | 3.63% |
| MWG | Cons. Discretionary | 7.22% | 1.64% | 4.43% | Energy | 8.69% | 1.54% |
| DHC | Materials | 6.54% | 0.06% | 10.61% | Real Estate | 4.24% | 13.84% |
| DGC | Materials | 5.07% | 0.92% | 0.00% | Cons. Staples | 1.46% | 8.40% |
| CTG | Banks | 4.95% | 3.59% | 10.18% | Others | 0.00% | 11.30% |
| PNJ | Cons. Discretionary | 4.95% | 0.65% | 10.06% | Cash | 0.10% | |

Information

| | |
|--------------------|---------------------------|
| Structure | SMA |
| Strategy Inception | January 2004 |
| NAV Frequency | Monthly |
| Fees | 1.5% + 15% HWM |
| Administrator | Indochina Capital Advisor |
| Custodian | Deutsche Bank AG |

Performance Since Inception vs VN Index



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If you would like to arrange a call with the Management Team, please contact [Diep Nguyen](#).

Appendix

Macro

Vietnam's economy displayed improvements with mild growth in retail sales and in industrial production. Exports dropped seasonally, inflation picked up slightly, and the VND was under pressure, but the trade surplus remained high and FDI inflows stayed resilient.

- **Revenue of retail sales and services** grew by **1.98% MoM** thanks to the spending boost from more public holidays. For 4M, this number increased by **8.55% YoY**.
 - Monthly revenue of tourism (+57.56% YoY), accommodation and catering services (+19.06% YoY) expanded strongly, driven by a long public holiday. Meanwhile, retail sales of goods expanded by 7.14% YoY, easing from 7.60% in March. Other services grew by 9.57% YoY.
 - April witnessed a 2.66% MoM increase in international arrivals. YTD, international arrivals reached 6.2 million, marking a 168% YoY increase and surpassing the pre-pandemic level of 4M 2019 by 6%.
- **The Index of Industrial Production (IIP) rose 0.75% MoM** and **accelerated to 6.33% YoY** in **April**. YTD, IIP **increased** by **5.99% YoY**.
 - YTD, all major sectors expanded YoY including manufacturing (+6.28% YoY), power generation & distribution (+12.29% YoY), and water distribution & waste treatment (+5.28% YoY), except mining (-4.59% YoY).
- Vietnam's **Manufacturing PMI climbed to 50.3** in April from 49.9 in March, signaling a marginal improvement.
 - New orders rose solidly, marking the fastest expansion since August 2022 due to enhanced market demand and successful customer acquisition.
 - Recent market instability caused confidence to drop to a three-month low, yet optimism persists for increased output in the coming year, buoyed by expectations of a more stable demand environment.
- **CPI rose** by **0.07% MoM** and **4.40% YoY**.
 - Housing & construction materials (+0.21% MoM & +5.97% YoY) increased due to a rise in residential electricity costs (+0.27% MoM), driven by increased usage amidst intense heat in the southern regions. Meanwhile, transportation prices (+1.95% MoM & 4.24% YoY) climbed due to higher gasoline prices (+4.78% MoM).
 - In contrast, food & food services (-0.13% MoM & +4.32% YoY) fell MoM due to lower prices for rice (-0.76% MoM) and beef (-0.23% MoM).
- **Vietnam** recorded a **trade surplus** of **US\$8.40 billion** in **4M 2024** (4M 2023: US\$6.35 billion).
 - In April, export value reached US\$30.94 billion (-9.0% MoM & +10.6% YoY) while import value came at US\$30.26 billion (-2.6% MoM & +16.3% YoY).
 - For 4M 2024, export and import value rose by 15.0% YoY and 15.4% YoY, respectively. Computer & electronics (+34.9% YoY) and machinery (+10.0% YoY) led export growth due to the electronics cycle turnaround and increased FDI in consumer electronics. Wood products (+23.7% YoY) and

rice (+36.5% YoY) were bright spots, while textile & garments (+6.3%), footwear (+5.7%), and fishery products (+4.2%) showed weaker performance.

- **4M registered FDI** rose to **US\$9.27 billion (+4.5% YoY)** while **disbursed FDI** reached **US\$6.28 billion (+7.4% YoY)**.
 - Manufacturing led with US\$5.00 billion, accounting for 70.2% of total FDI. Real estate followed at US\$1.60 billion, accounting for 22.5%.
- **The USD/VND exchange rate surges** to **25,457 (+2.17% MoM)** in **April**, driven by the strengthening USD (DXY: +1.66% MoM) and monetary divergence. YTD the VND depreciated by 4.51% vs the USD.
 - Last month the interbank USD/VND FX rate approached the SBV intervention red line, prompting action from the central bank. By the end of the month, the VND/USD exchange rate slightly declined due to SBV interventions, including the spot sale of US Dollar and gold to banks through auctions. However, there is limit to the extent of SBV intervention, as its US Dollar reserve (~USD 93 billion) only covers 3.4 months of imports.

Stock Market

- The VNIndex closed the month of April at 1,209.52, registered **a monthly loss of 7.81%** and **a YTD gain of 2.43%** in **USD terms**.
 - The drop was led by the real estate sector (-9.1% MoM), the banking sector (-5.1% MoM), and the oil and gas sector (-8.0% MoM).
- April's liquidity **fell 20.15% MoM** with a combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges of **US\$926.51 million**.
- **Vietnam's listed market capitalization** fell to **US\$205.07 billion** by the end of **April**.