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FORECAST REBALANCE OF DOMESTIC ETFS IN 4Q.2024 REVIEW – MWG COMES BACK, VRE PLACES ON AWAITING REMOVAL

- On October 21st, HOSE announced the change in the result of VN Diamond. MWG will be newly added and classified as a new entry, while VRE will be placed on awaiting removal. If VRE does not improve its Foreign Ownership Limit (FOL), it will be officially removed during the following review in April 2025.
- Despite not being a periodic period, VN30 and VNFN Lead will also update their component weights and parameters.
- Domestic ETFs will rebalance their portfolios on November 1st before the changes in the indices take effect on November 4th.

FORECAST REBALANCE OF ETFS TRACKING VN DIAMOND

On October 21st, HOSE announced the change in the result of VN Diamond. MWG will be newly added and classified as a new entry, while VRE will be placed on the awaiting removal. If VRE does not improve its Foreign Ownership Limit (FOL), it will be officially removed during the following review in April 2025. Following the upgrade, there will be 19 components total. Although capped by Ws parameter of 50%, MWG still has a high weighting in the VN Diamond (around 14% at the time index take effect). As a result, the weightings of prior components will be significantly reduced. By placing on the awaiting removal, VRE will adjust Ws from 100% to 50%, reducing weighting as well.

Five domestic ETFs are tracking VN Diamond with total assets of VND 13,537bn. DCFVMVN Diamond ETF and MAFM VNDIAMOND ETF are the two most significant funds with a scale of VND 13,322bn. In our observation, DCFVMVN Diamond ETF remains a portion of MWG shares from the previous rebalance that were not entirely sold. Consequently, MWG's shares anticipated for purchase in this rebalance will be lower. Based on the portfolios of these two ETFs as of October 21st, 2024, we forecast that the rebalancing may proceed as follows:

Table 1: Forecast rebalance of DCFVMVN DIAMOND ETF & MAFM VNDIAMOND ETF

Ticker	Current weighting	New weighting	Weighting's change	Net buy/sell shares	Notes
FPT	15.7%	15.0%	-0.7%	-630,225	
MWG	1.7%	14.0%	12.2%	23,981,240	New entry
PNJ	13.5%	9.8%	-3.7%	-5,006,461	
TCB	9.6%	8.4%	-1.3%	-6,711,781	
ACB	9.0%	7.8%	-1.2%	-5,930,433	
GMD	8.7%	7.3%	-1.3%	-2,859,805	
MBB	6.5%	5.6%	-0.9%	-4,383,902	
VPB	4.6%	5.0%	0.5%	2,972,748	
REE	6.7%	4.4%	-2.3%	-4,565,616	
HDB	5.1%	4.4%	-0.7%	-3,440,911	
NLG	3.1%	4.1%	1.0%	3,321,559	
KDH	2.7%	3.3%	0.6%	2,274,579	
MSB	2.5%	2.3%	-0.2%	-2,495,852	