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DEVELOPMENT OF SECURITIES INVESTMENT FUNDS IN VIETNAM

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INTRODUCTION

1. Research Necessity

Investment funds are highly professional institutional investors that play a central role in stabilizing and developing the securities market. The growth of investment funds not only enhances investment efficiency for individuals, strengthens the capacity for capital mobilization and corporate governance, but also contributes to financial innovation and market transparency. In developed markets, investment funds often account for a large proportion of total assets, trading activities, and overall market influence.

In Vietnam, although improvements have been made, the investment fund market remains in an early stage, characterized by small scale, limited product range, low public participation, and inefficient distribution channels. These limitations stem from an underdeveloped legal framework, fragmented policy support, weak capacity of fund management companies, and an investment culture that does not sufficiently emphasize asset accumulation through professional institutions.

Given the rapid pace of population aging, digital transformation, and deepening international financial integration, the development of investment funds has become urgent. This direction is also consistent with the Financial Strategy to 2030 and the Securities Market Development Strategy to 2030, which emphasize the role of institutional investors and set the target of increasing the proportion of the population participating in the securities market to 9% by 2025 and 11% by 2030. Against this backdrop, research on the development of investment funds in Vietnam is of practical significance to improve market structure, enhance medium- and long-term capital mobilization, and build a solid foundation for sustainable market growth.

2. Research Objectives

The dissertation aims to systematize the theoretical foundations of investment funds and their development; evaluate the current status of investment fund development in Vietnam; identify achievements, limitations, and their causes; and propose solutions to foster the development of investment funds in Vietnam.

3. Research Questions

- What does the development of investment funds entail? What criteria are used to evaluate such development?
- How have investment funds in Vietnam developed in recent years? Which factors influence their development and to what extent?
- What limitations and underlying causes exist in the development of investment funds in Vietnam?
- What solutions should be implemented to promote the growth of these funds?

4. Research Object and Scope

Research Object: The development of investment funds.

Research Scope:

- Content: Focuses on assessing the development of investment funds in Vietnam's securities market, including both domestically established funds and foreign funds operating in Vietnam.
- Space: Draws on international experiences from developed markets (e.g., the US, Japan), emerging markets (e.g., Thailand, Malaysia), and Vietnam's current situation.
- Time: Analyzes data for the period 2017–2024. Proposed solutions are oriented toward 2030.

5. Research Methods

The dissertation combines qualitative and quantitative methods. For the qualitative component, document analysis, analytical, and synthetic approaches are employed to build the theoretical framework, identify influencing factors, and detect research gaps. For the quantitative component, Exploratory Factor Analysis (EFA) is applied to reduce observed variables and identify latent factors, followed by Multiple Linear Regression (MLR) to quantify their impacts on the development of investment funds. Supporting methods such as comparison, statistical analysis, and surveys are also used to enhance reliability and provide reference value for policymaking.

6. New Contributions of the Dissertation

1. Proposes a viewpoint on investment fund development from the perspective of state management in Vietnam, and refines the criteria for evaluating fund development under this approach.
2. Employs EFA and MLR models to identify influencing factors and measure their impacts on the development of investment funds.
3. Enhances result reliability by designing survey questionnaires that were pre-tested with expert consultation. The official survey involved 370 respondents with professional knowledge and practical experience in the securities market, increasing the robustness of the findings.
4. Assesses the actual development of investment funds in Vietnam during 2017–2024, covering both domestic and foreign funds.
5. Proposes policy solutions from the perspective of state regulatory agencies to promote the development of investment funds in Vietnam through 2030.

7. Structure of the Dissertation

Apart from the introduction and conclusion, the dissertation is structured into four chapters:

- Chapter 1: Literature Review and Research Methods
- Chapter 2: Theoretical Framework of Investment Fund Development
- Chapter 3: Current Status of Investment Fund Development in Vietnam
- Chapter 4: Solutions for the Development of Investment Funds in Vietnam

Chapter 1: LITERATURE REVIEW AND RESEARCH METHODS

1.1. Literature Review

1.1.1. International Research

International studies have examined investment funds from multiple perspectives, including their nature, role, influencing factors, and measures to improve performance. Investment funds are considered intermediary institutional investors that allow individuals to entrust capital to professionals, thereby diversifying portfolios, optimizing returns, and dispersing risks.

The development of investment funds is influenced by the level of financial development, income, legal framework, capital flow liberalization, and investor protection. In many Asian countries, weak financial infrastructure has been a limiting factor.

Recommended solutions include improving transparent institutions, strengthening supervisory mechanisms, developing financial infrastructure, and diversifying fund products (e.g., ETFs, bond funds, pension funds). In addition, tax incentives and financial education are considered crucial to expanding the investor base and promoting the sustainable development of the investment fund industry.

1.1.2. Domestic Research

Domestic studies have approached investment funds from various angles, such as legal aspects, investment capacity, and socio-economic impacts. All emphasize the role of funds in risk diversification, reducing investment costs, and mobilizing capital for the market.

The influencing factors identified include both internal fund characteristics and macroeconomic conditions such as legal frameworks, transparency, and integration. Some studies have employed quantitative methods to measure these impacts.

Proposed solutions include diversifying fund types, reforming tax policies, improving governance, and enhancing legal frameworks. However, many studies have not yet been updated to reflect the 2019 Securities Law and have not evaluated the role of foreign funds.

1.1.3. Research Gaps

First, there is a need for a comprehensive evaluation of the degree of influence of various factors on the development of investment funds by combining qualitative and quantitative approaches. Previous studies that relied only on EFA models could not clearly determine the direction and magnitude of each factor's impact—an issue critical for policymaking in resource-constrained contexts.

Second, it is necessary to develop a detailed system of criteria to evaluate investment fund development, reflecting actual conditions and the characteristics of each period. In particular, the period 2017–2024 should be analyzed thoroughly to identify achievements, limitations, and causes, providing a foundation for policy proposals to 2030.

Third, given the dynamic policy environment and evolving market conditions, solutions need to be designed in line with emerging trends. It is particularly important to distinguish development orientations for funds established in Vietnam and foreign funds operating in the Vietnamese market.

1.2. Research Methods

1.2.1. Qualitative Research Methods

The dissertation applies document analysis to synthesize and systematize studies related to investment funds, thereby establishing theoretical foundations and identifying research gaps. Analytical methods are used to decompose issues into specific elements to clarify mechanisms influencing fund development. Meanwhile, synthesis methods are employed to generalize information from diverse sources, connect factors, and provide a comprehensive understanding of investment fund development in the current context.

1.2.2. Quantitative Research Methods

The dissertation uses survey questionnaires to identify and assess the extent to which groups of factors influence the development of investment funds. The questionnaire consists of seven closed-ended and one open-ended question, designed based on foundational theories such as financial regulation, financial intermediation, financial market development, and behavioral finance. The survey was pilot-tested and refined with expert consultation before being officially implemented with 370 samples collected from professional groups in the securities market.

In addition to surveys, descriptive statistics, reliability tests, and comparative methods are used to analyze variations in indicators such as net asset value (NAV) and the number of funds over time. Importantly, Exploratory Factor Analysis (EFA) is employed to identify latent structures among observed variables, grouping them into representative factors. EFA draws upon theoretical foundations from Spearman (1904), Thurstone (1931), and Cattell (1952), and has been further developed by scholars such as Hair et al. (2010), Fabrigar & Wegener (2012), and Kline (2015). Applying EFA helps shape the quantitative research model and provides a scientific basis for policy recommendations to promote investment fund development in Vietnam.

Chapter 2: THEORETICAL FRAMEWORK OF INVESTMENT FUND DEVELOPMENT

2.1. Investment Funds

2.1.1. Securities Market

2.1.1.1. Concept of the Securities Market

In terms of form, the securities market is where securities such as stocks, bonds, and derivatives are bought and sold. In essence, it is an important channel for medium- and long-term capital allocation, concentrating and distributing financial resources across the economy.

2.1.1.2. Market Participants

Participants in the securities market include:

- Issuers
- Investors
- Market intermediaries and supporting institutions
- Regulatory and supervisory authorities

2.1.2. Concept, Characteristics, and Classification of Investment Funds

2.1.2.1. Fund Management Companies

According to the U.S. Investment Company Act of 1940—a foundational legal framework for the asset management industry—a fund management company is defined as an organization providing investment advisory services and responsible for portfolio management on behalf of individual and institutional investors.

Their main operational functions include:

1. Fund establishment
2. Fund operations management
3. Risk management

2.1.2.2. Concept of Investment Funds

The dissertation defines an investment fund as an investment organization operating in the securities market, formed by pooling capital from multiple investors and managed by a professional fund management company, under the custody of a depository bank and supervision of state authorities. Profits are distributed proportionally to investors' contributions; risks are limited to invested capital, ensuring asset segregation and risk control. This definition highlights the concentrated, professional, and transparent nature of funds—essential foundations for sustainable market development in the context of financial modernization and international integration.

2.1.2.3. Characteristics of Investment Funds

- A collective investment vehicle based on a contractual relationship of entrustment between investors and fund managers.
- Fund management companies play the central role across the entire cycle, from establishment and fundraising to portfolio management and disclosure.
- Investment funds primarily invest in listed securities and legal derivatives, raising capital through fund certificates.
- A diverse operational structure (open-ended funds, closed-ended funds, public funds, member funds) allows adaptation to different risk appetites and return expectations.
- Fund operations are supervised by relevant stakeholders to safeguard investor interests.

2.1.2.4. Classification of Investment Funds

Funds can be classified based on:

- Sources of capital mobilization
- Capital movement structure
- Investment portfolio
- Organizational and operational structure

2.1.3. Roles of Investment Funds

- For individual investors: diversify risk, reduce costs, and access professional portfolio management.
- For listed companies: provide stable long-term capital, enhance corporate governance, and support valuation.
- For the securities market: increase liquidity, stabilize operations, and promote transparency.

2.1.4. Negative Impacts of Investment Funds

- On individual investors: potential mismanagement, fee burdens, and conflicts of interest.
- On listed companies: possible short-term pressure, herd behavior, and overreliance on institutional voting.
- On the overall market: risks of market manipulation, systemic shocks, and concentration of capital flows.

2.1.5. Regulation and Supervision of Investment Funds

A complete, stable, and adaptable legal framework is essential for ensuring fairness, transparency, and investor protection in fund operations. Core regulatory aspects include:

- Supportive policies: tax, fees, and charges
- Risk management requirements
- Regulations for fund certificate distribution
- Investor education policies
- Measures to attract foreign capital

2.2. Investment Fund Development

2.2.1. Concept of Investment Fund Development

The dissertation defines investment fund development as the process of comprehensively expanding and improving fund operations, reflected in increased scale, diversified structures, improved investment performance, and professionalized management. Development is measured not only by quantitative growth (e.g., number of funds, assets under management) but also by qualitative improvements such as market reputation, professional capacity, and positive contributions to securities market stability and growth.

2.2.2. Criteria for Evaluating Investment Fund Development

Quantitative Criteria

1. Number of investment funds
2. Assets under management (AUM)
3. Net asset value (NAV)
4. Number of investors holding fund certificates
5. Profitability of fund management companies

Qualitative Criteria

1. Contribution to promoting a professional, sustainable, and stable securities market
2. Reputation and professionalism of investment funds

2.2.3. Factors Influencing Investment Fund Development

State Regulatory Factors

1. Securities market policies
2. Supporting policies for investment fund development
3. International integration commitments

Fund Management Company Factors

1. Quality of human resources
2. Operational processes
3. Readiness to integrate and compete internationally
4. Distribution channels for fund certificates

Investment Culture Factors

- On the supply side: culture shapes how enterprises operate, build market perception, and foster development.

- On the demand side: culture influences consumer behavior, product selection, distribution channels, and risk management practices across regions and countries.

Macroeconomic Factors

1. Macroeconomic conditions directly affecting fund development
2. Securities market development
3. Technological infrastructure and support intermediaries

2.3. International Experience and Lessons for Vietnam

2.3.1. International Experience in Developing Investment Funds

- Diversification of fund types
- Expansion of market investment instruments
- Tax incentives for investment funds
- Diversification of distribution networks
- Public disclosure and transparency requirements
- Strict supervision and investor protection
- Attraction of foreign fund participation
- Financial education and improving awareness among individual investors

2.3.2. Lessons for Vietnam

1. Improve legal frameworks
2. Provide tax incentives
3. Ensure transparency and open market operations
4. Strengthen inspection, supervision, and sanctions
5. Encourage foreign investment fund participation
6. Support the expansion of distribution channels
7. Supervise invesment fund operation, enhance investor protection
8. Change individual investors' perceptions of investing via funds

Chapter 3: CURRENT STATUS OF INVESTMENT FUND DEVELOPMENT IN VIETNAM

3.1. Overview of Vietnam's Securities Market

3.1.1. Legal and Supervisory Framework

Vietnam's securities market legal framework has been improved with the Securities Law 2019, its 2024 amendment, and new decrees. The market has been restructured along the specialization of HoSE and HNX (to be completed by 2026). Supervision has shifted toward risk prevention, aligning with IOSCO standards, though obstacles remain in clearing and settlement as well as foreign ownership limits.

3.1.2. Market Development

The structure of Vietnam's securities market has been specialized, separating regulatory and operational functions, with exchanges and the depository corporation operating independently, in line with international practices. Technical infrastructure has improved but still requires upgrades. Market capitalization decreased from 84.1% of GDP (2020) to 70.4% (2024). Capital mobilization accounted for 14.5% of total social investment, leaving room for expansion. The number of investor accounts exceeded 9.3 million (9.3% of the population), though most investors pursued short-term speculation. Products have become more diverse (covered warrants, bonds, derivatives), but liquidity in government bond futures remains low.

3.1.3. Market Limitations

Vietnam's market remains limited in size: stock market capitalization was 62% of GDP and bond market 34% of GDP in 2024. Investor structure is unbalanced, with individuals accounting for 99% of accounts and 85% of trading, mainly short-term speculation, while fund investments remain below 1%. The product portfolio is still narrow, derivatives limited to VN30 futures, and listed corporate bond trading is modest. The legal framework and supervisory capacity are incomplete, exposing risks of manipulation and poor transparency.

3.2. Policies on Investment Fund Management in Vietnam

3.2.1. Policies for Domestic Funds

- Regulations on establishment and operation of investment funds
- Tax, fee, and charge policies
- Investor protection policies
- Regulations for fund certificate distribution networks

3.2.2. Policies for Foreign Funds

- Encouragement of foreign participation in fund management companies
- Allowing foreign funds to set up branches or representative offices
- Facilitating foreign investment funds' transactions in Vietnam

3.3. Current Development of Investment Funds in Vietnam

Two categories of investment funds operate in Vietnam: domestically established funds and foreign funds established abroad but operating in Vietnam. Domestic funds are comprehensively regulated by Vietnamese authorities from establishment to dissolution. By contrast, foreign funds are subject only to Vietnamese supervision of their trading and reporting obligations, so available data on them is more limited.

3.3.1. Number and Structure of Funds

Over 20 years, Vietnam's investment fund system has grown in both number and type. Domestic funds increased from 36 (2017) to 120 (2024), a 3.3-fold rise, with a boom in 2019–2021 due to strong market growth and improved regulation. By end-2024, more than 20 foreign funds operated in Vietnam, mainly from major financial centers. ETFs held the largest share (e.g., Fubon, VanEck, CSOP, Xtracker), along with open-ended and closed-end funds, diversifying capital inflows.

3.3.2. Assets under Management (AUM)

By end-2024, Vietnamese fund managers' AUM reached VND 742 trillion, up 70.6% from 2020, with an average annual growth of 17.7%. After a surge in 2020–2021, AUM fell in 2022 but recovered in 2023–2024. This growth rate outpaces Singapore (10–12%) and Malaysia (8–10%), though absolute size remains small compared to developed markets. Compared with global AUM growth (7–9%/year), Vietnam ranks among the leaders (21%/year), highlighting the sector's strong potential.

3.3.3. Net Asset Value (NAV)

Between 2017–2024, fund NAV in Vietnam rose nearly 520% from VND 14.8 trillion to VND 91.9 trillion. Growth surged in 2017–2021 (50–60%/year) but slowed in 2021–2024 (15.2%). Although outperforming Singapore and Thailand (10–15%/year), policy support is needed to stabilize and attract long-term capital. From 2020–2024, NAV of open-ended funds rose 56.5% and ETFs 189.7%, while member and real estate funds declined. Open-ended fund NAV accounted for only 6% of GDP, far below the U.S. (180%), Japan (160%), and Thailand (21%), reflecting limited scale and barriers to using funds as long-term investment vehicles.

3.3.4. Number of Investors

By end-2024, open-ended fund investors reached 422,900, 7.6 times higher than in 2020, but only 0.44% of the population—far below the 9% with securities accounts. This shows investors' preference for self-directed trading. Open-ended fund investors made up 93.1%, ETFs 6.8%, and other funds attracted only small numbers.

3.3.5. Profitability of Fund Management Companies

Between 2017–2024, charter capital of fund management companies increased 24.8% (from VND 3.85 trillion to 4.82 trillion, or 3.3%/year). Post-tax profits surged 240.1% (from VND 444 billion to 1.51 trillion, or 33.9%/year), showing clear efficiency improvements.

3.3.6. Impact on the Securities Market

Between 2017–2024, investment funds expanded strongly in number, assets, and products, positively influencing the securities market by increasing transparency, stability, and investor confidence during volatile periods. They contributed to improved corporate governance and disclosure among listed firms. By end-2024, foreign investors' portfolios exceeded USD 48 billion (16% of market capitalization), boosting liquidity and market stability.

3.3.7. Reputation and Professionalism

Vietnamese funds have become markedly more professional, not only in scale and product diversity but also in operational quality and human resources. By end-2024, 540 employees held professional certificates, up 41.4% from 2017, reflecting a strong focus on building specialized staff and meeting stricter regulatory requirements. Fund managers demonstrated adherence to disclosure standards, NAV transparency, and standardized risk management, strengthening credibility, professionalism, and attractiveness for long-term capital.

3.4. Factors Affecting Fund Development in Vietnam

3.4.1. Survey Sample

The survey yielded 370 valid responses, representing investors (35.4%), experts (30%), regulators (17.8%), and fund managers (16.8%). Most respondents were staff (82.7%), while managers accounted for 17.3%. Regarding experience, 61.1% had 5–10 years, 23.2% under 5 years, and 15.7% over 10 years. The sample reflects market characteristics, focusing on respondents with medium to high practical experience, suitable for the research purpose.

3.4.2. Evaluation of Fund Development and Influencing Factors

The survey showed Vietnam’s fund development level at moderately good (mean score 3.29; SD = 0.89), with near-normal distribution, meeting conditions for EFA. Influencing factors scored 3.58–3.67: legal framework (3.58–3.61), state support policies highest (3.67), market conditions and fund liquidity highest (3.70), while fund management capacity, investor awareness, and infrastructure all above 3.6. Despite improvements, overall development remains moderate, requiring comprehensive solutions for breakthroughs.

3.4.3. Results of Exploratory Factor Analysis (EFA)

- **Reliability Testing**: The scale showed high reliability (Cronbach’s Alpha ≈ 0.912). Removing items did not lower reliability, confirming appropriateness and stability.
- **Factor Analysis**: Data met EFA conditions (KMO = 0.815; Bartlett’s Test Sig. = 0.000). Results identified six factors with Eigenvalue > 1, explaining

~80% of variance. Varimax rotation yielded clear factor structure with loadings > 0.86.

Six factors retained:

1. Technological infrastructure & intermediaries (14.50% variance)
2. Fund management capacity (14.50%)
3. Legal framework (14.48%)
4. Market conditions (14.31%)
5. Individual investor awareness (11.13%)
6. State support policies (10.99%)

3.4.4. Results of Multiple Linear Regression

- **Model**: Dependent variable = standardized level of fund development; independent variables = factor scores from EFA.
- **Results**: All six factors were statistically significant (Sig. < 0.05). R^2 = 0.939, Adjusted R^2 = 0.938, indicating 93.9% of fund development variation explained by the model.
- **Impact Coefficients**:
  - Market conditions ($\beta = 0.81$) strongest impact
  - State support policies ($\beta = 0.286$)
  - Fund management capacity ($\beta = 0.265$)
  - Technological infrastructure & intermediaries ($\beta = 0.259$)
  - Legal framework ($\beta = 0.215$)
  - Investor awareness ($\beta = 0.131$)

This confirms the critical roles of market conditions and supportive state policies, alongside the need to enhance investor awareness and fund management capacity.

3.5. Assessment of Fund Development in Vietnam

3.5.1. Achievements

- **Growth in number of funds**: From 2017–2024, rapid increase in fund types (open-ended, closed-end, ETFs, REITs, member funds). Strong ETF growth aligned with global trends. Rising presence of foreign funds from the US, Hong Kong, Singapore, Luxembourg, and Taiwan, reflecting international confidence.

- **Positive growth in AUM and NAV**: AUM grew 17.7% annually, NAV 15.2%, higher than many regional and global averages.
- **Increase in charter capital and profitability of fund managers**: Post-tax profits surged by 240%.
- **Rising number of investors**: Four-fold increase in investors from 2020–2024, showing growing interest in funds and a shift from self-investment toward professional management.
- **Role in capital mobilization and market stability**: Funds contributed to privatization, government bond issuance, investor diversification, and market resilience during COVID-19. ETFs listed abroad (e.g., Fubon, VanEck, CSOP) enhanced Vietnam's international reputation.
- **Enhanced professionalism**: Increased qualified staff, improved governance, transparency, and risk management boosted fund credibility and attracted long-term capital.

3.5.2. Limitations

- **Small number and limited diversity**: Only 120 funds by 2024, far fewer than regional peers, with imbalances across fund types.
- **Low AUM and NAV relative to GDP**: AUM less than 7% of GDP, far below Thailand (21%) and Malaysia (53%). Short investment horizons reduced long-term stability.
- **Weak distribution channels**: Few banks involved, limited online platforms, sparse fintech participation, and uneven service quality.
- **Low investor participation**: Less than 1% of the population invested through funds, compared to 30–50% in developed markets.
- **Institutional weaknesses**: Legal framework inflexible, lack of long-term products, risks in corporate bond markets, and absence of omnibus accounts hinder foreign participation.

- **Tax policy shortcomings**: Personal income tax applied even when investors incur losses; voluntary pension funds lack sufficient tax incentives.
- **Investor protection gaps**: Weak transparency, ineffective supervision, inadequate sanctions, and poor complaint mechanisms reduce trust.
- **Obstacles to market upgrading**: Complex foreign access procedures, foreign ownership caps, and lack of legal standing for foreign funds in Vietnam.
- **Technological infrastructure limits**: Weak real-time integration, limited use of big data/AI, and poor cross-border connectivity reduce supervisory effectiveness.

Chapter 4: SOLUTIONS FOR THE DEVELOPMENT OF INVESTMENT FUNDS IN VIETNAM

4.1. International and Domestic Contexts Affecting Fund Development

4.1.1. International Context

Between 2025–2030, global economic growth is projected to slow (IMF forecast for 2025: 2.8%) due to protectionism, geopolitical tensions, and supply chain restructuring, while global trade is expected to expand by less than 2.5% annually. However, deepening financial integration (e.g., CPTPP, EVFTA, RCEP) and capital flows shifting toward the US, India, and ASEAN provide opportunities for Vietnam to attract foreign capital. Rapid population aging and rising demand for long-term investment, combined with accommodative monetary policies, will further support capital flows into securities markets.

4.1.2. Domestic Context

During 2025–2030, Vietnam will enjoy favorable conditions for developing investment funds thanks to stable economic growth, industrialization, urbanization, and institutional reforms. Digital transformation will modernize financial infrastructure, diversify distribution channels, and expand investor access. Market upgrading and administrative reforms will strengthen confidence and supply of quality assets. Rapid aging will stimulate demand for pension and capital-preserving funds, while international capital inflows and ETFs will help build a professional investment ecosystem, enhancing fund scale, quality, and contributions to sustainable capital market growth.

4.2. Perspectives and Orientations for Fund Development

Investment fund development is a priority in major national strategies such as the Financial Strategy to 2030 (Decision 368), Securities Market Development Strategy to 2030 (Decision 1276), and Bond Market Development Roadmap to 2030 (Decision 1191). These policies emphasize expanding institutional investors, diversifying fund types (pension, ETF, bond), improving fund managers' capacity, and increasing transparency. Targets include expanding market capitalization, increasing corporate bond issuance, attracting foreign capital, and developing green financial products, providing a foundation for professional, efficient, and globally integrated investment funds.

4.3. Solutions for Fund Development in Vietnam

Solutions are designed based on international and domestic contexts, state policy orientations, and analysis of current limitations. They are prioritized by influence, with market conditions (diversity, liquidity, cost efficiency, and presence of large funds) having the greatest impact, thus making policy reform the top priority.

4.3.1. Improving Fund Management Policies

Diversification of Fund Types

- Develop legal frameworks for diverse public funds, especially open-ended funds, ETFs, money market funds, and index funds.
- Expand permissible fund types, including sector-based ETFs, ESG index funds, domestic money market funds, and dividend-stable funds.
- Relax capital requirements and licensing procedures for establishing funds.
- Tailor regulations, disclosure standards, and distribution mechanisms to different fund types.
- Revise voluntary pension fund rules, especially increasing tax-deductible contributions for both individuals and firms.
- Issue technical guidelines for green funds, ESG funds, and sustainability-focused index funds.

Expansion of New Market Products

- **Stock market**: Promote substantive IPOs and privatization, improve post-listing governance, and encourage major private firms to list.
- **Derivatives market**: Develop new products such as single-stock futures, stock options, and sectoral indices (e.g., VNFinLead, VNDiamond), based on international practice.
- **Corporate bond market**: Shorten issuance procedures, encourage bond listings, and mandate transparent financial and use-of-funds disclosures, along with payment guarantees.

4.3.2. Tax Policy Improvements for Investment Funds

- **Personal income tax exemption** on profits distributed to investors, encouraging long-term investment.
- **Differentiated tax treatment** by investor type, offering preferential rates for large shareholders holding ≥5% voting rights, recognizing their role in stability and long-term capital.
- **Tax exemption** on income and interest from green bonds (government, municipal, and corporate), supporting Vietnam's net-zero 2050 commitment while developing green funds.

4.3.3. Expanding Distribution Channels

- **Diversify channels**: Amend laws to allow commercial banks to cooperate with fund managers in distributing fund certificates via service contracts, under supervision. In the long run, amend banking laws to allow direct bank participation, aligning money and capital markets.
- **Promote online distribution**: Encourage fintech application in fund distribution, given Vietnam's high internet penetration. Strengthen intermediaries such as custodian banks, supervisors, transfer agents, and fund administrators.

4.3.4. Changing Investor Perceptions

- **National financial education strategy**: Formulate a strategy to 2035 to disseminate personal finance knowledge and encourage long-term investment, led by the Ministry of Finance and SSC, with integration into school curricula by the Ministry of Education.
- **Diversify training and communication**: Utilize digital platforms, social media, and interactive tools, in partnership with fund managers, banks, and securities firms, to promote awareness of fund investment, savings, and risk management.
- **Develop an effective financial advisory ecosystem**: Establish independent regulation of financial advisors, similar to Malaysia's IFA system, requiring training, certification, fee transparency, and ethical

oversight. Set up a centralized data portal for fund information, similar to the SEC (US) and MAS (Singapore).

4.3.5. Strengthening Investor Protection

- **Transparency and disclosure**: Require monthly reporting of portfolios, returns, and allocation strategies. Upgrade SSC's website into an open data portal like Investor.gov (US) or Thailand's Open Data Portal.
- **Internal control and conflict-of-interest prevention**: Mandate independent internal audit units reporting to boards, quarterly compliance reviews, and strong sanctions (e.g., fines of up to 20% of management fees) for unauthorized portfolio changes.
- **Complaint and whistleblowing systems**: Develop AI-integrated online platforms for complaint handling, hotlines, anonymous reporting, and whistleblower protection.
- **Stronger sanctions and fund credit ratings**: Impose stricter penalties (e.g., fines equivalent to 10–20% of net profits, 1–5 year suspensions for fraud or manipulation) and publish violations on SSC's portal.

4.3.6. Promoting Market Upgrading and Attracting International Capital

- **Standardize disclosure in line with international norms**: Require bilingual (Vietnamese–English) disclosure for legal documents, financial statements, and fund reports, on a unified open data platform operated by SSC.
- **Simplify procedures for foreign investors**: Streamline indirect investment account openings, enable e-verification for funds from partner jurisdictions, and publish English-language administrative guidelines on a digital helpdesk.
- **Implement omnibus accounts**: Clarify responsibilities of custodians and brokers for order allocation, ownership tracking, and reporting, in line with international practice.
- **Expand legal presence of foreign funds**: Allow establishment of foreign fund entities in Vietnam (branches, subsidiaries, or independent legal

entities) with public issuance rights, under IOSCO/UCITS-compliant standards. Pilot sandbox programs for reputable global funds.

4.3.7. Developing Technological Infrastructure

- Upgrade IT systems across the market ecosystem (securities firms, custodian banks, depository center, regulators), ensuring real-time connectivity for omnibus accounts and trade monitoring.
- Enhance digital technology and AI applications in risk management and supervision through big data, machine learning, and early warning systems.
- Improve cross-border monitoring by connecting with international supervisory platforms, aligning with IOSCO and FATF standards.
- Establish a centralized data management system at SSC for market-wide analytics, policy planning, and monitoring foreign institutional capital flows.

CONCLUSION

The development of investment funds is a sound policy orientation of the State, consistent with the requirements of Vietnam's securities market development and the increasingly strong context of international integration. A robust and stable system of investment funds with diverse products and broad investor access will attract more capital, generate positive liquidity for the market, and provide an important source of capital for enterprises to expand production, business, and sustainable growth. This point has once again been affirmed and clearly demonstrated through the analyses and assessments of this dissertation.

The dissertation *"**Development of Securities Investment Funds in Vietnam**"* has achieved several key results:

First, it provides an overview of existing studies related to investment funds and their development, thereby identifying research gaps.

Second, it systematizes and analyzes fundamental theoretical issues concerning investment fund development, including its nature, evaluation criteria, and influencing factors. It also examines experiences from developed and comparable countries, drawing useful lessons for Vietnam.

Third, based on statistical data and survey results, the dissertation evaluates the actual development of investment funds in Vietnam during 2017–2024. The application of quantitative models (EFA and MLR) reveals the dependency of fund development on influencing factors and measures the degree of impact of each factor. In addition, the dissertation identifies the limitations of Vietnam's fund development and the underlying causes.

Fourth, the dissertation analyzes and forecasts international and domestic contexts affecting fund development. Based on the State's orientations for fund development to 2030, it proposes solutions for advancing investment funds in Vietnam. These solutions are structured into thematic groups, addressing the identified causes while drawing upon international experiences reviewed in the study./.