

FTSE Russell Affirms Vietnam's Emerging Market Upgrade In September 2026 Following A Satisfactory Interim Assessment In March

- **FTSE upgrade confirmed:** Vietnam reclassified to Secondary Emerging Market from September 2026, with phased index inclusion through 2027.
- **Capital inflow catalyst:** Upgrade expected to attract USD 5–6 billion, expanding foreign participation and investor base.
- **Policy alignment:** Supports market capitalization target of 120% of GDP by 2030.
- **Attractive valuations persist:** Despite geopolitical headwinds, earnings growth above 15% expected in 2026.

On Tuesday, 7 April 2026, FTSE Russell confirmed the reclassification of Vietnam from Frontier to Secondary Emerging Market status, as previously scheduled, following a satisfactory March 2026 interim assessment on access to global brokers. This follows an announcement in October 2025 that Vietnam would be upgraded from Frontier to Secondary EM status, with an effective date of Monday, 21 September 2026.

Accordingly, Vietnam will be added to FTSE's global equity indices via a four-tranche phased implementation beginning in September 2026 and concluding in September 2027. The proportion of investability weight added will be as follows: September 2026 (10%), March 2027 (20%), June 2027 (35%), and September 2027 (35%). The list of Vietnamese securities indicatively expected to be eligible for the FTSE Global All Cap Index is also provided.

This is a positive and long-anticipated milestone. With this, Vietnam is expected to attract approximately USD 5–6 billion in foreign capital inflows, including around USD 1 billion in passive flows and USD 4–5 billion in active flows.

While the quantum of these inflows may not appear particularly significant relative to Vietnamese stock market's current daily trading value of approximately USD 1 billion and the fact that the inclusion will be implemented in four tranches, this should accelerate the growth trajectory of Vietnam's stock market and broaden its investor base. This development aligns with policymakers' ambition to expand the size of Vietnam's stock market to 120% of GDP by 2030, from the current level of 75%.

Several Vietnamese stocks that are prospective index constituents are also major holdings of our funds. While their inclusion is a favorable catalyst, our investment thesis when investing in those stocks remains fundamentally anchored in intrinsic value, underpinned by robust earnings quality, sound corporate governance, and compelling valuation metrics.

The VN-Index is trading at one of its most attractive valuation levels in the past five years, weighed down by adverse sentiment stemming from the US-Iran war. Notwithstanding those headwinds, we maintain a positive long-term view on Vietnam's economic trajectory in this new phase of growth, which we believe could underpin strong equity market performance. For 2026, we anticipate corporate earnings growth will exceed 15%, demonstrating resilience amidst an uncertain global geopolitical backdrop.

VinaCapital's asset management platform, spanning actively managed funds and ETFs, is well positioned to help investors capture Vietnam's structural growth at an attractive valuation point. As of end-March 2026, our equity strategies have delivered 9–12% return on a 5-year annualized basis (in USD terms), significantly outperforming the VN-Index. Please feel free to reach out if you would like further information.

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