

MONTHLY NEWSLETTER

January 2025

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: 16
Median Portfolio Market Cap: \$3.95 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.

	2025f	2026f
EPS Growth	26.82%	25.98%
P/E Ratio	13.73	10.79

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	0.36%	0.36%	-0.15%	13.17%	11.81%
VN Index	1.04%	1.04%	-8.31%	4.50%	6.41%
MSCI FM	3.03%	3.03%	-5.09%	-1.29%	-0.67%
MSCI EM	1.66%	1.66%	-3.27%	0.58%	1.29%
S&P 500	2.70%	2.70%	10.18%	13.37%	11.72%

Manager's Comment

- The Vietnam stock market started the year 2025 on a high note with the VN-Index climbing to 1,265.05 points in January despite continued foreign selling. **The VN Index registered a monthly gain of 1.04% in USD terms.**
- Our portfolios posted an average gain of 0.36% in January.** Key contributors included MBB (credit growth reached 24.3%, while Q4 NPAT rose an impressive 9% QoQ and 26% YoY) and FPT (supported by 21% YoY NPAT growth in Q4 and expectations of a 75% expansion in FPT Telecom's data center). In January, we remained fully invested in 16 positions.
- Listed companies reported earnings growth of 29% YoY in Q4 and 20% YoY for the full year 2024. **With consensus forecast of 23% earnings growth in 2025, valuations of Vietnamese stocks are becoming growingly attractive.**

Top 10 Holdings (78% of NAV)

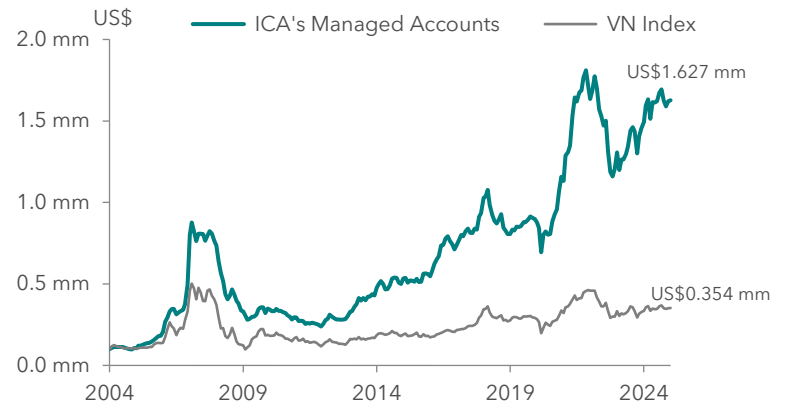
Ticker	Sector	NAV%	VN Index%	% Change
FPT	Infor. Technology	15.96%	4.28%	0.59%
IDC	Industrials	8.88%	N/A	-1.80%
TCB	Banks	8.71%	3.32%	0.41%
MBB	Banks	8.59%	2.59%	2.63%
ACB	Banks	7.48%	2.15%	-1.74%
BAF	Cons. Staples	6.39%	0.13%	-1.60%
HPG	Materials	5.81%	3.22%	-0.38%
DHC	Materials	5.73%	0.06%	-3.85%
PVD	Energy	5.45%	0.25%	0.85%
CTG	Banks	5.38%	3.87%	0.53%

Sector	Weight	VN Index Weight
Banks	35.32%	40.57%
Materials	11.54%	8.38%
Industrials	8.88%	8.89%
Info. Technology	15.96%	4.68%
Cons. Discretionary	9.55%	3.63%
Energy	5.45%	2.68%
Real Estate	1.80%	12.32%
Cons. Staples	6.39%	7.83%
Others	4.83%	11.03%
Cash	0.29%	0.00%

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



* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

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

Appendix

Macro

January macro data showed the usual pattern of pre-Tet holiday's spiked consumption and moderating production. Inflation stayed under control with alleviated FX pressures and resilient FDI inflows.

- **January revenue from retail sales and services grew by 9.46% YoY**, fueled by Tet holidays' spending and a strong tourism rebound.
 - Retail sales of goods grew 8.57% YoY (vs. 7.32% YoY in January 2024) due to heightened festive demand. Accommodation & catering services (+14.77% YoY) and tourism (+17.33% YoY) leaped. Other services rose 9.76% YoY.
 - International arrivals jumped to 2.07 million in January 2025, up 18.5% MoM and 36.9% YoY, surpassing the pre-pandemic level by 3.9%.
- **The Index of Industrial Production (IIP) dropped by 9.16% MoM** as a result of the Tet holidays coming in the last week of the month but still **rose 0.61% YoY**.
- **Vietnam's Manufacturing PMI read 48.9**, marking the second successive month of slight contraction in the sector as demand was subdued in light of global uncertainties.
 - Both output and new orders declined. Firms scaled back employment. Yet sentiment recovered from a 19-month low posted in December as more businesses expected an output rise in the coming 12 months.
- Trade activities declined, mostly due to Tet's seasonal effect with less working days in the month. **Vietnam recorded a trade surplus of US\$3.02 billion in January**.
 - Exports dropped by 6.88% MoM and by 4.26% YoY and imports by 14.13% MoM and by 2.57% YoY.
 - Some selected sectors stayed resilient, including computers & electronics (+13.31% YoY), textile fibers (+63.28% YoY), and seafood (+3.52% YoY). Other export categories contracted, including telephones & components (-13.25% YoY) and machinery (-3.99% YoY).
- **CPI rose 0.98% MoM and 3.63% YoY** in January, driven by increased fees of public healthcare services and increased food demand for Tet.
 - Food & food services (+0.74% MoM & +4.42% YoY) had the largest impact on CPI, as staple food prices (+3.11% YoY), meat & fresh produce (+4.83% YoY), and dining out (+3.98% YoY) climbed.
 - Cost of public healthcare & medical services (+9.47% MoM & +14.14% YoY) surged due to price adjustments.
 - Meanwhile, education costs (-0.04% MoM & -1.0% YoY) and transportation costs (+0.95% MoM & -0.36% YoY) declined, easing inflationary pressure.
- **Registered FDI surged to US\$4.33 billion (+48.6% YoY) while disbursed FDI reached US\$1.51 billion in January (+2.0% YoY)**.
 - Manufacturing led with US\$3.09 billion, accounting for 71.3% of total FDI, up 99% YoY. Real estate followed at US\$1.09 billion, accounting for 23.5%.

- **The USD/VND exchange rate fell 1.16% MoM to 25,253** as the DXY (-0.11%) softened post-Trump inauguration. However, exchange rate risks persist with potentially less rate cuts by the US Fed and Trump's "Trade War 2.0" likely to intensify global inflation and currency volatility.

Stock Market

- The VN Index closed the month of January at 1,265, registering **a monthly gain of 1.04%** and **a YTD gain of 1.04%** in **USD terms**.
 - Banking stocks (+1.7% MoM) and oil & gas stocks (+0.1% MoM) advanced while real stocks (-1.8% MoM) and consumer & retail stocks (-1.4% MoM) retreated.
- January's liquidity **dropped 21.0% MoM** with a combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges of **US\$479.56 million**, 40% below last twelve months' average.
- **Vietnam's listed market capitalization** rose to **US\$221.06 billion** by the end of **January**.