

MONTHLY NEWSLETTER

April 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: 10

Median Portfolio Market Cap: \$5.97 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	51.52%	32.97%
P/E Ratio	10.42	7.64

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	-7.88%	-7.53%	-4.12%	13.31%	11.14%
VN Index	-7.68%	-5.31%	-7.47%	7.47%	6.14%
MSCI FM	-1.61%	5.64%	-1.54%	4.63%	-0.71%
MSCI EM	1.04%	3.47%	1.12%	3.77%	0.60%
S&P 500	-0.76%	-5.31%	10.46%	13.84%	10.32%

Manager's Comment

- **The VN Index** tumbled on U.S. tariff shocks, plunging more than 15% from 1,300 before staging a rebound to close at 1,226. It **posted a monthly loss of 7.68% in USD terms**.
- **Our portfolios recorded an average decline of 7.88% in April**. We increased cash allocation to nearly 30% from 5% at the announcement of US reciprocal tariffs and reduced the number of holdings from 15 in March to 10. As the subsequent reprieve of tariffs caused the VN Index to bounce back from its trough, a selected number of stocks outperformed, including BAF (strong core business growth in Q1 and a 2025 net profit growth target of +100%) and VHM (strong Q1 growth and rally of the Vin group family), others were still affected by negative sentiments.
- Persisting uncertainties around the US trade tariffs pose an imminent threat to Vietnam's economy and stock market and impel the country's leaders to accelerate regulatory and economic reforms.

Increased measures of fiscal and monetary stimulus are also employed to support growth. Besides rising public investments (mostly on infrastructure), boosted credit growth, tax cuts and tourism promotion are also part of the agenda to drive domestic consumption. At the same time, Vietnam have also proactively engaged in trade talks with the US and have started the first round of negotiations on May 7.

- Listed companies published average YOY earnings growth of 12% in 1Q 2025. The recent mass market correction left a decent number of stocks at relatively attractive valuations, creating selective opportunities in sectors benefiting from domestic demand and policy tailwinds.

Top 10 Holdings (71% of NAV)

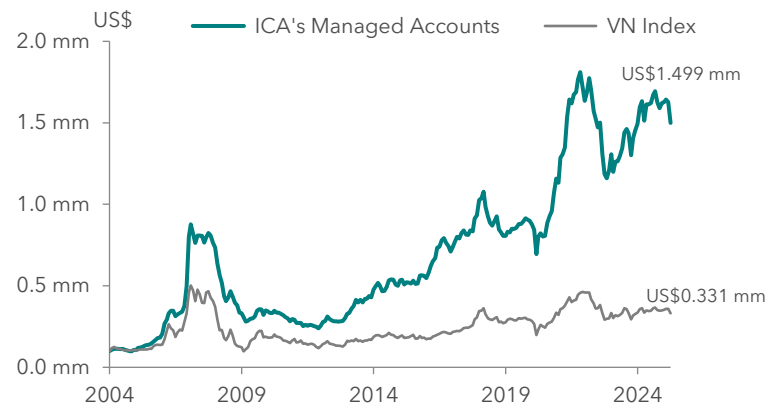
Ticker	Sector	NAV%	VN Index%	% Change
BAF	Cons. Staples	18.13%	0.20%	7.70%
TCB	Banks	9.61%	3.63%	-4.36%
MBB	Banks	9.60%	2.81%	-2.28%
ACB	Banks	7.55%	2.10%	-7.50%
VHM	Real Estate	5.11%	4.68%	13.84%
VCI	Financials	4.86%	0.52%	-3.39%
DHC	Materials	4.78%	0.04%	-11.49%
HPG	Materials	4.31%	3.18%	-4.67%
CTG	Banks	3.54%	3.90%	-10.25%
VCB	Banks	3.15%	9.35%	-10.47%

Sector	Weight	VN Index Weight
Banks	33.44%	38.81%
Materials	9.09%	7.75%
Industrials	0.00%	9.20%
Info. Technology	0.00%	3.46%
Cons. Discretionary	0.00%	3.38%
Energy	0.00%	2.24%
Real Estate	5.11%	15.83%
Cons. Staples	18.13%	7.63%
Others	4.86%	11.69%
Cash	29.37%	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 service activities were bolstered by increased festive demand during the long holidays. At the same time, front-loading ahead of reciprocal tariff delay deadline prompted strong export growth, but manufacturing already showed signs of deceleration. However, manageable inflation and a weaker USD provide room for policy makers to stimulate economic growth.

- **4M 2025 revenue of retail sales and services** advanced **by 9.9% YoY (4M 2024: 8.5%)**, supported by resilient domestic demand and a vibrant festive season.
 - Retail sales of goods rose 8.7% YoY (vs. 7.1% in 4M 2024), while accommodation & catering (+14.9% YoY), tourism (+24.5% YoY), and other services (+12.6% YoY) posted robust expansions. The Reunification-Labor Day holidays spurred a tourism surge with 10.5 million domestic trips (+31% YoY).
 - April's international arrivals rose by 6.3% YoY, bringing YTD numbers to 16.5 million (+23.8% YoY), indicating a continued growth since Covid.
- In **April, the Index of Industrial Production (IIP) increased by 1.4% MoM** and **by 8.9% YoY**, maintaining solid momentum. YTD, IIP increased by 8.4% YoY (4M 2024: 6.0% YoY).
 - In 4M2025, manufacturing output grew 10.1% YoY, driven by strong performances in electronics (+9.8%), automotive (+35.1%), and garments (+15.7%).
 - Power generation (+5.1% YoY) and water supply (+10.2%) continued to grow, while mining output contracted by 4.5% YoY.
- **Vietnam's Manufacturing PMI fell to 45.6 in April** from **50.5 in March**, reflecting pressures on the sector following US tariff announcement.
 - New orders and exports dropped sharply amid escalating trade uncertainty.
 - Output and purchasing declined with firms scaling back operations. Business confidence plunged.
- **Trade activities picked up in April**, driven by front-loading activities ahead of the US tariff enforcement. **4M exports grew by 13.0% YoY** and imports by 18.6% YoY.
 - In 4M2025, key export products saw solid growth, including computers & electronics (+36.2% YoY), seafood (+18.3%), garments (+12.8%), and coffee (+51.8%).
 - Vietnam recorded a trade surplus of US\$0.6 billion in April, raising the YTD surplus to US\$3.8 billion.
- **Registered FDI rose to US\$13.8 billion (+39.9% YoY) while disbursed FDI was US\$6.7 billion (+7.3% YoY) in 4M2025.**
 - In 4M2025, manufacturing led with US\$8.4 billion, accounting for 70% of total FDI. Real estate followed at US\$2.6 billion, accounting for 19.0%.
 - However, registered FDI in April declined by 8.4% YoY to US\$2.84 billion, reflecting delayed decisions or revised investment plans, particularly among investors exposed to US tariff risks.
- **CPI rose** slightly by **0.07% MoM** and **3.12% YoY in April**, reflecting a contained inflation backdrop.

- In April, the largest contributors to annual inflation were healthcare services (+13.6% YoY), housing and utilities (+5.7% YoY), and food and eating-out (+4.1% YoY). Conversely, transportation costs dropped by 6.9% YoY, primarily due to a 20% decline in fuel prices, helping to temper overall price pressures.
- **The USD/VND exchange rate rose** by **1.64% MoM** and **2.23% YTD** despite the DXY falling by 4.55% MoM and 8.31% YoY.

Stock Market

- The VN Index closed the month of April at 1,226.30, registering **a monthly loss of 7.68%** and **a YTD loss of 5.31%** in **USD terms**.
 - The market decline was driven by sharp corrections in most sectors, including banking (-7.4% MoM), oil & gas (-16.2%), information & communication technology (-22.2%), and consumer & retail (-2.1%). In contrast, the real estate sector surged (+27.4% MoM), led by a strong rally of Vin group stocks.
- April's liquidity **rose by 10.7% MoM** with a combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges of **US\$946.0 million**.
- **Vietnam's listed market capitalization** fell to **US\$207.7 billion** by the end of **April**.