

MONTHLY NEWSLETTER

February 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: 15
Median Portfolio Market Cap: \$2.03 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	31.70%	32.12%
P/E Ratio	14.21	10.21

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	0.97%	1.33%	-0.89%	14.26%	11.81%
VN Index	1.43%	2.48%	-7.91%	6.06%	6.26%
MSCI FM	1.79%	4.87%	-3.08%	0.27%	-0.77%
MSCI EM	0.35%	2.02%	-2.15%	1.76%	1.03%
S&P 500	-1.42%	1.24%	10.83%	15.05%	10.96%

Manager's Comment

- The **VN Index** finally broke through the psychological resistance of 1300 with surging liquidity on strong local buying, **registered a monthly gain of 1.43% in USD terms.**
- **Our portfolios posted an average gain of 0.97% in February.** Key contributors included BAF (benefiting from surging pork prices and strong volume growth) and TCB (supported by positive developments in the real estate market and the upcoming TCBS IPO). In February, we reduced the number of holdings from 16 to 15 and increased cash balances from 0.29% to 5.22%.
- **Vietnam's equities market is gaining momentum, fueled by accelerating public investment, the clearance of legal hurdles for real estate projects, and accommodative monetary policies.** Optimism is building around a potential FTSE upgrade to Secondary Emerging Market status in September, a catalyst that could unlock fresh foreign inflows. Notably, Vietnam remained largely

unscathed by recent U.S. trade policy shifts, further reinforcing its resilience and appeal in an uncertain global environment.

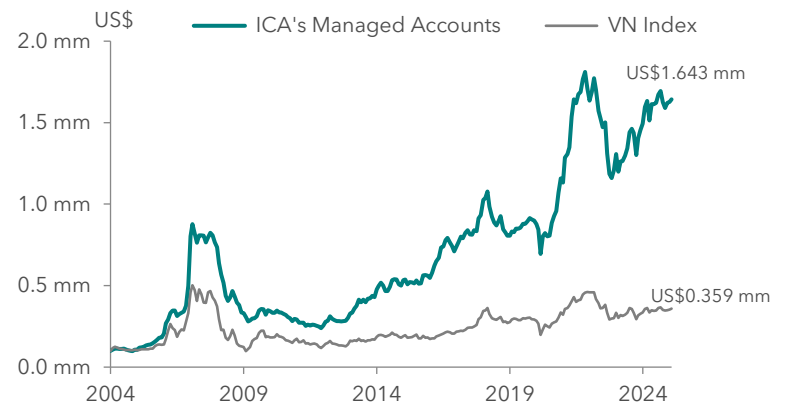
Top 10 Holdings (75% of NAV)

Ticker	Sector	NAV%	VN Index%	% Change	Sector	Weight	VN Index Weight
BAF	Cons. Staples	15.06%	0.13%	19.71%	Banks	33.29%	40.50%
IDC	Industrials	9.04%	N/A	4.57%	Materials	11.39%	8.78%
TCB	Financials	8.94%	3.32%	5.45%	Industrials	9.04%	9.08%
MBB	Financials	8.59%	2.59%	2.68%	Info. Technology	0.00%	4.18%
ACB	Financials	7.47%	2.15%	2.56%	Cons. Discretionary	8.99%	3.42%
HPG	Materials	5.97%	3.22%	5.46%	Energy	5.56%	2.71%
PVD	Energy	5.56%	0.25%	4.87%	Real Estate	4.28%	12.47%
DHC	Materials	5.42%	0.06%	-2.76%	Cons. Staples	15.06%	7.65%
VCB	Financials	4.67%	9.82%	0.76%	Others	7.17%	11.20%
MWG	Cons. Discretionary	4.60%	1.67%	-3.00%	Cash	5.22%	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

For the first 2M of 2025, Vietnam's economy exhibited strong resilience with healthy export growth and robust domestic demand. Industrial production rose and registered FDI spiked. At the same time, inflation remained under control despite rising FX pressures.

Due to the different timing of Tet holidays, data of January and February alone are usually distorted. Looking at Vietnam's macro data on a 2M basis should provide a more holistic view.

- **2M 2025 revenue of retail sales and services advanced by 9.4% YoY (2M 2024: 8.1%).**
 - Retail sales of goods (+8.7% YoY) outpaced 2M 2024's of 6.8% YoY. Accommodation & catering (+12.5% YoY) and tourism (+16.4% YoY) normalized but remained buoyant, fueled by robust travel demand. Other services expanded 10.2% YoY.
 - Vietnam's tourism sector gained traction with international arrivals reaching 4.0 million (+30.2% YoY), surpassing pre-pandemic levels.
- **The Index of Industrial Production (IIP) rose 7.2% YoY in 2M 2025.**
 - In 2M2025, manufacturing output rose 9.3% YoY, led by electronics (+9.5%), motor vehicles (+53.5%), and garments (+12.2%).
- **Vietnam's Manufacturing PMI edged up to 49.2 in February** from **48.9** in **January**. Despite declining new orders, firms expected export orders to improve and increased purchasing activities.
- **Trade activities picked up in February** after Tet holidays. **2M exports grew by 8.4% YoY** and imports by 15.9% YoY.
 - Vietnam's export engine remained strong, with computers & electronics (+25.3% YoY), machinery (+10.3% YoY), garments (+9.3% YoY), and coffee (+37.2% YoY) all posting solid gains.
 - The acceleration in imports of production input resulted in a **trade deficit** of **US\$1.55 billion** in **February**, reducing YTD trade surplus to US\$1.47 billion.
- **Registered FDI rose to US\$6.9 billion (+35.5% YoY) while disbursed FDI was US\$2.9 billion (+5.4% YoY) in 2M2025.**
 - Manufacturing led with US\$4.7 billion, accounting for 68.4% of total FDI, up 86% YoY. Real estate followed at US\$1.5 billion, accounting for 21.7%.
- **CPI rose 0.34% MoM** and **2.91% YoY** in February, driven by higher pork prices, healthcare costs, and rental rates. Transportation costs declined on a YoY basis, helping to ease YoY inflationary pressures.
- **The USD/VND exchange rate climbed 1.73% MoM** and 0.55% YTD.

Stock Market

- The VN Index closed the month of February at 1,305, registering **a monthly gain of 1.43%** and **a YTD gain of 2.48%** in **USD terms**.

- The rally was driven by banking (+2.9% MoM), real estate (+4.1% MoM), and oil & gas (+3.1% MoM) stocks, while the information and communication technology sector (-8.5% MoM) and consumer & retail sector (-1.2% MoM) retreated.
- February's liquidity **rose 36.9% MoM** with a combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges of **US\$656.4 million**.
- **Vietnam's listed market capitalization** rose to **US\$224.8 billion** by the end of **February**.