

## ETF Investing

# Mirae to buy Global X, sponsor of popular robotics ETF

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### Deal is the latest example of ETF industry consolidation



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Consolidation in the ETF industry is afoot.

Mirae Asset Global Investments late Monday announced that it would buy Global X Funds for an undisclosed sum, the latest in a series of acquisition deals in the red-hot exchange-traded fund industry. The ETF marketplace has seen massive growth of late, although that growth has been [principally concentrated](#) within a handful of major players, leaving other sponsors fighting over a relatively small portion of the multi-trillion-dollar space.

Global X, which is best known for its “thematic” funds, which track fast-growing sub-sectors of major industries, has about \$10 billion in assets across its 52 ETFs. Globally, it is the 32nd-largest ETF provider by assets, according to Morningstar Direct; it has 0.2% of the industry’s market share.

According to a news release announcing the acquisition, the day-to-day operations of Global X won’t change, and its funds will continue to run under their current names.

Mirae manages more than \$120 billion in total assets, according to the release, which described the deal as a way for the Seoul-based Mirae to add “an anchor presence in the United States,” building on other subsidiaries, including the Canada-based Horizons ETF Group and BetaShares, which is based in Australia.

The transaction is the latest in a string of ETF acquisitions. In November, WisdomTree Investments Inc. [WETF, 1.07%](#) bought the European exchange-traded commodity, currency and short-and-leveraged business [of ETF Securities](#), products that had nearly \$18 billion in assets at the time of the deal’s announcement. In September, Invesco Ltd. [IVZ, 0.19%](#) [agreed to buy](#) the \$196 billion ETF business of Guggenheim Investments for \$1.2 billion.

The deals have come as investors have overwhelmingly favored products sponsored by the so-called “big three” providers: iShares, which is owned by BlackRock [BLK, -0.94%](#) ; Vanguard; and State Street Global Advisors [STT, -1.08%](#). The three have a combined market share of nearly 70.5%, and they have seen the lion’s share of inflows over the past year, according to Morningstar Direct, pulling in a combined \$462 billion. Of that, \$251.2 billion went to iShares products.

All three specialize in the kind of core portfolio products that have been increasingly adopted for years. Such products offer broad exposure to the equity and fixed-income universes, and do so for rock-bottom fees. Fund fees have gotten so low that there is little room for smaller providers to undercut the big players on cost, especially as investors increasingly focus on secondary factors like liquidity in making their investment decisions.

In this environment, sponsors look to improve their market share through consolidation, or by launching products dedicated to “buzzy” parts of the market. Some of the most notable fund launches of late, based on their ability to amass assets, have been [dedicated to blockchain](#)—the decentralized ledger technology that is the basis for bitcoin and other cryptocurrencies—medical marijuana or cannabis, and a fund where the holdings are [selected through artificial intelligence](#).

Global X offer some single-country funds, which track the equity markets of individual countries like Greece [GREK, 0.44%](#) or Argentina [ARGT, -1.70%](#), but it is best known for its thematic funds. The firm’s largest fund, the [Global X Robotics & Artificial Intelligence ETF BOTZ, -0.25%](#), has about \$2.3 billion in assets, and it has seen inflows of \$694.5 million thus far this year, according to FactSet.