

# Morningstar Indexes

August 28, 2024

Consultation Results: Morningstar Equity Indexes Annual Market Classification Review

On May 28, 2024, Morningstar Indexes issued the annual equity market classification [consultation](#), which solicited feedback on a few changes under consideration, as outlined in the table below. Based on client feedback and careful consideration of the capital market conditions in each country, Morningstar Indexes will not make any changes to the market classification for any of the countries covered by the consultation. The updated market classification has been approved by the Morningstar Index Operations Committee and will be effective at the June 2025 reconstitution.

Market	Current Classification	Change Considered	Updated Classification
<b>Egypt</b>	Emerging	Unclassified	Emerging
<b>South Korea</b>	Emerging	Developed	Emerging
<b>Turkey</b>	Emerging	Unclassified	Emerging
<b>Vietnam</b>	Unclassified	Emerging	Unclassified

Egypt and Turkey were considered for a potential downgrade from emerging market status to unclassified, which would have resulted in their removal from the Morningstar investable universe. However, Morningstar Indexes decided not to make these changes, as the currency repatriation challenges that investors in Egypt previously faced have largely subsided, and there do not appear to be investability changes in Turkey.

The change considered for Vietnam would have resulted in its addition to the investable universe. However, Vietnam is still a difficult market for non-resident investors to trade in, owing to foreign ownership limits, a complex settlement process, capital controls, and limited information availability. As such, Vietnam will remain ineligible for inclusion.

While the South Korea economy is advanced, challenges with currency trading remain, as do concerns about the extension of its short-selling ban. Therefore, this country will retain its emerging market status.

Egypt, South Korea, and Vietnam will remain on the watchlist for potential reclassification at the next annual market classification review.

## About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of

data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

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