INDOCHINA CAPITAL
Investing in Vietnam's Future

MONTHLY NEWSLETTER June 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	$3.65 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	33.04%	28.54%
P/E Ratio	11.73	8.73

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	**2.56%**	**-0.65%**	**1.77%**	**14.94%**	**12.11%**
VN Index	2.92%	5.86%	0.80%	8.19%	6.82%
MSCI FM	4.77%	17.16%	6.45%	5.38%	0.78%
MSCI EM	5.65%	13.70%	6.91%	4.21%	2.32%
S&P 500	4.96%	5.50%	17.91%	14.89%	11.64%

Manager's Comment

- ***The VN Index*** headed further north and closed first half at ***1,376*** on the back of increased system liquidity and positive speculations on the Vietnam – US trade deal.
- ***Our portfolios recorded an average gain of 2.56% in June***. We reduced cash holdings from 20% in May to 8% and increased the number of portfolio positions from 13 to 15. Several holdings outperformed, including TCB (supported by real estate recovery, strong credit growth, and TCBS's market share gains driven by its high-tech, non-brokerage model), and CTG (a YTD credit growth leader with 9.2% and stable asset quality).
- Vietnam's equity market enters H2 2025 with cautious optimism. The US-Vietnam trade deal framework with 20% tariffs for Vietnamese exports to the US and 40% on transshipments puts Vietnam in a significantly better position compared to the "US Liberation Day" rate of 46%. Despite

unclear details, sentiment has been positive with some brokerage houses raising GDP growth by nearly 1ppt to above 7% for 2025.

- In the coming weeks, all eyes will be on the development of US trade deals with other countries. At the same time, system liquidity in Vietnam will continue to expand as the PM requested to remove credit growth quotas for institutions, which should be beneficial to the country's stock market.

Top 10 Holdings (78% of NAV)

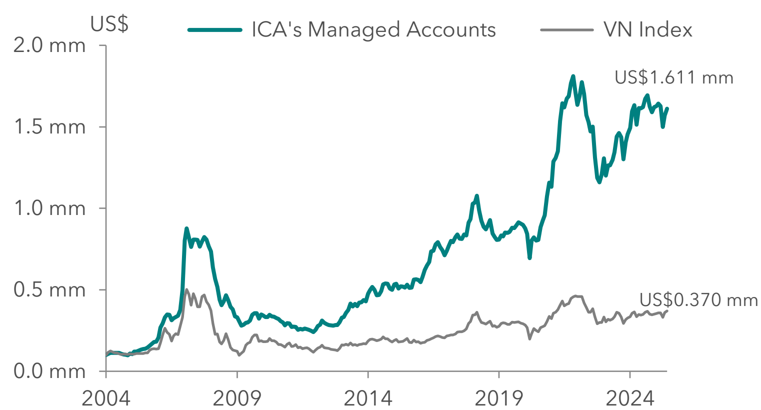
Ticker	Sector	NAV%	VN Index%	% Change
BAF	Cons. Staples	17.14%	0.18%	-1.12%
TCB	Banks	11.49%	4.08%	12.32%
MBB	Banks	9.67%	2.66%	5.95%
CTG	Banks	7.20%	3.80%	9.40%
ACB	Banks	7.07%	1.85%	0.95%
VPB	Banks	5.82%	2.48%	3.06%
MWG	Cons. Discretionary	5.22%	1.64%	5.48%
DHC	Materials	5.07%	0.04%	6.84%
DXG	Real Estate	4.96%	0.29%	9.24%
NVL	Real Estate	4.87%	0.50%	7.07%

Sector	Weight	VN Index Weight
Banks	41.25%	37.04%
Materials	14.61%	7.60%
Industrials	0.00%	8.94%
Info. Technology	0.00%	3.31%
Cons. Discretionary	5.22%	6.17%
Energy	0.00%	2.15%
Real Estate	9.83%	17.53%
Cons. Staples	19.15%	7.13%
Others	2.16%	10.13%
Cash	7.79%	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 economic growth picked up in Q2 with steady retail sales, strong tourism, higher government spendings on festivities, and robust industrial production boosted by the front loading of exports before the end of the US tariff reprieve.

- ***Vietnam's total output grew by 7.96%***, the second-strongest Q2 growth since 2020. ***1H GDP growth came in at 7.52% YoY***, the highest rate during the period from 2011- 2025.
  - The industrial and construction sectors sailed ahead with growth of 8.33% YoY (1H 2024: 6.42%). Manufacturing accelerated in Q2 (+10.75% YoY vs Q1: 9.40% YoY) and registered growth of 10.11% in 1H 2025 (1H 2024: 8.67%). Construction steadily ticked up, increasing by 9.62% YoY (1H 2024: 7.34%) on the back of real estate recovery.
  - The services sector expanded by 8.14% YoY (1H 2024: 6.64%), buoyed by export and manufacturing supply chain services and by vigorous tourism activities.
  - The agriculture, forestry, and fishery sector expanded 3.84% YoY (1H 2024: 3.38% YoY).
- In ***June, the Index of Industrial Production (IIP) rose 4.1% MoM*** and ***accelerated to 10.8% YoY***, faster than May's 9.4% YoY. 6M IIP increased by 9.2% YoY (vs. 7.7% in 6M 2024), marking the strongest first-half growth since 2020.
- The ***Manufacturing PMI read 48.9*** in June, marking the third consecutive month of deterioration in the sector's health
  - Production edged up but demand, especially export orders, fell in each of the month in Q2 as the date for the US reciprocal tariffs to fully kick in comes closer.
  - Business confidence continued to recover from the 44-month low in April based on hopes of easing trade tensions and a more stable outlook.
- ***1H exports rose by 14.4% YoY*** (1H 2024: 14.5%), imports 17.9% YoY (1H 2024: 17.0%). Trade surplus stood at US$7.63 billion (1H 2024: US$11.6 billion).
  - Exports picked up in Q2 (13.6% QoQ) due to the front-loading of goods ahead of the US tariff reprieve deadline. June's exports eased by 0.3% MoM (but still up 16.3% YoY), indicating importers' reservation on tariffs.
- ***Revenue of retail sales and services*** in June fell by ***0.17% MoM*** but rose by ***8.28% YoY***. For 1H 2025, this number increased by 9.27% YoY (1H 2024: 8.6%).
  - Retail sales of goods remained resilient with growth of +7.9% YoY (1H 2024: 7.4% YoY) but have decelerated in recent months.
  - The sturdy increase in tourism and accommodation services was driven by government spendings on festivities and rising international arrivals of 10.7 million (+20.7% YoY).
- ***Registered FDI*** rose to US$21.5 billion ***(+32.6% YoY)*** while ***disbursed FDI*** reached US$11.7 billion ***(+8.1% YoY) in 1H 2025.***
  - The manufacturing sector accounted for 56% of registered FDI, followed by the real estate sector with 34% contribution.

- ***1H credit growth soared at 8.30% YTD*** (1H 2024: +3.13%).
  - Lending activity surged following synchronized policy actions by the SBV and commercial banks to lower funding costs and ease credit access. The average interest rate for new loans fell to 6.38% p.a. (down 60bps vs. end-2024).
- ***CPI came in at 3.57% YoY***, driven by increases in the prices of power, foods and health care services. In contrast, lower fuel prices partially offset inflationary pressures.
- ***The USD/VND exchange rate*** rose to ***26,218 (+0.33% MoM and +2.61% YTD)*** despite the DXY falling by 2.47% MoM.

Stock Market

- The VN Index closed the month of June at 1,376.07, registering ***a monthly gain of 2.92%*** and ***a YTD gain of 5.86%*** in ***USD terms***.
  - Most sectors advanced, including banking (+4.1% MoM), oil and gas (+6.3%), consumer & retail (+5.9%). The real estate sector (-0.5%) took a short break after having soared by more than 67% since March.
- The combined ***average daily trading value*** on Ho Chi Minh and Hanoi Stock Exchanges inched down by 4.3% MoM to ***US$769.30 million***.
- ***Vietnam's listed market capitalization*** was ***US$237.9 billion*** as of the month's end.