

# MONTHLY NEWSLETTER

August 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 (14 years managing the strategy)  
Number of Investments: 15  
Median Portfolio Market Cap: \$4.30 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 | 43.49% | 30.03% |
| P/E Ratio  | 17.42  | 13.02  |

## Performance

|                          | 1 Month      | YTD           | 3 Year (CAGR) | 5 Year (CAGR) | 10 Year (CAGR) |
|--------------------------|--------------|---------------|---------------|---------------|----------------|
| <b>Indochina Capital</b> | <b>9.90%</b> | <b>16.64%</b> | <b>8.00%</b>  | <b>16.38%</b> | <b>13.97%</b>  |
| VN Index                 | 11.26%       | 28.10%        | 5.35%         | 10.88%        | 9.73%          |
| MSCI FM                  | 6.17%        | 32.29%        | 10.05%        | 6.58%         | 2.95%          |
| MSCI EM                  | 1.22%        | 17.01%        | 8.18%         | 2.70%         | 4.39%          |
| S&P 500                  | 1.91%        | 9.84%         | 17.77%        | 13.04%        | 12.60%         |

## Manager's Comment

- **The VN-Index** extended its rally in August, reaching a new all-time high of 1,682. Much of the advance was driven by a profuse influx of liquidity coming from Vietnam's expansionary policies.
- **Our portfolios recorded an average gain of 9.90% in August.** Cash holdings were kept steady at 2%, while we reduced the number of positions from 17 to 15. Key contributors to performance were MBB (crypto partnership with Dunamu, strong retail lending growth, 12.3% credit growth in H1) and ACB (higher NIM in Q2, poised to benefit from southern real estate recovery driving mortgage growth).
- The VN Index is poised for some tactical consolidation after having run more than 50% since April's low. However, the long-term positive outlook remains intact as the cycle of strong liquidity injection just started. Credit growth and public investment are expected to pick up in the second half of the

year. Meanwhile, FTSE's positive feedback after its August's working session with Vietnam signals a potential upgrade to Emerging Market status within a year's time.

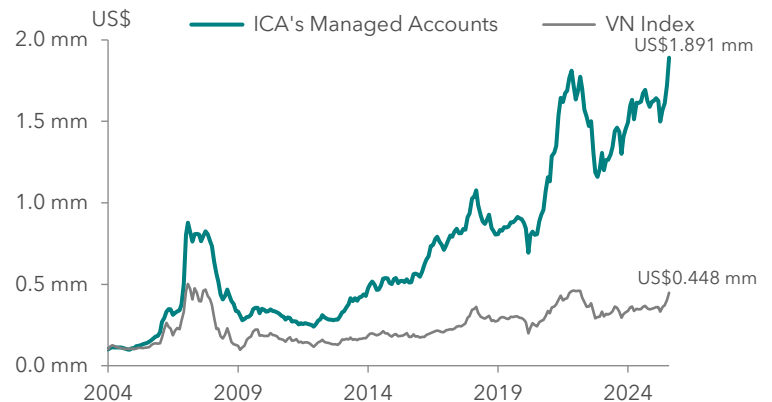
## Top 10 Holdings (75% of NAV)

| Ticker | Sector        | NAV%   | VN Index% | % Change | Sector              | Weight | VN Index Weight |
|--------|---------------|--------|-----------|----------|---------------------|--------|-----------------|
| BAF    | Cons. Staples | 14.16% | 0.15%     | 1.01%    | Banks               | 38.46% | 39.65%          |
| MBB    | Banks         | 11.27% | 3.07%     | 34.69%   | Materials           | 12.02% | 6.77%           |
| TCB    | Banks         | 8.63%  | 3.85%     | 16.47%   | Industrials         | 0.00%  | 8.75%           |
| ACB    | Banks         | 7.57%  | 1.96%     | 20.87%   | Info. Technology    | 0.00%  | 2.66%           |
| DXG    | Real Estate   | 6.47%  | 0.32%     | 15.15%   | Cons. Discretionary | 3.56%  | 4.93%           |
| VCB    | Banks         | 6.29%  | 7.88%     | 13.95%   | Energy              | 0.00%  | 2.10%           |
| MSN    | Cons. Staples | 5.61%  | 1.65%     | 14.48%   | Real Estate         | 10.91% | 18.85%          |
| HPG    | Materials     | 5.11%  | 2.90%     | 10.22%   | Cons. Staples       | 19.77% | 6.12%           |
| SSI    | Financials    | 4.98%  | 1.14%     | 23.39%   | Others              | 6.18%  | 10.17%          |
| DHC    | Materials     | 4.73%  | 0.04%     | 1.14%    | Cash                | 2.04%  |                 |

## 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 remained resilient even after the US trade tariffs kicked in. Exports continued to rise, underpinning industrial production. Steady FDI inflows, strong credit growth and rising public spendings supported business and consumer confidence. Despite persisting FX pressures, inflation stayed under control.

- **August exports** reached US\$43.39 billion **(+2.6% MoM; +14.5% YoY)**. Imports reached US\$39.67 billion (-0.8% MoM; +17.7% YoY).
  - Export growth was driven by computers and electronics (+50.4% YoY), smartphones (+21.9%) and coffee (+14.3%).
  - For 8M 2025, exports and imports grew 14.8% and 17.9% YoY, respectively.
  - Vietnam recorded a YTD trade surplus of US\$13.99 billion (8M 2024: US\$19.07 billion).
- August's **Index of Industrial Production (IIP)** rose **2.22% MoM** and **8.90% YoY**, picking up slightly from 8.54% in July. 8M IIP increased by 8.48% YoY (8M 2024: 8.60%).
  - August's manufacturing grew by 9.46% YoY. For the 8M period, manufacturing expanded by 9.97% YoY, power generation and distribution rose 4.91% YoY, water supply and waste treatment increased by 9.07% YoY, while the mining sector contracted by 1.09% YoY.
- Vietnam's **Manufacturing PMI** read **50.4**, down from 52.4 in July, signaling a marginal expansion.
  - Output expanded for the fourth straight month, though at a slower pace than July. New orders declined after a brief rebound in July, led by the tenth consecutive fall in exports amid ongoing U.S. tariff impacts.
  - Business sentiment improved with firms more optimistic about future demand.
- **Revenue of retail sales and services** in August grew by **2.59% MoM** and **10.59% YoY**. **8M** revenue increased by **9.37% YoY**.
  - August growth was supported by retail sales of goods (+10.2% YoY vs. +7.7% in July) and tourism (+15.2% vs. +12.6%). Accommodation and food services rose 13.2% YoY, though at the slowest pace in six months (vs. +16.3% in July).
  - International arrivals reached 1.68mn in August (+7.8% MoM; +16.5% YoY vs. +35.7% YoY in July). YTD foreign arrivals exceeded pre-pandemic (8M19) levels by 23.0%.
- **8M registered FDI** rose to **US\$26.14 billion (+27.3% YoY)** while **disbursed FDI** reached **US\$15.40 billion (+8.8% YoY)**.
  - Manufacturing led with US\$15.29 billion, accounting for 58.5% of newly registered FDI. Real estate accounted for 19.1%, and the remaining sectors 22.5%.
- **8M credit growth rose to 11.1% YTD** (8M 2024: +7.3%).
  - The SBV forecasts full-year credit growth of approximately 20%, the fastest pace in years.
- State investments steadily accelerated and were up by 35% YoY in August. Public investment disbursement in 8M totaled US\$16.3 billion, up 49.1% YoY (vs. -8.3% in 8M 2024).

- **August CPI rose slightly by 0.05% MoM**, and **YoY inflation inched to 3.24%**.
  - Inflation was mainly driven by healthcare, housing and utilities and food, while lower oil prices have pulled down transportation costs.
- **The USD/VND exchange rate** rose to **26,487 (+0.63% MoM and +3.67% YTD)** even as the US dollar weakened (DXY: -2.20% MoM, -9.88% YTD). FX pressures are expected to ease once the US Fed starts to cut rates.

## Stock Market

- The VN Index closed the month of August at 1,682, registering **a monthly gain of 11.26%** and **a YTD gain of 28.10%** in **USD terms**.
  - The rally was led by real estate (+16.9% MoM), banking (+16.5% MoM), and consumer & retail (+5.6% MoM), while ICT (-2.3% MoM) and oil & gas (-5.0% MoM) declined.
- Liquidity **soared by 40% MoM** in August to a record high level with the combined **average daily trading value** on the Ho Chi Minh and Hanoi Stock Exchanges amounting to **US\$1.9 billion**.
- **Vietnam's listed market capitalization** was **US\$288.8 billion** as of the month's end.