

MONTHLY NEWSLETTER

March 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: \$4.52 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	39.74%	31.97%
P/E Ratio	13.75	9.83

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	-0.93%	0.38%	-2.83%	18.59%	12.35%
VN Index	0.08%	2.57%	-7.90%	12.66%	7.13%
MSCI FM	2.38%	7.37%	-2.02%	6.19%	-0.21%
MSCI EM	0.38%	2.41%	-1.19%	5.35%	1.23%
S&P 500	-5.75%	-4.59%	7.40%	16.77%	10.50%

Manager's Comment

- The **VN Index** saw a mild uptick in March on increased liquidity despite foreign selling. It **posted a monthly gain of 0.08% in USD terms**. Most stocks retreated. The soaring of a handful of real estate stocks in the Vin group (+17.6%) pulled the VN Index back to positive territory.
- **Our portfolios posted an average loss of 0.93% in March**. Banking stocks in our portfolio stayed flat. Most other stocks corrected. Notable gainers included VHM (supported by improved sentiment toward Vingroup-affiliated stocks and the launch of large-scale projects amid a recovering property market) and TCB (expanding its financial ecosystem through the establishment of Techcom Insurance and plans for Techcom Life). In March, we maintained the number of holdings at 15 and kept cash balances stable at 4.93%.

- The US reciprocal tariffs announced on April 2nd have had a ripple effect across global markets. As one of the worst hit countries, the Vietnam stock market has dropped 14.25% (as of April 09, 2025) since March's end. The 46% tariff rate on Vietnamese exports to the US is expected to exert negative impacts on different aspects of the country's economy, starting with exports, foreign direct investments and currency stability.
- Vietnam's pragmatic leadership quickly came into action. Vietnam is among the first countries to start official tariff negotiation with the US administration. Meanwhile at home, policy makers are expected to push fiscal spendings on infrastructure and tourism to support the economy. **Until there is better visibility on tariff negotiations, the Vietnam's stock market is expected to suffer from strong volatility.**

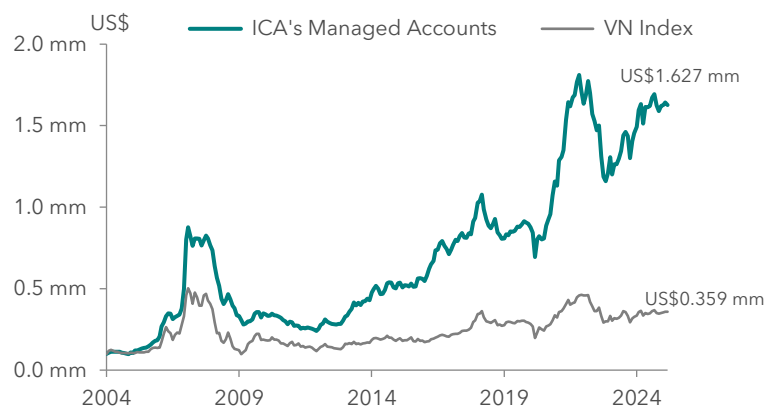
Top 10 Holdings (78% of NAV)

Ticker	Sector	NAV%	VN Index%	% Change	Sector	Weight	VN Index Weight
BAF	Cons. Staples	15.52%	0.18%	-3.93%	Banks	37.60%	40.47%
TCB	Banks	9.52%	3.56%	5.36%	Materials	10.76%	8.35%
MBB	Banks	9.09%	2.70%	4.78%	Industrials	8.62%	8.93%
IDC	Industrials	8.62%	N/A	-5.59%	Info. Technology	0.00%	3.61%
ACB	Banks	7.55%	2.13%	0.00%	Cons. Discretionary	4.70%	3.28%
VCI	Financials	7.08%	0.50%	5.08%	Energy	0.00%	2.48%
HPG	Materials	5.76%	3.14%	-4.46%	Real Estate	9.02%	14.36%
DHC	Materials	5.00%	0.05%	-5.98%	Cons. Staples	15.52%	7.46%
VCB	Banks	4.84%	9.80%	2.55%	Others	8.84%	11.07%
VHM	Real Estate	4.83%	3.86%	24.51%	Cash	4.93%	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

Vietnam's economy kicked off the year 2025 with strong, broad-based growth, led by robust manufacturing, solid consumer demand, and a rebound in tourism.

- **GDP expanded by 6.93% YoY in Q1 2025**, the strongest first-quarter performance since 2019.
 - The industrial and construction sectors recorded robust growth of 7.42% YoY (Q1 2024: +6.28%). Manufacturing remained the key driver, rising 9.28% YoY, while construction activities accelerated to +7.99% YoY on the back of a gradual recovery in real estates.
 - The services sector expanded by 7.70% YoY (Q1 2024: +6.12%), led by transport & logistics (+9.90%), accommodation & food services (+9.31%), and wholesale & retail trade (+7.47%).
 - The agriculture, forestry, and fishery sector expanded 3.74% YoY (Q1 2024: 2.98% YoY).
- The **Index of Industrial Production (IIP) rose 7.8% YoY in Q1 2025** (Q1 2024: 5.9% YoY), reflecting a broad-based recovery across key industrial segments.
- **Vietnam's Manufacturing PMI rose to 50.5 in March** from **49.2 in February**, indicating a modest improvement in business conditions.
 - Output rose for the first time in three months. Total new orders increased, indicating improving domestic demand despite a sharp decline in export orders.
 - Business confidence softened in the face of external headwinds.
- **Exports rose by 10.6% YoY** (Q1 2024: 17.0%), **imports 17.0% YoY** (Q1 2024: 14.0%). Trade surplus stood at US\$3.15 billion (Q1 2024: US\$8.08 billion).
- **Revenue of retail sales and services grew by 9.9% YoY (Q1 2024: 8.2%)**, signaling continued strength in domestic demand.
 - Retail sales of goods (+8.8% YoY) outpaced Q1 2024's of 7.0% YoY. Accommodation & catering services advanced 14.0% YoY, while tourism services rose 18.3% YoY.
 - Vietnam's tourism sector posted a record quarter, with international arrivals reaching 6.0 million (+29.6% YoY), the highest quarterly figure on record.
- **Registered FDI rose to US\$10.98 billion (+34.7% YoY)** while disbursed FDI reached **US\$4.96 billion (+7.1% YoY)** in **Q1 2025**.
 - Manufacturing attracted US\$6.79 billion (+26.0% YoY), accounting for 61.9% of total registered capital, followed by real estate with US\$2.39 billion (+44.1% YoY).
- **Credit growth** accelerated at **3.93% YTD** (Q1 2024: +1.42%). Lending rates fell 0.4% YTD, reflecting continued monetary easing.
- **CPI fell slightly 0.03% MoM** but **rose 3.13% YoY** in March, driven by increases in prices of healthcare (+14.59% YoY), foods (+3.83% YoY) and housing & utilities (+5.3%). In contrast, transportation costs fell 4.07% YoY due to a sharp drop in fuel prices (-13.8%).
- **The USD/VND exchange rate inched up by 0.03% MoM** and **0.58% YTD**.

Stock Market

- The VN Index closed the month of March at 1,306.86, registering **a monthly gain of 0.08%** and **a YTD gain of 2.57%** in **USD terms**.
 - Real estate stocks diverged from the rest with a strong average gain of 17.6% MoM vs a flat performance of the banking sector and the declines of other large sectors of the VN Index.
- March's liquidity **soared 30.2% MoM** with a combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges of **US\$854.5 million**.
- **Vietnam's listed market capitalization** stood at **US\$225.2 billion** by the end of **March**.