trueFriend KIS Viet Nam Securities Corporation

Strategy
Monthly

9 Sep 2026

Strategic Insight

Waiting for the entry signal

Breaking above the 1,800 pts threshold

The market posted positive performance in Aug, despite notable divergence throughout the month. Following a correction driven by profit-taking pressure in the first half, the market gradually regained upward momentum, supported by improving buying demand, easing foreign net selling pressure, and positive developments from the FTSE Russell review. The rally was primarily led by large- and mid-cap stocks and was relatively broad-based across sectors, with Real Estate, Materials, and Banks standing out as key contributors.

The Fed may raise interest rates

The Fed has signaled a possible rate hike, holding its target at 3.50%-3.75% in Jul 2026 with three of twelve members dissenting, a sign of unusual internal division. Under new Chair Kevin Warsh, one further increase this year looks likely. For Vietnam, this would widen the VND-USD rate gap, pressure the exchange rate, limit the State Bank's room to ease policy.

Vietnam's upgrade takes effect from Sep 2026

Vietnam's upgrade to FTSE Secondary Emerging Market status takes effect in Sep 2026, adding 27 stocks to the FTSE Global Equity Index Series across large, mid, and small cap segments. We estimate roughly USD2.3bn in ETF inflows, led by FTSE Global All Cap ex US at USD1.27bn. Inclusion proceeds in four tranches - 10%, 20%, 35%, and 35% - reaching full weight by Sep 2027.

The most "difficult" investment period of the year

Our analysis of monthly excess returns across 2001-2025 shows Sep and Oct consistently deliver the year's weakest performance. While Jan and Feb remain the strongest, posting roughly a 70% probability of solid gains. The coming months may prove difficult, but represent an accumulation phase ahead of the seasonal recovery.

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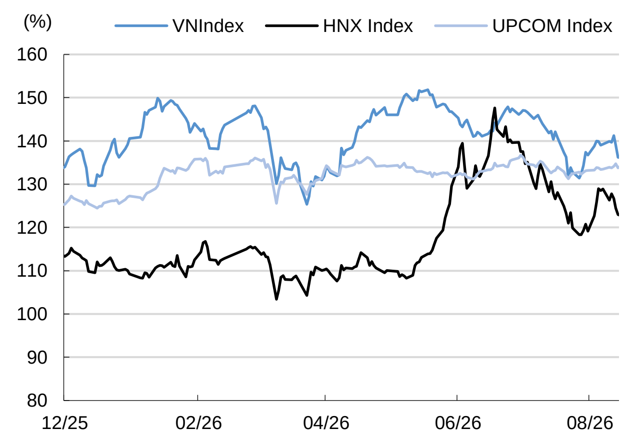
I. Breaking above the 1,800 pts threshold

1. Divergent market performance

The market regained upward momentum in the second half of the month. The Vietnamese stock market exhibited divergent performance across different periods in Aug. During the first half of the month, the VNIndex came under correction pressure as profit-taking intensified following the preceding rebound, particularly as the index approached higher levels. However, positive momentum gradually returned in the second half, supported by easing foreign net selling pressure and positive sentiment surrounding the FTSE Russell review ahead of Vietnam's official market reclassification.

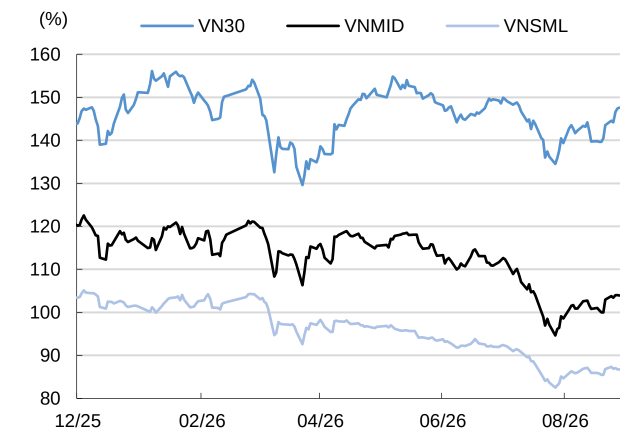
Large-cap stocks led the market advance. By market capitalization, gains were more pronounced among large-cap stocks, with the VN30 rising 5.9% MoM. The improvement in heavyweight stocks not only supported the broader index but also helped strengthen market sentiment during the recovery in the latter half of the month. Buying interest also broadened to mid-cap stocks, driving the VNMID up 5.4% MoM, only slightly below the performance of the large-cap segment. Meanwhile, small-cap stocks posted a more modest gain, with the VNSML increasing 2.5% MoM.

Figure 1. Vietnam indexes performance



Source: FiinproX, KIS Research
Note: start of 01/25 = 100

Figure 2. Growth of key indexes of HOSE



Source: FiinproX, KIS Research
Note: start of 01/25 = 100

Overall, market conditions improved considerably in Aug. Following the correction and cautious sentiment observed during the first half of the month, buying demand gradually returned, paving the way for a more pronounced recovery toward month-end. This improvement reflected stronger investor sentiment, although capital flows remained concentrated in market-leading stocks and those positioned to benefit more directly from key market catalysts.

2. Broad-based demand

Gains prevailed across large-cap sectors. In Aug, positive performance was recorded across most sectors, although some smaller-cap sectors remained in negative territory. Among large-cap sectors, Real Estate posted the strongest gain of 7.3%, making it one of the key contributors to the market's advance during the month. This was followed by Materials and Banks, which rose 6.5% and 5.7%, respectively. The broad-based gains among heavyweight sectors indicated a recovery in buying demand for key market-leading stocks, while also providing support for the major indices during their rebound in the second half of the month.

Mid- and small-cap sectors provided additional bright spots. Among sectors with relatively smaller market capitalization, Consumer Durables led the gains with a 17.0% increase, significantly outperforming the broader market. This was followed by Utilities and Technology, which advanced 13.6% and 12.3%, respectively. The double-digit gains across several sectors suggest that capital flows were not confined to large-cap stocks, but also sought opportunities among smaller-cap segments. Nevertheless, sector performance remained differentiated, as several smaller-cap sectors lagged the broader market recovery.

Table 1: Indices and Sectors performance

No.	Indices/ Sectors	Market Cap (VND tn)	Market Cap Weight (%)	Growth Rate by Month in 2026 Aug	Jul	Jun	May	Apr	Mar	Feb	2026 YTD
	a. Market Indicies										
1	VNINDEX	7341.1	85.8	5.6	(6.7)	(0.2)	0.5	10.7	(10.9)	2.8	2.4
2	HNX Index	376.7	4.4	5.0	(13.4)	6.2	17.7	(0.1)	(4.5)	2.6	15.4
3	UPCOM Index	837.6	9.8	0.7	(2.6)	3.8	(1.8)	0.8	(2.2)	0.2	5.7
4	VN30 Index	5119.4	59.8	5.9	(6.2)	(0.1)	(1.3)	10.6	(11.3)	1.6	(2.3)
	b. Sectors										
1	Banks	2700.0	31.6	5.7	(7.8)	2.0	1.9	2.7	(9.2)	(1.6)	2.8
2	Others	815.0	9.5	4.7	(2.7)	4.4	(0.3)	(0.9)	(0.4)	0.9	18.7
3	Real Estate	2531.5	29.6	7.3	(3.7)	0.9	0.1	45.5	(14.4)	12.5	24.0
4	Materials	507.9	5.9	6.5	(10.0)	(3.3)	(2.2)	1.7	(10.1)	5.5	1.3
5	Food & Berverage	469.7	5.5	2.9	0.3	(1.8)	(2.1)	(0.4)	(4.4)	(5.1)	(8.7)
6	Utilities	372.4	4.4	13.6	(7.7)	(4.9)	9.1	(3.2)	(18.0)	(2.7)	6.7
7	Capital Goods	422.1	4.9	4.9	(14.9)	4.4	48.5	(3.1)	0.4	2.5	38.8
8	Financial Services	551.0	6.4	3.2	(9.2)	2.1	0.1	0.4	(9.6)	6.7	(2.0)
9	Transportation	343.5	4.0	3.8	(7.0)	3.5	(3.9)	6.2	(10.8)	5.1	(5.4)
10	Energy	220.5	2.6	6.8	(0.9)	(12.1)	15.9	(11.0)	(14.8)	23.2	37.6
11	Software & Services	175.9	2.1	8.6	(4.8)	(1.7)	(5.1)	0.8	(19.3)	(10.7)	(23.0)
12	Retailing	171.7	2.0	8.5	(6.7)	1.8	(9.0)	1.1	(9.9)	0.9	(6.9)
13	Insurance	97.7	1.1	4.5	(5.7)	(4.2)	(1.6)	(9.5)	(0.6)	9.3	1.6
14	Consumer Durables	60.7	0.7	17.0	(27.5)	(3.1)	(0.1)	(4.5)	(9.4)	0.1	(19.5)
15	Pharmaceuticals	47.4	0.6	1.5	(4.7)	(1.6)	(2.6)	(2.9)	(1.5)	0.5	(9.0)
16	Technology	11.3	0.1	12.3	(7.7)	(1.1)	(5.8)	(3.2)	(9.5)	3.7	0.7
17	Commercial Services	10.1	0.1	4.4	(4.0)	1.1	(1.0)	1.9	(8.5)	2.2	(4.0)
18	Automobiles	7.8	0.1	(4.4)	(3.9)	(3.1)	(0.3)	(2.9)	0.3	0.9	(14.5)
19	Consumer Services	182.0	2.1	(2.4)	(11.3)	(4.0)	9.4	2.7	(0.3)	(9.5)	(22.0)
20	Household Products	4.1	0.0	0.6	(8.3)	(2.7)	(4.8)	(4.4)	(7.4)	(0.9)	(18.9)
21	Health Care	3.1	0.0	0.3	(4.8)	(9.0)	(8.0)	(2.2)	(14.2)	(3.9)	(32.1)
22	Media & Entertainment	4.0	0.0	2.5	(17.2)	10.1	(0.3)	(4.1)	(14.9)	(0.1)	(24.3)
23	Telecommunication	2.4	0.0	(5.8)	(28.5)	(4.0)	(2.0)	(3.2)	(1.3)	5.3	(40.1)

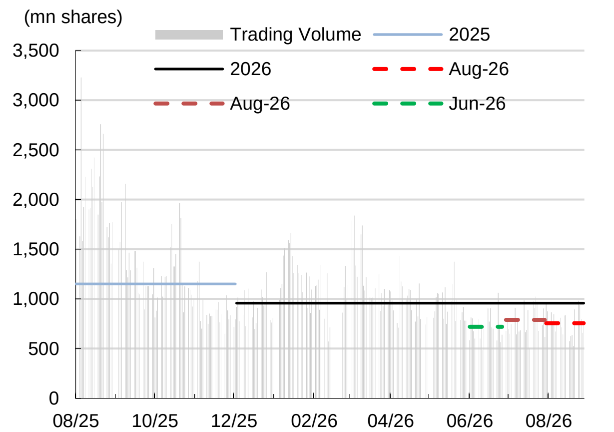
Source: Bloomberg, KIS Research
Note: Classification according to GICS with Level II: Industry Group; and Based on statistics of all listed shares on 3 exchanges, HOSE, HNX, and UPCOM

Overall, the Aug rally was relatively broad-based across sectors. Large-cap sectors such as Real Estate, Materials, and Banks provided a solid foundation for the market's upward momentum, while Consumer Durables, Utilities, and Technology emerged as notable outperformers among the mid- and small-cap segments.

3. Liquidity declined slightly

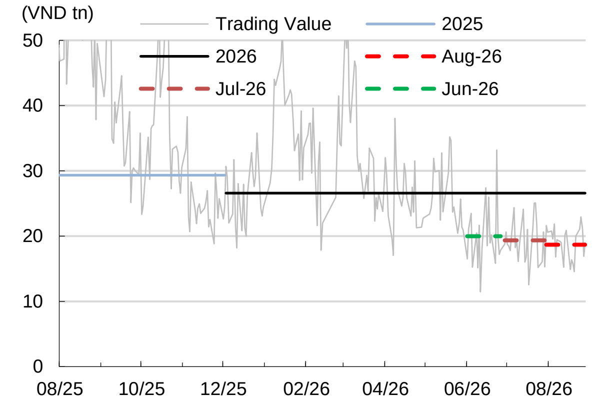
Market liquidity cooled slightly. Trading activity moderated in Aug, with average trading volume and value reaching 756 million shares/VND18,682bn, down 4.2%/3.5% MoM, respectively. Despite the decline in liquidity, the relatively modest contraction suggests that capital remained active in the market, particularly as the major indices staged a solid recovery in the second half of the month.

Figure 3. Trading volume and Average volume in 2026



Source: FiinproX, KIS Research

Figure 4. Trading value and Average value in 2026

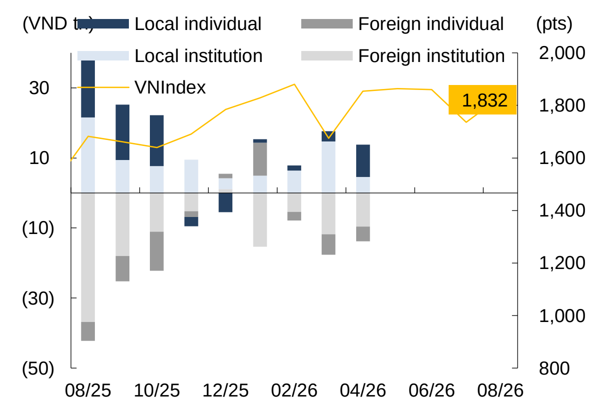


Source: FiinproX, KIS Research

4. Domestic individuals extended their net buying streak to eight consecutive months

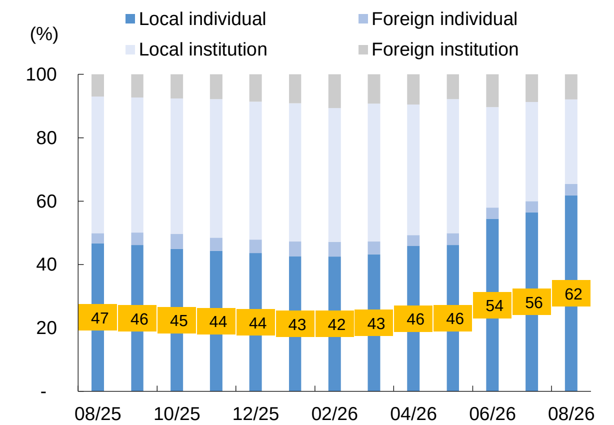
Domestic individual and institutional investors remained net buyers. In Aug, domestic individual investors extended their net buying streak to eight consecutive months, although buying momentum weakened considerably. Specifically, total net buying value reached approximately VND682bn, down sharply by 95.7% MoM. Meanwhile, domestic institutional investors returned to net buying, recording total net inflows of approximately VND961bn during the month.

Figure 5. Monthly net value by investor groups



Source: FiinproX, KIS Research

Figure 6. Monthly trading activity by investor groups



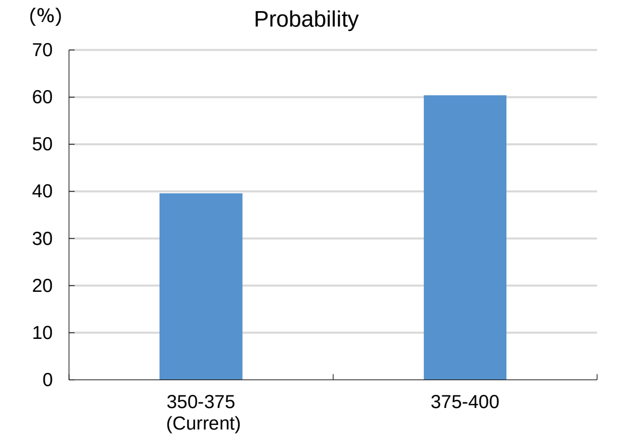
Source: FiinproX, KIS Research

II. Short-term pressures

1. The Fed may raise interest rates

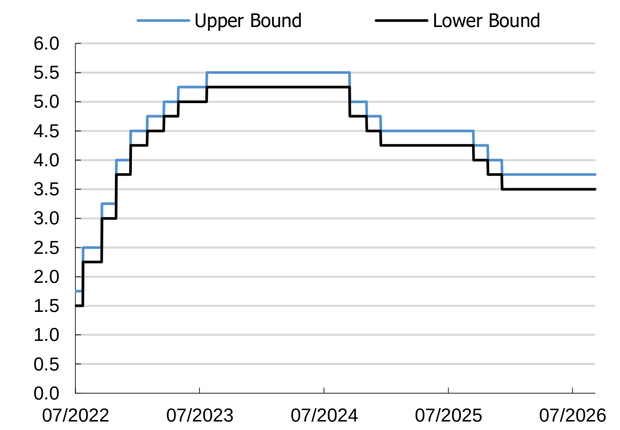
The Fed has signaled a potential rate hike. The Fed's target rate currently stands at 3.50%-3.75%, unchanged since the beginning of 2026. At its meeting on Jul 28–29, 2026, the FOMC held rates steady, but 3 of the 12 votes favored a hike. The post-meeting statement assessed inflation as still elevated and affirmed that the next steps will depend on incoming data.

Figure 7. Target rate probabilities for 16 Sep 2026 Fed Meeting



Source: CME, KIS Research

Figure 8. Federal funds target rate



Source: Bloomberg, KIS Research

The three dissenting votes matter more than the decision itself. Three dissents within a committee that traditionally operates by consensus indicate that internal disagreement has reached a high level. Historically, periods of divided opinion within the FOMC have often preceded a policy shift, though not necessarily in the direction favored by the minority. For investors, the practical implication is this: the probability of a "hold through year-end" scenario is lower than the market currently prices in.

In addition, the Fed's new Chair, Mr. Kevin Warsh, advocates the elimination of forward guidance. Changes in Fed policy will therefore have a significant impact on global markets in the period ahead.

Table 2. Interest rate scenarios for the remainder of 2026

Meeting	Assessment	Notes
Sep 16, 2026	Low probability of a hike; a hold is more likely	The market has largely priced in t his scenario
Remaining 2026 meetings	The possibility of one additional hike remains	This risk has not been fully reflected

Sources: FTSE Russell, Bloomberg, KIS Research

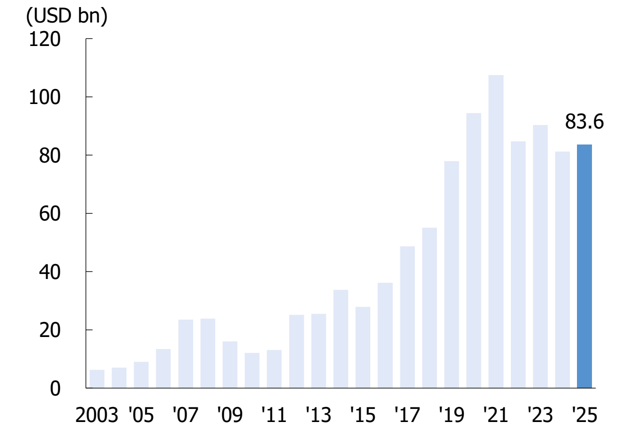
Transmission mechanism. We expect the Fed to deliver one rate hike across the three remaining meetings of 2026. This decision will affect Vietnam through the transmission channels below.

Exchange rate pressure. When the Fed raises rates or maintains elevated rates for an extended period, the VND-USD interest rate differential widens, which makes VND-denominated assets less attractive and creates capital outflow pressure. The capacity to absorb this shock depends directly on the size of foreign exchange reserves - the variable that determines the State Bank of Vietnam's room for intervention. Regardless, the exchange rate will move higher to reflect the Fed's policy decisions.

Narrowing domestic policy room. Rising inflation places pressure on the State Bank of Vietnam's monetary policy. Inflation control has become a policy priority for the remaining months of 2026. A Fed rate hike would add pressure on the exchange rate and substantially narrow the SBV's room to ease monetary policy in the near term. This implies that interest rates may hold at current levels or move higher. Notably, the 2026 credit growth target of 15% sits below the nearly 20% actually recorded in 2025.

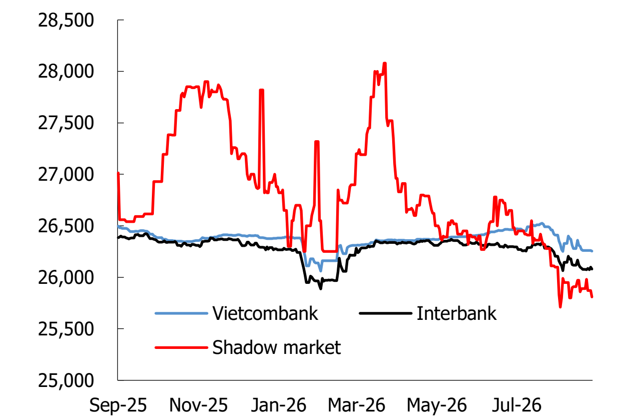
Valuation levels. Higher U.S. Treasury yields push the global cost of capital up, which raises the discount rate applied to future cash flows. As a result, valuations across markets will decline, including those in the Vietnamese market.

Figure 9. Vietnam's foreign exchange reserves



Source: IMF, Bloomberg, KIS Research

Figure 10. USDVND by market



Source: SBV, Bloomberg, KIS Research

2. Vietnam's upgrade takes effect from Sep 2026

Approximately USD2.3bn will be deployed by ETFs. Following Vietnam's official inclusion in the Secondary Emerging Market group, 27 Vietnamese stocks will be added to the FTSE Global Equity Index Series (GEIS) across three segments: large cap, mid cap, and small cap.

Based on the AUM of ETFs tracking GEIS indices, we estimate that total capital inflows into the Vietnamese market from these funds could reach approximately USD2.30bn. Of this amount, FTSE Global All Cap ex US is expected to contribute the largest share at roughly USD1.27bn, followed by FTSE Emerging Markets All Cap China A at approximately USD829mn. The remaining indices are estimated to contribute a combined total of about USD205mn.

Table 3. Estimated inflows to Vietnam after Secondary Emerging upgrade

Benchmark	AUM (USDmn)	Weight	Estimated Inflow (USD mn)
FTSE Global All Cap	100,911	0.05%	49.45
FTSE Global All Cap ex US	988,815	0.13%	1,271.70
FTSE All-World	84,579	0.03%	26.30
FTSE All-World ex US	85,936	0.08%	69.60
FTSE Emerging Markets All Cap China A	170,054	0.49%	829.87
FTSE Emerging	19,383	0.31%	59.88
Total	**1,449,680**		**2,306.80**

Sources: FTSE Russell, Bloomberg, KIS Research

ETF inflows will be allocated across four tranches. FTSE Russell will add Vietnamese stocks to its indices in four tranches, at 10% in Sep 2026, 20% in Mar 2027, and 35% in each of Jun and Sep 2027, thereby completing Vietnam's full-weight inclusion by Sep 2027. Based on the estimated total potential inflows, the corresponding capital across the four tranches is projected at approximately USD230mn, USD461mn, USD807mn, and USD807mn.

Table 4. Estimated inflows by FTSE inclusion tranches

Tranches	Review	Effective date	Additional weight	Cumulative weight	Estimated inflow (USD mn)
1	Sep-2026	21/09/2026	10.00%	10.00%	230.68
2	Mar-2027	22/03/2027	20.00%	30.00%	461.36
3	Jun-2027	21/06/2027	35.00%	65.00%	807.38
4	Sep-2027	20/09/2027	35.00%	100.00%	807.38
Total			**100.00%**	**100.00%**	**2,306.80**

Sources: FTSE Russell, Bloomberg, KIS Research

3. The most "difficult" investment period of the year

We analyzed the excess return of each month by calculating the difference between monthly returns and the average annual return. The table below presents statistics on these abnormal returns across three distinct periods: 2001-2025, 2011-2025, and 2015-2025. Based on this analysis, we observe the following:

Firstly, Sep and Oct deliver the weakest returns of the year across all three time frames. Both months show negative average abnormal returns, and Oct in particular has a probability of a positive outcome of only 28-36% - the lowest among all twelve months in each of the three periods. This consistency across different time frames substantially reduces the likelihood that the pattern is merely random. Notably, the decline in excess returns during Sep–Oct has tended to deepen in more recent periods.

Secondly, Nov and Dec show signs of improvement, particularly in recent years. In the 2015-2025 window, Nov recorded an abnormal return of +1.4% with a 55% probability of a positive outcome, while Dec posted +0.7% and 55%. This suggests that Sep-Oct may represent the trough of the market.

Table 5. Statistical analysis of abnormal returns by each month of the year for HOSE

Part A	Abnormal returns												Yearly returns
Year	1	2	3	4	5	6	7	8	9	10	11	12	
2000								113.4	104.8	116.7	119.8	122.6	
2001	17.8	1.6	5.6	18.1	24.8	22.7	(16.6)	(35.4)	(13.0)	5.4	9.8	(19.5)	1.08
2002	(9.8)	(5.9)	6.8	6.2	1.4	(0.4)	(0.2)	(0.9)	(2.9)	(0.4)	2.2	5.1	(2.06)
2003	(5.2)	(3.7)	(10.9)	5.7	0.6	0.8	(3.1)	(1.7)	(1.6)	(1.5)	21.1	2.7	(0.78)
2004	25.3	18.5	3.4	(7.7)	(7.8)	(4.0)	(7.6)	(5.6)	(2.7)	(3.3)	(4.3)	1.2	3.05
2005	(4.6)	(1.3)	2.7	(2.2)	(2.9)	(1.1)	(2.6)	1.5	11.6	4.1	(0.8)	(3.3)	2.11
2006	(6.2)	17.3	21.2	10.5	(17.2)	(12.1)	(25.8)	8.5	(0.5)	(10.6)	16.0	11.0	7.73
2007	36.8	7.5	(7.6)	(15.5)	15.3	(7.0)	(13.2)	(1.7)	13.5	(0.0)	(10.5)	(6.4)	1.76
2008	(0.4)	(12.8)	(13.5)	9.7	(12.1)	5.0	21.6	29.9	(8.0)	(15.4)	(0.7)	8.9	(8.59)
2009	(7.7)	(22.8)	10.4	10.8	24.2	5.1	0.3	13.3	2.4	(2.8)	(18.0)	(5.7)	3.82
2010	(2.4)	3.3	0.6	8.8	(6.3)	0.1	(2.4)	(7.7)	0.0	(0.2)	(0.0)	7.5	(0.17)
2011	8.0	(7.0)	2.6	6.8	(9.6)	5.3	(3.6)	7.5	3.2	1.1	(6.9)	(5.0)	(2.64)
2012	9.0	7.8	2.7	6.1	(10.8)	(3.0)	(3.2)	(5.8)	(2.2)	(2.4)	(4.1)	8.1	1.37
2013	14.3	(2.8)	1.8	(5.0)	7.6	(8.9)	0.6	(5.6)	2.5	(0.7)	0.4	(2.3)	1.67
2014	9.6	4.7	0.2	(2.9)	(3.4)	2.2	2.5	6.2	(6.6)	(0.3)	(6.4)	(4.4)	0.65
2015	5.1	2.4	(7.5)	1.5	0.8	3.6	4.2	(9.6)	(0.9)	7.5	(6.1)	0.5	0.50
2016	(7.0)	1.4	(0.8)	5.5	2.2	1.1	2.0	2.3	0.5	(2.6)	(2.7)	(1.2)	1.16
2017	1.6	(1.4)	(1.7)	(4.0)	(0.5)	1.9	(2.4)	(3.4)	(0.6)	0.8	10.1	0.3	3.32
2018	13.6	2.1	5.2	(9.8)	(6.7)	(0.3)	0.4	4.3	3.6	(9.3)	2.1	(2.9)	(0.81)
2019	1.4	5.4	1.0	(0.7)	(2.6)	(1.7)	3.8	(1.4)	0.7	(0.4)	(3.4)	(1.6)	0.62
2020	(3.7)	(7.0)	(26.1)	14.9	11.2	(5.7)	(4.4)	9.3	1.5	1.1	7.2	8.9	1.16
2021	(6.9)	8.0	(0.6)	1.4	4.6	3.5	(9.6)	(0.9)	(1.8)	5.0	(0.2)	(1.2)	2.58
2022	2.0	4.0	3.4	(5.1)	(2.2)	(4.1)	4.0	9.4	(8.3)	(5.9)	5.2	(0.7)	(3.26)
2023	9.4	(8.7)	2.9	(2.4)	1.5	3.2	8.2	(0.9)	(6.7)	(11.9)	5.4	2.3	0.96
2024	2.1	6.6	1.5	(6.8)	3.4	(2.3)	(0.5)	1.6	(0.6)	(2.8)	(2.1)	0.3	0.96
2025	(3.0)	0.3	(2.8)	(9.1)	5.8	0.4	6.3	9.1	(4.1)	(4.2)	0.2	2.6	2.90
Part B	Probability of positive abnormal returns for each month of the year												
2001-2025	4.0	0.7	0.0	1.4	0.8	0.2	(1.7)	0.9	(0.8)	(2.0)	0.5	0.2	
2011-2025	3.7	1.1	(1.2)	(0.6)	0.1	(0.3)	0.5	1.5	(1.3)	(1.7)	(0.1)	0.3	
2015-2025	1.3	1.2	(2.3)	(1.3)	1.6	(0.0)	1.1	1.8	(1.5)	(2.1)	1.4	0.7	
Part C	Average abnormal returns by period												
2001-2025	56	60	64	52	52	52	44	48	40	28	44	52	
2011-2025	73	67	60	40	53	53	60	53	40	33	47	47	
2015-2025	64	73	45	36	64	55	64	55	36	36	55	55	

Source: KIS Research

Thirdly, Jan and Feb deliver the strongest returns of the year, with the highest probability of market outperformance across all periods examined. Extending this analysis to include Feb, the combined Jan-Feb period shows a probability of strong growth of approximately 70%.

Accordingly, we believe the market may enter a difficult phase in the period ahead. However, this phase can be viewed as an important accumulation period ahead of the subsequent recovery, which typically runs from Nov through Feb of the following year.

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