

MONTHLY NEWSLETTER

March 2026

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 (15 years managing the strategy)
Number of Investments: 15
Median Portfolio Market Cap: \$1.27 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.

	2026f	2027f
EPS Growth	139.92%	28.48%
P/E Ratio	13.36	10.58

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	-8.83%	-6.21%	11.12%	5.79%	10.80%
VN Index	-11.47%	-6.10%	12.03%	4.32%	9.73%
MSCI FM	-7.31%	-1.43%	15.40%	5.34%	4.19%
MSCI EM	-13.26%	-0.51%	12.16%	1.20%	5.26%
S&P 500	-5.09%	-4.63%	16.69%	10.44%	12.23%

Manager's Comment

- **The VN-Index** tumbled more than 15% following the US-Israel attack on Iran before climbing back to close the month of March at 1,674. Heightened global risks and increased FX pressures intensified foreign selling on the Vietnam stock market. At the same time, the domestic liquidity constraint and rising interest rates have had a negative impact on local retail investors' sentiment.
- **Our portfolios recorded an average loss of 8.83% in March.** Key outperformers included NVL (Q4 2025 NPAT-MI turned profitable, renewed margin lending, and improving legal progress in key projects) and DCM (international urea prices surged on Iran supply concerns, with domestic prices rising by 34-40%).
- Given the ongoing Iran war and rising domestic interest rates, we expect continued foreign selling and increased volatility in the coming months. On the bright side, foreign investors are set to return

upon the inclusion of Vietnamese stocks in FTSE emerging indices in September 2026. In a base case scenario where the global economy does not go into recession, Vietnamese corporate earnings should maintain a strong growth momentum on the back of recent policy boosts and continued accommodative monetary and fiscal measures.

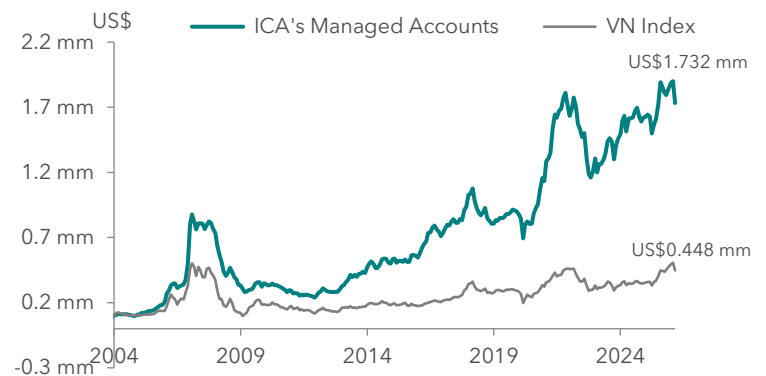
Top 10 Holdings (73% of NAV)

Ticker	Sector	NAV%	VN Index%	% Change	Sector	Weight	VN Index Weight
BAF	Cons. Stap.	15.34%	0.13%	-7.69%	Cons. Stap.	25.31%	7.82%
MSN	Cons. Stap.	7.56%	1.39%	-4.43%	Materials	18.03%	6.54%
TCB	Banks	7.45%	2.76%	-15.31%	Banks	14.34%	32.19%
TCX	Financials	7.00%	1.50%	-19.37%	Real Estate	10.42%	23.61%
MWG	Cons. Disc.	6.96%	1.53%	-12.14%	Industrials	8.70%	7.84%
HPG	Materials	6.57%	2.62%	-6.60%	Financials	7.00%	7.50%
NVL	Real Estate	6.53%	0.40%	15.04%	Cons. Disc.	6.96%	4.83%
DHC	Materials	5.79%	0.04%	-11.14%	Others	0.00%	9.68%
DCM	Materials	5.67%	0.32%	12.46%	Cash	9.24%	N/A
IDC	Industrials	4.46%	N/A	1.86%			

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 recorded the strongest Q1 growth in 20 years with strong support from manufacturing and services. FDI remained robust and public spending accelerated. However, the initial impact of the Iran war has been felt as inflation picked up and FX pressures intensified.

- **GDP expanded by 7.83% YoY in Q1 2026** (Q1 2025: 6.93%).
 - The key drivers of growth in Q1 were the industrial and construction sectors which expanded by 8.92% YoY (Q1 2025: +7.42% YoY). Industrial production in Q1 rose at the fastest pace in 20 years of 9.0% YoY (Q1 2025: 8.3% YoY). Notably, the manufacturing subsector strengthened with YoY growth of 9.73% (Q1 2025: 9.28%), and the mining sector expanded by 5.42% YoY vs a contraction of 5.76% in Q1 2025.
 - The service sectors improved with YoY growth of 8.18% (Q1 2025: 7.70%). Much of the growth was credited to the rise in retail sales and services of 10.9% YoY (Q1 2025: 9.9%). Meanwhile, the deceleration in transportation (from 9.9% in Q1 2025 to 8.9% YoY in Q1 2026) and accommodation services (from 9.3% to 7.5% YoY) could have been caused by hiking fuel prices, affecting transportation and travel activities.
 - The agriculture, fishery and forestry sectors grew by 3.58% YoY, weaker than Q1 2025's of 3.74%.
- **Vietnam's Manufacturing PMI eased to 51.2 in March** from 54.3 in February, still in expansionary territory but signaling some moderation in momentum.
 - The sector recorded improved business conditions for nine successive months, but the rates of growth in output and new orders eased markedly. The Iran war caused a sharp rise in input cost inflation and a subsequent increase in selling prices. Firms scaled back purchasing activities and cut employment. Business confidence dropped to a six-month low in March.
- Both imports and exports soared in Q1. **Exports rose by 19.1% YoY** (Q1 2025: 10.6%), **imports 27.0% YoY** (Q1 2025: 17.0%), resulting in a trade deficit of USD3.6bn (Q1 2025: USD 3.2bn).
 - March exports reached USD 46bn (+20% YoY), led by electronics & computers (+52% YoY) and phones & components (+16% YoY). Imports rose by 28% YoY, with notable frontloading of electronic related products (+54% YoY) and petroleum products (+166% YoY), likely due to importers' effort to stock up in preparation for a supply disruption.
- **Total investments accelerated by 10.7% YoY** (Q1 2025: 9.4%), driven by FDI and public investments.
 - **Registered FDI** rose to USD15.2 billion (**+43% YoY**) while **disbursed FDI** reached USD5.4 billion (+9% YoY), a five-year high in Q1. The manufacturing sector accounted for 69% of newly registered FDI, followed by the utility sector with 22% contribution.
 - **State investments** reached USD7.9 billion, **up 11.6% YoY**.
- **Credit growth** was demure at **2.15% YTD** (Q1 2025: +3.93%).
 - In Q1, credit growth was controlled by quarterly quota rather than annual quota. The new cap on new loans allocated to the real estate sector also affected the overall credit growth the quarter.

- Deposits grew by 0.44% during the same period (Q1 2025: 1.23%). The prolonged mismatch between deposit growth and credit growth has caused a structural liquidity constraint in the system, leading to higher interbank rates and overall rates.
- Deposit rates have increased by 100 - 300 bps for 12M tenures and lending rates are being revised up by similar levels.
- **CPI jumped 1.23% MoM** and **4.65% YoY** in March. Fuel price hikes led to a jump of 13% MoM in transportation costs and also drove up utility and housing costs.
- **The USD/VND exchange rate edged up 0.59% MoM but down 0.07% YTD in March**, tracking a stronger US dollar (DXY: +2.41% MoM, +1.67% YTD).

The war in the Middle East threatens to bring about stagflation to the global economy and deterioration to business environment in Vietnam. As a net importer of fuel, Vietnam's economy is vulnerable to fuel shortages and price hikes. As a rising exporter, the country is also dependent on external demand to boost its main growth engine, the manufacturing sector. While the outlook for growth has been dampened, Vietnamese policy makers are still keen on promoting growth with continued expansionary monetary and increased investments in infrastructure. The country's leaders appeared to have been successful in securing additional fuel for the country via wise diplomatic measures.

Stock Market

- The VN-Index closed the month of March at 1,674, registering a **monthly loss of 11.47%** in **USD terms**.
 - Oil and gas stocks recorded the largest average losses of 22.6% MoM. Real estate stocks retreated by 15.8% MoM, consumer and retail stocks by 4.6% MoM, and banking stocks by 2.3%.
- The combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges inched up 6.3% MoM to **USD1.1 billion**.
- **Vietnam's listed market capitalization** stood at **US\$311 billion** as at the month's end.