

## MONTHLY NEWSLETTER

May 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: 13

Median Portfolio Market Cap: \$4.22 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	51.27%	30.35%
P/E Ratio	11.60	8.77

### Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
<b>Indochina Capital</b>	4.75%	-3.13%	-0.03%	13.81%	11.69%
VN Index	8.62%	2.85%	-2.80%	6.60%	6.94%
MSCI FM	5.86%	11.83%	2.78%	4.73%	0.28%
MSCI EM	4.00%	7.61%	2.41%	4.46%	1.43%
S&P 500	6.15%	0.51%	12.68%	14.19%	10.87%

### Manager's Comment

- **The VN-Index** sprang back to pre "US Liberation Day tariffs" in May, closing up at 1,332.6 points. It posted a **monthly gain of 8.62% in USD terms**. The rebound was fueled by the reprieve of US tariffs and by Vietnam's pivoting policies to promote domestic economic drivers, including the recognition of the private sector as the country's new economic powerhouse to counter the negative impacts of US tariffs.
- **Our portfolios recorded an average gain of 4.75% in May**. We reduced cash holdings from 30% in April to 20% and increased the number of portfolio positions from 10 to 13. Several holdings outperformed, including TCB (driven by a recovering real estate market and strong CASA growth), VHM and DXG (supported by low lending rates and improving property sector).

- The new trading system of the Ho Chi Minh City stock exchange came into operation on May 5 and have run smoothly since. This system has a significantly larger capacity than the old system. It also features intraday trading and short selling which will be enabled after the legal framework is completed.
- As part of Vietnam's effort to get its stock market upgraded to Emerging, the SBV in May simplified procedures for foreigners to open indirect investment accounts in Vietnam (for securities trading purposes). The bureaucracy burden is expected to be further reduced with an on-going administrative reform.
- The VN Index should likely take a rest after an upsurge of 22% from the trough in early April. Besides, as the deadline for US tariff reprieve on July 9 is getting closer, investors would tend to be more cautious and await better clarity from Vietnam – US trade talks. Meanwhile, increased government spendings and low interest rates are supporting system liquidity and stock market liquidity.

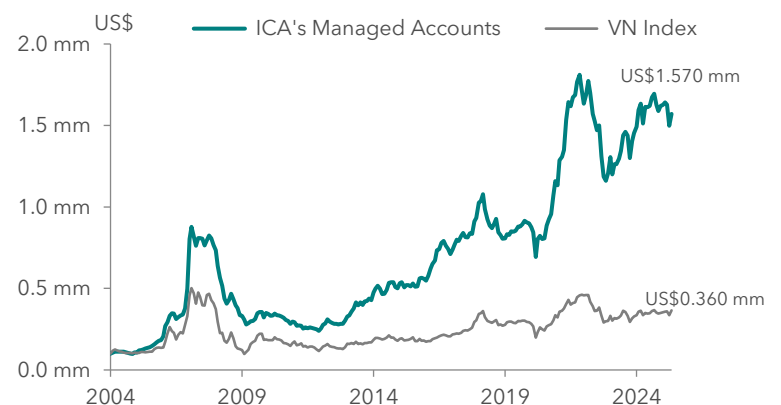
### Top 10 Holdings (74% of NAV)

Ticker	Sector	NAV%	VN Index%	% Change	Sector	Weight	VN Index Weight
BAF	Cons. Staples	17.86%	0.19%	3.94%	Banks	36.85%	36.84%
TCB	Banks	10.55%	3.76%	15.78%	Cons. Staples	17.86%	6.82%
MBB	Banks	9.41%	2.60%	3.40%	Real Estate	9.44%	18.27%
ACB	Banks	7.22%	1.89%	5.00%	Materials	8.74%	7.42%
VHM	Real Estate	6.43%	5.57%	32.88%	Cons. Discretionary	5.10%	5.98%
MWG	Cons. Discretionary	5.10%	1.60%	2.14%	Financials	2.24%	4.39%
DHC	Materials	4.89%	0.04%	7.79%	Others	0.00%	20.29%
CTG	Banks	4.88%	3.59%	2.96%	Cash	19.78%	
VPB	Banks	4.80%	2.49%	11.41%			
DXG	Real Estate	3.00%	0.28%	19.47%			

### 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 solid in May, supported by steady retail sales, strong tourism, and improving industrials despite weak export orders. Robust growth in the newly registered FDI reflects continued investor confidence in the country. Inflation remained manageable, giving policymakers room to further promote growth.

- **5M 2025 revenue of retail sales and services** rose by **9.7% YoY (5M 2024: 8.7%)**, boosted by vigorous tourism activities and resilient consumer spending. However, May's growth (10.2% YoY) softened compared to April's (11.1% YoY).
  - Retail sales of goods rose 8.2% YoY in 5M 2025 (5M 2024: 7.5%). Accommodation & catering (+15.2%) and tourism (+24.7%) recorded strong gains, fueled by strong inbound tourism. Other services (+12.9% YoY) posted strong growth.
  - International arrivals rose 10.5% YoY in May, driven by visitors from China and Japan during their May Day and Golden Week holidays. Total arrivals in 5M 2025 reached 9.2 million (+21.3% YoY), surpassing pre-COVID levels by 26%.
- US tariffs and front-loading continued to drive manufacturing and trade. May's **Index of Industrial Production (IIP) increased by 4.3% MoM** and **by 9.4% YoY**, maintaining solid momentum. YTD, IIP increased by 8.8% YoY (5M 2024: 6.8% YoY).
  - In 5M2025, manufacturing output grew 10.8% YoY, driven by strong performances in wood products (+12.6%), automotive (+34.3%), and garments (+15.7%).
- **Vietnam's Manufacturing PMI rose to 49.8 in May** from **45.6 in April**, but still in contractive mode. Output returned to growth after a drop in April, but new orders and employment continued to fall on the back of a subdued demand environment.
- **5M exports grew by 14.0% YoY** and imports by 17.5% YoY. **May's exports continued to stay strong**, having risen by 5.7% MoM and 17.0% YoY. May's imports also rose by 5.9% MoM, but YoY growth has softened to 14.1%.
  - Vietnam recorded a trade surplus of US\$0.6 billion, raising the YTD surplus to US\$4.7 billion.
- **Registered FDI** rose to **US\$18.4 billion (+51.2% YoY)** while **disbursed FDI** was **US\$8.9 billion (+7.9% YoY)** in **5M2025**.
  - In 5M2025, manufacturing led with US\$9.3 billion, accounting for 60% of total FDI. Real estate followed at US\$4.8 billion, accounting for 30.7%.
  - After declining by 8.4% YoY in April, registered FDI rose sharply in May by 154% YoY to US\$4.57 billion. The strong bounce highlights sustained investor confidence in Vietnam despite ongoing global economic uncertainties.
- **CPI rose by 0.16% MoM** and **3.24% YoY** in **May**, mainly driven by price hikes in healthcare, housing, and food services. The drop in fuel prices helped partially offset inflationary pressures.
- **The USD/VND exchange rate rose by 0.05% MoM** and **2.28% YTD** although the DXY fell by 0.14% MoM and 8.44% YoY.
- In May, the **Politburo** signed off on **Resolution #68** to **identify the private sector as the most important driver of Vietnamese economic growth**. The government aims to promote the private

sector and increase its competitiveness by devising policies to double the number of private companies, to nurture 20 large corporations with strong presence in the global supply chain, and to increase the sector's output from 50% to 55 - 58% of GDP by 2030. It was followed by Resolution #198 which set a blueprint to improve the business environment, to reduce administrative bureaucracy and to ensure proper access to resources for the private sectors.

- At the same time, 5M state spendings reached US\$32 billion, up 28% YoY. The 2025 full year state spending target is 39% higher than that of 2024's. There is also a long list of infrastructure projects in feasibility study, including (i) the North-South highspeed railway, (ii) Metro lines in HCMC and Hanoi, (iii) Long Thanh airports and connecting roads, (iv) Ring roads around HCMC, and (v) Intercity highways in the South.

## **Stock Market**

- The VN Index closed the month of May at 1,332.30, registering **a monthly gain of 8.62%** and **a YTD gain of 2.85%** in **USD terms**.
  - The real estate sector recorded substantial monthly average gains of 31.9% MoM with the soaring of Vin group stocks, namely VIC, VHM and VRE. YTD, the Vin group stocks rallied by 111% without which the VN Index would have dropped by 4.62% (in USD terms) during the same period.
- May's liquidity **dropped by 15.0% MoM** with a combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges of **US\$803.8 million**.
- **Vietnam's listed market capitalization** rose to **US\$230.8 billion** by the end of **May**.