

02/04/2024

**SENIOR ANALYST**

Pham Quang Chuong  
chuongpham@phs.vn

## FORECAST CHANGE OF VN DIAMOND INDEX IN Q2/2024

- In the Q2/2024 review, PHS predict that VN Diamond Index will remove MWG, VRE, and add BMP, DHC.
- The weightings of components are expected to change significantly. Particularly, PNJ and GMD will benefit the most, as their new weightings could increase to 15%.

Index	Public date	Rebalancing date of ETF	Effective date of index	PHS's Forecast
VN Diamond	15/04/2024	03/05/2024	06/05/2024	Add BMP, DHC – Remove MWG, VRE

In the upcoming Q2/2024 review, VN Diamond and VNFIN Select will change their portfolio. VN30 and VNFIN Lead will only update weightings of components.

## VN DIAMOND INDEX & FORECAST REBALANCE OF VFMVN DIAMOND ETF

**Based on data as of March 27, PHS predict that two stocks may be removed from VN Diamond Index in this review: MWG and VRE.** MWG may be removed because it no longer meets the P/E ratio criteria. In 2023, MWG's net profit fell sharply by 96%YoY, causing its P/E ratio to over the required level. VRE may be removed because it did not meet the foreign ownership limit (FOL) criteria.

**To maintain the minimum level by 8 stocks for the non-capped sector, PHS predict that BMP and DHC will be added to replace.** Due to the high weighting of MWG in the current portfolio, its removal will significantly affect the remaining stocks. **Specifically, PHS predict that PNJ and GMD will benefit the most, with their new weightings potentially increasing to 15%.**

Currently, three domestic ETFs are tracking VN Diamond index: VFMVN Diamond ETF, MAFM VNDIAMOND ETF, and BVFVN DIAMOND ETF. These ETFs have a total asset fund of approximately VND 16.4 trillion. VFMVN Diamond ETF is the largest asset fund, with approximately VND 15.9 trillion. Notably, VFMVN Diamond ETF has been experiencing continuous foreign capital outflows recently. Its fund saw a net outflow of over VND 2.8 trillion in March alone. PHS thinks that the foreign outflows, in general, may be due to concerns about the depreciation of the Vietnamese dong against the US dollar. Particularly, the sharp outflows from VFMVN Diamond ETF may be due to the changing strategies of investors who no longer focus on full-room stocks.

As mentioned in our previous report, we believe that large-cap stocks with available foreign rooms will be preferred for inclusion in FTSE market indices when the upgrade occurs. Therefore, capital flows will likely shift towards these stocks shortly rather than full-room stocks.