

MONTHLY NEWSLETTER

May 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: 17
Median Portfolio Market Cap: \$1.59 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	147.56%	22.05%
P/E Ratio	12.54	10.30

Performance

	1 Month	YTD	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Indochina Capital	-4.80%	-6.54%	10.04%	2.39%	9.93%
VN Index	0.41%	4.36%	15.71%	4.24%	9.88%
MSCI FM	0.15%	8.31%	19.69%	5.31%	4.87%
MSCI EM	9.50%	24.76%	22.27%	4.95%	8.06%
S&P 500	5.15%	10.73%	21.95%	12.51%	13.71%

Manager's Comment

- **The VN-Index** touched a new high of 1,934 before slumping and closing the month of May slightly above April's end. While the new administration was remapping their policies for the term 2026-2030, uncertain global outlook, tight liquidity, and persistent foreign outflows weighed on market sentiments.
- **Our portfolios recorded an average loss of 4.80% in May.** Performance was mixed across holdings, with declines in NVL (on untrue speculations of refinance issue) and MWG (foreign selling) outweighed gains from GEX (solid core earnings growth) and VCB (improving NIM despite overall declining trend).
- Despite global uncertainties, Vietnam macro data demonstrated resilience in domestic consumption, industrial production, exports, FDI, and continued commitment to increase public

investments. Listed companies also maintain their average earnings growth forecast of 20% for this year and most of them expect Q2 earnings to moderate from a seasonally high Q1 (31% YoY) but still stronger than 2025.

- We expect the current domestic liquidity constraint to be temporary and will be improved in 2H 2026 after the new administration settles into office, which will support the performance of the stock market besides foreign inflows from the FTSE upgrade.

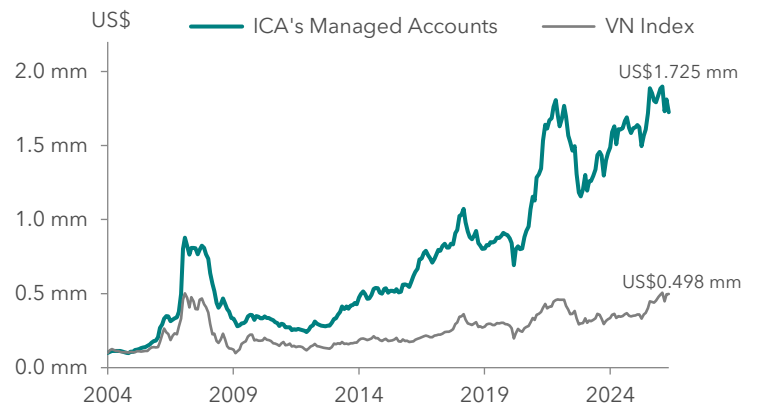
Top 10 Holdings (75% of NAV)

Ticker	Sector	NAV%	VN Index%	% Change	Sector	Weight	VN Index Weight
BAF	Cons. Stap.	14.30%	N/A	-3.74%	Cons. Stap.	23.91%	6.95%
TCB	Banks	7.96%	2.64%	-1.22%	Materials	18.70%	5.80%
HPG	Materials	7.95%	2.31%	-3.13%	Banks	15.17%	30.28%
MSN	Cons. Stap.	7.50%	1.23%	-2.73%	Real Estate	10.70%	30.48%
NVL	Real Estate	6.98%	0.38%	-26.34%	Industrials	9.28%	6.84%
TCX	Financials	6.90%	1.33%	-0.40%	Financials	6.90%	6.58%
MWG	Cons. Disc.	6.50%	1.28%	-9.17%	Cons. Disc.	6.50%	4.32%
DHC	Materials	6.07%	0.04%	2.51%	Energy	7.79%	2.66%
BSR	Energy	5.81%	1.70%	26.06%	Others	0.00%	6.10%
GEX	Industrials	5.35%	0.48%	19.04%	Cash	1.05%	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 remained resilient in May, driven by stronger manufacturing, notably electronics-related exports.

- **Vietnam's Manufacturing PMI rose to 52.8 in May** from 50.5 in April, signaling a renewed improvement in manufacturing activity.
 - New orders returned to growth after April's contraction and output expanded for the thirteenth consecutive month, but the rebound in PMI could possibly be precautionary stockpiling in response to the Iran war's disruptions.
 - Price pressures continued to elevate as input cost inflation reached the fastest pace since April 2011.
- **The Index of Industrial Production (IIP) rose by 3.27% MoM and 8.79% YoY in May.** 5M IIP increased by **9.08% YoY** (5M2025: +8.81% YoY).
 - Output growth broadened from electronics to sectors with higher participation of local producers. On a May YoY basis, motor vehicles (+21.9%), basic metals (+21.3%), wood products (+18.8%) and fabricated metal (+17.8%) now far outpace electronics (+6.6%) and electrical equipment (+7.8%).
 - All major sectors expanded YTD, including manufacturing (+9.5% YoY), power generation and distribution (+7.6% YoY), water and waste treatment (+9.5% YoY), and mining (+5.5% YoY).
- **Exports rose by 19.5% YoY** (5M2025: 14.0%) and **imports by 30.8% YoY** (5M2025: 17.5%), widening the trade deficit to USD 13.8 billion from USD 7.1 billion.
 - May exports increased by 18.0% YoY (April: +21.0%), a three-month low, while imports remained strong at 33.8% YoY (April: +32.5%).
 - Both imports and exports growth were led by computer and electronics demand. May's exports of these items rose by 46% YoY and related imports by 60% YoY.
- **5M registered FDI reached US\$24.8 billion** (+34.9% YoY) and **disbursed FDI reached US\$9.7 billion (+9.6% YoY).**
 - 65% of newly committed FDI was into the manufacturing sector, 16.5% into the utilities sector, and 18.5% into the remaining sectors.
- **State investments' growth reached 11.2% YoY in 5M2026** (5M2025: +17.5%), only 22% of the full year's plan.
 - Public investments were focused on transport, energy and digital infrastructure projects. However, labor shortages, rising costs, combined with delayed land clearance and the new administration's transition period are probably the key hindrances.
 - The pace of disbursement usually speeds up in the second half of the year.
- **Revenue of retail sales and services** grew by **0.51% MoM** and **11.83% YoY** in May. For 5M, this number increased by **11.20% YoY.**

- The growth of May's retail sales of goods eased to 11.3% YoY (from 12.2% in April). However, accommodation and food services accelerated to 15.4% YoY (from 14.10%) and tourism revenue to 15.4% YoY (from 6.5%).
- **CPI rose 0.29% MoM and 5.60% YoY** last month, above the government's 4.5% target.
 - Transport prices accelerated to 12.5% YoY (April: 11.1%) while housing, utilities and construction materials increased by 8.2% YoY, driven by higher rents and rising prices of energy and building materials.
 - Food inflation moderated, with food and dining-out prices declining by 0.1% MoM and slowing to 5.0% YoY (April: 5.2%), driven by ample rice supplies and softer pork and poultry prices.
- **Credit growth** reached **4.69% YTD** by the end of May (5M 2025: 6.52%).
 - Deposit growth reached 3.0% YTD (5M 2025: 4.1%), still slow even as rates have surged. Average 12-month deposit rates rose by 257 bps YTD.
 - Liquidity stayed tight, with the overnight interbank rate climbing 80bps from end-April to 7.0%, far above the 4.50% refinancing rate.
- **The USD/VND exchange rate was stable, edging up 0.10% MoM and 0.07% YTD**, demonstrating VND's resilience despite a stronger US dollar (DXY: +0.90% MoM, +0.63% YTD).

Stock Market

- The VN-Index closed the month of May at 1,863, registering a **monthly gain of 0.41%** in **USD terms**.
- The combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges edged down 0.2% MoM to **USD821 million**.
- **Vietnam's listed market capitalization** rose to **US\$348 billion** as at the month's end.