

MONTHLY NEWSLETTER

December 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: 18

Median Portfolio Market Cap: \$4.36 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	52.32%	36.74%
P/E Ratio	26.16	25.95

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	2.97%	13.95%	15.22%	9.79%	12.66%
VN Index	5.67%	36.46%	16.74%	7.28%	10.16%
MSCI FM	4.74%	41.62%	16.89%	5.70%	4.08%
MSCI EM	2.74%	30.58%	13.66%	1.69%	5.87%
S&P 500	-0.05%	16.39%	21.26%	12.75%	12.85%

Manager's Comment

- **The VN-Index** closed the year 2025 on a strong note, reaching a new high of 1,784, primarily driven by large caps, notably the Vingroup stocks.
- December's VN-Index gains were again concentrated in Vingroup stocks, while the broader market rose 2.16%. **Our portfolio recorded an average gain of 2.97% in December**, with key contributions from BAF (benefiting from recovering pork prices and expanding production capacity) and MWG (supported by sustained ICT market share consolidation and improving grocery profitability).
- Strong credit growth, robust FDI, increased public spending, and continued administrative reforms are conducive to positive business outlook. With GDP growth forecast at 8.5% for the year 2026, corporate earnings of listed stocks are expected to grow at a consensus rate of 19% next year.

- Vietnamese stocks will be included in FTSE emerging indices starting September 2026. But regulators also have plans for further improvement of stock market operation, including the setting up of a Central Counterparty, the omnibus trading accounts, higher requirements for financial reporting, and new product development. The next target is MSCI upgrade which should take a couple more years, in the meantime, sustainable economic growth and an improving market condition is sensational enough.

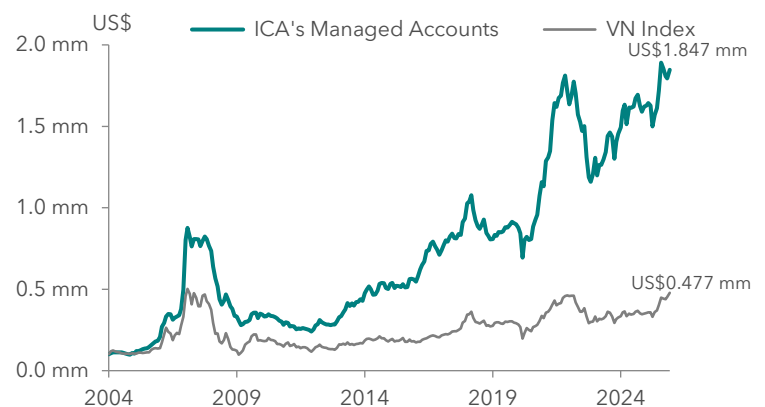
Top 10 Holdings (74% of NAV)

Ticker	Sector	NAV%	VN Index%	% Change	Sector	Weight	VN Index Weight
BAF	Cons. Staples	15.52%	0.14%	18.89%	Cons. Staples	23.26%	5.35%
MWG	Cons. Discretionary	11.14%	1.57%	10.64%	Real Estate	20.82%	27.20%
VIC	Real Estate	7.29%	15.73%	30.26%	Banks	15.15%	31.19%
TCB	Banks	6.70%	2.98%	3.41%	Materials	11.24%	5.44%
HPG	Materials	6.07%	2.44%	-0.56%	Cons. Discretionary	11.14%	4.87%
TCX	Financials	6.04%	1.31%	0.00%	Financials	6.04%	6.68%
NVL	Real Estate	5.79%	0.33%	-9.80%	Infor. Technology	4.79%	2.20%
VCB	Banks	5.38%	5.78%	0.17%	Industrials	4.70%	8.07%
MSN	Cons. Staples	5.31%	1.34%	-0.52%	Others	0.36%	9.00%
DHC	Materials	5.17%	0.04%	-0.45%	Cash	2.50%	N/A

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 managed to navigate through global turbulence to achieve the second strongest growth in 15 years. While record FDI disbursement and robust manufacturing growth speak volumes for the increasing importance of Vietnam in the global supply chain, domestic drivers are emerging with resilient service activities and increased public investments.

- **GDP growth** accelerated in **Q4** to **8.46% YoY**, the fastest quarterly pace in the year (Q1: +7.05%, Q2: +8.19%, Q3: +8.25%). Growth was led by industry and construction, which expanded by 9.73% YoY (Q3: +9.39%) on the back of buoyant export demand, supply-chain relocation, and increased infrastructure spending. Services also strengthened, growing 8.82% YoY in Q4 (Q3: +8.68%), reflecting resilient domestic demand and tourism-related activities.
- **Vietnam's economy expanded by 8.02% YoY** in 2025 (2024: 7.09%), supported by broad-based improvements across all sectors. Growth came in slightly below the government's 8.3-8.5% target, but above market expectations of 6.6-7.8%. In the last 15 years, this rate of growth was only second to post-Covid 2022's growth of 8.54%.
 - The industrial and construction sectors were the main growth engines, accelerating to 8.95% YoY (2024: +8.24%). The manufacturing sub-sector posted solid growth of 9.97% YoY (2024: +9.83%).
 - Services growth improved to 8.62% YoY, led by wholesale and retail trade (+8.52%), transport and warehouse (+10.99%), and accommodation and food services (+10.02%).
 - The agriculture, fishery and forestry sectors grew by 3.78% YoY in 2025 (2024: +3.27%).
- **Vietnam's Manufacturing PMI** fell slightly to **53.0** in December from November's 53.8 but still signaling a solid monthly improvement in the overall health of the sector. Business conditions have now strengthened in each of the past six months.
 - Despite declining new export orders, total new orders, output and employment increased. Business confidence strengthened to a 21-month high.
- **The Index of Industrial Production (IIP)** rose by **2.24% MoM** and **10.10% YoY** in December. For the year **2025**, IIP **rose** by **9.23% YoY** (2024: 8.35%).
 - Manufacturing remained the key growth driver, expanding by 1.78% MoM and 10.88% YoY in December, led by automotives, metals, and food processing.
 - For 2025, manufacturing output rose 10.45% YoY, while power generation (+6.74%), water supply and waste treatment (+7.78%), and mining (+0.54%) also posted positive growth.
- **Revenue of retail sales and services** rebounded strongly in December with **MoM growth reaching 3.86%** (vs. -0.01% MoM in November). For 2025, this number increased by **9.25% YoY**.
 - In December, retail sales of goods (+8.58% YoY) accelerated compared to November (+6.00% YoY), driven by year-end festive demand. Tourism (+19.92% YoY), accommodation and catering (+14.20% YoY), and other services (+12.71% YoY) all recorded robust growth.
 - International arrivals increased by 2.20% MoM and 15.70% YoY, bringing total arrivals to 21.2 million (+20.38% YoY), led by strong inflows from China (+41% YoY), India (+49%), and Russia (+197%).

- **The Consumer Price Index (CPI)** inched up **0.19% MoM** and **3.48% YoY**.
 - In December, healthcare (+10.27% YoY) led inflation following public medical fee adjustments. Housing and utilities (+5.23%) and food and dining (+4.20%) also drove inflation, while transport (-0.55%) and communications (-0.25%) helped offset price pressures.
 - Similarly, higher prices of healthcare services and food and housing expenses have driven up YoY inflation while lower fuel prices and communication costs alleviated inflationary pressures.
 - The 2026 inflation target is set at 4.5%.
- **Exports surged by 12.68% MoM and 23.81% YoY**, led by computers and electronics (+46.66% YoY), coffee (+38.04%), machinery (+28.07%), and textiles and garments (+8.45%). **Imports rose** sharply by 17.65% MoM and 27.69% YoY, driven **by stronger production demand**.
 - Vietnam posted a trade deficit of US\$0.7 billion in December, narrowing the **full-year trade surplus to US\$20.0 billion**.
 - Both **exports and imports in 2025 outpaced those of 2024's**. Exports totaled US\$475 billion (+17.02% YoY), imports US\$455 billion (+19.43% YoY).
- **2025 registered FDI** was **US\$38.42 billion (+0.5% YoY)**, while **disbursed FDI** set new record at **US\$27.62 billion (+8.95% YoY)**.
 - Manufacturing accounted for 55.0% of newly registered FDI, followed by real estate with approximately 16%, and the remaining 29%.
- **The USD/VND exchange rate ended 2025 at 26,376 (-0.13% MoM)**. The VND depreciated by 3.13% against the USD during the year, mainly due to the interest rate gap between the VND and USD.
- **Public investment disbursement grew 24.9% YoY in Q4** (Q3: +31.8% YoY). For the year 2025, disbursement reached approximately USD 32.3 billion, up 26.6% YoY.
- **2025 credit growth** came in at **17.78% YoY (2024: +13.82%)**, while deposit growth reached 14.11% (2024: 9.06%).
 - The SBV set a credit growth quota for 2026 of 15%, signaling a cautious stance despite a high GDP growth target.
 - Deposit rates have increased by 80 bps – 200 bps YoY, averaging 5.0% for 6M tenure and 6.5% for 12M tenure. Average lending rates are climbing back to 7.0% where they started the year 2025. Interest rates are expected to bottom out but should remain accommodative for business.
- **2025 was a pivotal year for Vietnam** as the country entered the second biggest reform since independence (the first was back in 1986 to shift to a market-oriented economy).
 - The administrative reforms started in July 2025 and were carried out at a sweeping speed. The target is to improve regional autonomy and effectiveness, and to increase legal transparency and business supportiveness.
 - Among the other policy reforms, the recognition of the private sector as a leading economic driver is a landmark which should unleash the full potential of the sector. Besides, infrastructure development also became a priority in driving domestic growth.

- The Party Congress in late January 2026 will provide the final piece of the administrative reforms as leadership for the next five years will be decided. After this, Vietnam's economy can charge ahead steadily.
- **The government targets GDP growth of 10% in 2026**, which is ambitious compared to consensus forecast of 8.5%. Expansionary policies are expected to continue to serve this growth target. Significant infrastructure and technological investments are expected to accelerate in this year and will shape the future of Vietnam in the coming years. Consumption will also be improved under the spillover impact of the investment upcycle. Key risks remain global uncertainties and FX pressures. Revenue of retail sales and services rebounded strongly in December with MoM growth reaching 3.86% (vs. -0.01% MoM in November). For 2025, this number increased by 9.25% YoY.

Stock Market

- The VN-Index closed the year 2025 at 1,784, registering **a monthly gain of 5.67%** and **a YTD gain of 36.46%** in **USD terms**.
 - The real estate sector recorded significant average gains of 350% in 2025 thanks to the stellar performance of Vingroup stocks. Excluding the four Vingroup stocks, the VN Index return for 2025 would have been 10.19% in USD terms.
 - Among the remaining major sectors of the Index, the banking sector advanced by 20%, the consumer and retail sector by 16%, while the oil and gas sector retreated by 3% during the year.
- Liquidity **inched down by 4.3% MoM** in December with a combined **average daily trading value** of **US\$784 million** on Ho Chi Minh and Hanoi Stock Exchanges. 2025's average liquidity was approximately US\$1.0bn, up 27% YoY.
- **Vietnam's listed market capitalization** reached **US\$329 billion** as of the month's end.