

MONTHLY NEWSLETTER

September 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: 14

Median Portfolio Market Cap: \$4.67 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	44.23%	29.58%
P/E Ratio	18.12	13.96

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	-1.92%	14.40%	12.23%	14.91%	13.70%
VN Index	-1.06%	26.74%	9.99%	10.07%	9.73%
MSCI FM	0.93%	33.52%	14.07%	6.65%	3.31%
MSCI EM	6.96%	25.16%	15.40%	4.46%	5.45%
S&P 500	3.53%	13.72%	23.10%	14.74%	13.29%

Manager's Comment

- **The VN-Index** slipped 1.2% MoM in September, weighed down by a sharp contraction in liquidity and by continued foreign selling. Stock performance diverged with a few selected large caps, namely VIC and VRE, advancing while most stocks declining by 5-15% MoM.
- **Our portfolios recorded an average loss of 1.92% in September.** We increased cash holdings to 15.4% from 2.0% in August and reduced the number of positions from 15 to 14. Key contributors to performance were DHC (plant utilization rebounded to ~90% in Q2 from 70% in Q1/2025, while average selling price rose 4-7% YTD, supported by easing competition) and VIC (strong progress across multiple projects, notably Vin Can Gio in HCMC; EV sales projected to rise ~85% YoY in 2025).
- As the October FTSE reclassification drew near, the high local consensus on Vietnam Secondary EM upgrade indicated the market has already factored in an upgrade. This, coupled with continued

foreign selling, may contain further upside of the Vietnamese market in the coming weeks. However, continued expansionary policies and reforms are expected to anchor the country's long-term sustainable economic outlook, corporate earnings, and money flows into the stock market in the coming quarters.

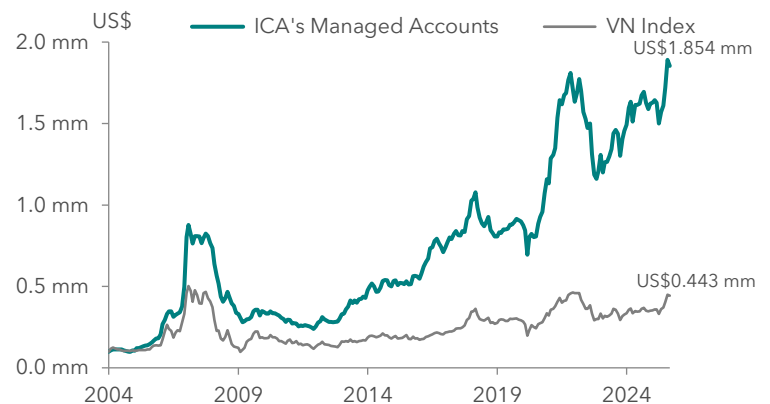
Top 10 Holdings (68% of NAV)

Ticker	Sector	NAV%	VN Index%	% Change	Sector	Weight	VN Index Weight
BAF	Cons. Staples	14.38%	0.15%	-0.29%	Banks	30.12%	37.47%
TCB	Banks	8.40%	3.07%	-1.89%	Cons. Staples	19.96%	6.09%
ACB	Banks	7.08%	3.85%	-8.27%	Real Estate	14.11%	21.37%
DXG	Real Estate	5.98%	1.96%	-9.21%	Materials	10.74%	6.77%
VCB	Banks	5.79%	0.32%	-9.62%	Cons. Discretionary	5.57%	4.96%
MSN	Cons. Staples	5.57%	7.88%	-2.41%	Financials	4.11%	5.12%
MWG	Cons. Discretionary	5.57%	1.65%	-0.38%	Others	0.00%	18.22%
DHC	Materials	5.41%	2.90%	12.22%	Cash	15.39%	
HPG	Materials	5.33%	1.14%	2.36%			
CTG	Banks	4.74%	0.04%	-0.97%			

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 maintained a strong momentum in Q3 despite the US tariff headwinds. GDP expanded at the second-strongest rate in 10Y (only after 2022), backed by accelerated industrial output growth and robust retail sales and tourism. Exports stay resilient and FDI inflows solid. Inflation was under control, supporting expansionary policies.

- **Vietnam's total output increased by 8.23% YoY in Q3**, the second-fastest since 2011, and only lower than the post-COVID rebound in 2022. **9M GDP growth reached 7.85% YoY**, underscoring the economy's solid momentum.
 - The industry and construction sectors remained the key growth engines, expanding by 8.69% YoY (9M 2024: 8.19%). Manufacturing stayed robust at +9.98% YoY in 3Q (vs 10.75% in 2Q) and +9.92% YoY in 9M 2025 (9M 2024: 8.76%). The mining sector rebounded (+7.78% in 3Q vs -2.57% in 2Q) on higher coal, gas, and crude oil output, and on stronger power generation and transmission +10.01% YoY (vs +3.62% in 2Q).
 - The services sector advanced by 8.49% YoY (9M 2024: 6.95%), supported by the broad-based growth of consumer and business services.
 - The agriculture, forestry, and fishery sectors held steady, growing by +3.83% YoY (9M 2024: +3.20%).
- September's **Index of Industrial Production (IIP) rose 0.1% MoM** and **accelerated to 13.6% YoY**, faster than August's 8.7% YoY. 9M IIP increased by 9.1% YoY (9M 2024: 8.6%).
 - In September, mining output surged by 4.3% MoM and 22.4% YoY (vs +0.1% in August), driven by higher coal production, while manufacturing expanded by 12.7% YoY (vs +9.9% in August), supported by stronger computers & electronics output.
- **The Manufacturing PMI stayed unchanged at 50.4** in September, signaling a slight and sustained improvement in business conditions.
 - Output expanded for the fifth consecutive month, supported by a renewed rise in new orders, while export demand continued to contract at a softer pace.
- **9M exports rose by 16.0% YoY** (9M 2024: +15.4%), **imports 18.8% YoY** (9M 2024: 15.8%). Trade surplus stood at US\$16.83 billion (9M 2024: US\$20.8 billion).
 - September exports surged +24.7% YoY, driven by strong gains in computers & electronics (+66.2%), which remain exempt from US reciprocal tariffs, alongside increases in smartphones (+17.5%), machinery (+11.6%), and coffee (+61.1%).
- **Revenue of retail sales and services** in September rose by 1.99% MoM and 11.27% YoY. For 9M 2025, this number increased by **9.55% YoY** (9M 2024: +8.77%), reflecting resilient domestic demand.
 - Retail sales of goods remained solid, with 9M growth of 8.26% YoY (9M 2024: +7.94%), supported by accelerating growth in tourism (+20.53% YoY) and accommodation services (+14.81% YoY). September retail sales climbed by 11.3% YoY (vs +10.6% in August), marking the strongest pace since May 2023.

- International arrivals reached 15.4 million YTD, up 21.5% YoY. Although September arrivals dipped 9.6% MoM following August's peak, they still rose 19.5% YoY (vs +16.5% in August), driven by stronger tourists from China and Europe.
- **Registered FDI** rose to US\$28.5 billion **(+15.2% YoY)** while **disbursed FDI** reached US\$18.8 billion **(+8.5% YoY) in 9M 2025**.
 - The manufacturing sector accounted for 63.3% of registered FDI, followed by the real estate sector with 21.8% contribution.
- **9M credit growth reached 13.40% YTD** (9M 2024: +8.53%).
 - The average lending rate for new loans at commercial banks declined to 6.52% pa, 41 bps lower than at the end of 2024, reinforcing the easing interest environment.
 - Full year credit growth this year will likely hit 18 - 20%, exceeding the State Bank's target of 16%.
- **CPI rose by 0.42% MoM and 3.38% YoY**, led by healthcare, housing, and education following salary raise for public-sector workers and annual tuition fee increase for the new school year.
- **The USD/VND exchange rate** was **26,445 (-0.16% MoM and +3.50% YTD)** while the DXY held broadly stable at 97.77 (flat MoM and -9.87% YTD).

Stock Market

- The VN Index closed the month of September at 1,661.7, registering **a monthly loss of 1.06%** and **a YTD gain of 26.74%** in **USD terms**.
 - Most sectors retreated, including banking (-6.5% MoM), oil and gas (-4.8%), and consumer and retail (-0.7%). In contrast, the real estate sector jumped +13.1%, driven by a 36.3% surge in Vin Group (VIC).
- Liquidity **dropped by 33% MoM** in September with the combined **average daily trading value** on the Ho Chi Minh and Hanoi Stock Exchanges amounting to **US\$1.3 billion**.
- **Vietnam's listed market capitalization** was **US\$288.0 billion** as of the month's end.