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Assessment of FTSE's Announcement on Vietnam's Market Upgrade

On October 7 (U.S. time), FTSE Russell, a leading global index provider, announced its intention to upgrade Vietnam's stock market from Frontier Market (FM) to Secondary Emerging Market (Secondary EM) status. The reclassification is expected to take effect in September 2026, pending an interim review in March 2026.

In its statement, FTSE highlighted its appreciation for the efforts of Vietnam's market regulators in developing the capital market and recognized that Vietnam has met the criteria required for Secondary Emerging Market classification under FTSE's country framework.

However, FTSE also pointed out existing limitations related to the ability of international brokerage firms to conduct transactions in the Vietnamese market. While this is not a formal criterion for Secondary EM classification, it is a core principle of FTSE's framework. Therefore, compliance with this principle remains a key condition for the upgrade to proceed.

FTSE further commended Vietnam's regulators for initiatives to develop mechanisms that allow foreign institutional investors (FIIs) to trade through international brokers. These developments are expected to align Vietnam's market practices with international standards, reduce counterparty risk, and strengthen investor confidence.

Assessment:

Typically, FTSE allocates around one year for initial market upgrades, though the timeframe can vary — shorter (around 9 months) or longer in some cases. Hence, the projected effective date in September 2026, assuming a positive outcome from the March 2026 review, is in line with FTSE's usual timeline.

For Vietnam, this potential upgrade follows significant reform efforts to meet FTSE's standards. The upcoming March 2026 review serves to ensure continued progress in market reforms and full compliance with FTSE's criteria, as well as alignment with the risk appetite of global investors.

Historically, since 2020, all announced market upgrade intentions have ultimately been implemented according to plan. However, it is likely that international investors will wait for the official confirmation (after the March 2026 review) before making significant allocations.

International capital inflows to Vietnam will consist of both active and passive funds, while some outflows may occur from funds tracking Frontier Market indices. Active investors are expected to show more flexibility, potentially entering the market earlier, whereas passive investors will follow index changes strictly and deploy capital only when the upgrade officially takes effect (September 2026).



It is estimated that passive inflows could reach USD 0.8–1.2 billion within the first 1–3 years post-upgrade. Meanwhile, active fund allocations will vary depending on fund managers' discretion and may differ significantly from Vietnam's weight in the FTSE index.

Although this announcement is undoubtedly positive, it is important to note that foreign investors have net sold more than USD 3 billion in Vietnam's equity market during the first nine months of 2025. As Deputy Minister Nguyễn Đức Chi remarked, the upgrade is merely a starting point. To truly attract sustained international investment, Vietnam must continue to build investor confidence, upgrade market infrastructure, and develop comprehensive trading and risk-hedging products for both domestic and foreign investors.

Stocks Expected to Benefit from Market Inclusion Following the Upgrade

No.	Ticker	Free-float (%)	Remained room for foreign investors (%)	Remained room for foreign investors (value VND bn)	Daily 3M Avg Trading value (VND bn)	Daily 3M avg Trading volume (mn shares)	Market cap (VND bn)
1	HPG	55.00%	30.05%	66,887.85	2,003.80	72.60	222,589
2	SSI	70.00%	63.16%	53,494.83	1,898.21	52.43	84,697
3	SHB	70.00%	25.77%	20,420.51	1,693.65	98.14	79,241
4	VPB	55.00%	5.82%	14,337.47	1,331.38	46.72	246,348
5	VIX	95.00%	88.07%	50,577.39	1,292.99	45.04	57,429
6	FPT	85.00%	12.62%	20,530.84	1,074.68	10.23	162,685
7	VND	75.00%	85.64%	30,897.63	871.60	38.50	36,079
8	MSN	55.00%	75.80%	90,420.32	831.76	10.31	119,288
9	CII	95.00%	34.35%	5,388.13	710.67	33.72	15,686
10	DIG	90.00%	44.67%	6,367.18	661.06	29.04	14,254
11	TPB	55.00%	5.60%	2,862.82	655.78	35.03	51,122
12	STB	95.00%	12.36%	13,631.24	640.69	12.09	110,285
13	GEX	70.00%	42.51%	20,945.09	626.82	11.83	49,271
14	VCI	60.00%	74.58%	23,469.75	610.75	13.93	31,469
15	PDR	50.00%	40.90%	9,116.88	585.59	25.61	22,291
16	DXG	80.00%	27.53%	5,778.28	585.46	27.98	20,989
17	VCB	11.00%	8.42%	44,816.00	543.82	8.49	532,257
18	VHM	30.00%	40.70%	172,353.99	495.03	5.16	423,474
19	VIC	40.00%	44.34%	307,516.87	474.66	3.75	693,543
20	EIB	80.00%	25.18%	12,030.70	471.48	17.27	47,779

Source: FiinproX, GTJASVN RS



COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

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