



Mirae closes in on dethroning Samsung AM as Korea's largest ETF issuer

Mirae has capitalised on a boom in thematic ETFs in South Korea since the start of the pandemic and grown its presence in the global market through acquisitions

By Lisa Kim | September 21, 2022

Mirae Asset Global Investments is inching closer to taking **Samsung Asset Management's** crown as South Korea's largest exchange-traded fund issuer, a position the latter has enjoyed since the inception of the country's ETF market two decades ago.

Samsung AM's South Korea ETF assets rose by 320% to W31.7 trillion (US\$22.8 billion) in the past decade from W7.6 trillion as of September 8, according to **Korea Exchange** data.

The firm's growth has been completely eclipsed by Mirae's ETF assets, which surged by 1,350% to W29 trillion from W2 trillion over the same period, data show.

While Samsung AM is clinging on to the largest market share of 42%, Mirae has narrowed the gap by 3 percentage points as of early this month, thanks to thematic ETFs and the acquisition of overseas ETF issuers. In 2020, Samsung AM's market share had a 27 percentage point lead over Mirae.

"The heated competition is one outcome of the country's expanding ETF market, which is good because it offers a wider variety of products to investors," says Park Seung Jin, a Seoul-based senior analyst at Hana Securities.

Market experts say Mirae has narrowed the gap with Samsung AM by rolling out successful thematic ETFs during the pandemic, when South Korean retail investors, who were cooped up at home with extra cash, poured into the market.

"Mirae's strategy of tapping into investors' needs with thematic ETFs and funds linked to future growth areas has played out well, particularly in 2020 and 2021," Park says.

Last year, Mirae's ETF assets doubled to W26.2 trillion from W13.2 trillion in 2020 on the back of its ETFs, which focus on themes like China, the metaverse and rechargeable batteries, as well as funds that invest in the U.S., like the Nasdaq 100 ETF and S&P 500 ETF, according to Korea Exchange data.

Mirae listed around 30 thematic ETFs in South Korea between 2020 and Tuesday, compared with Samsung AM, which launched around 20, data show.

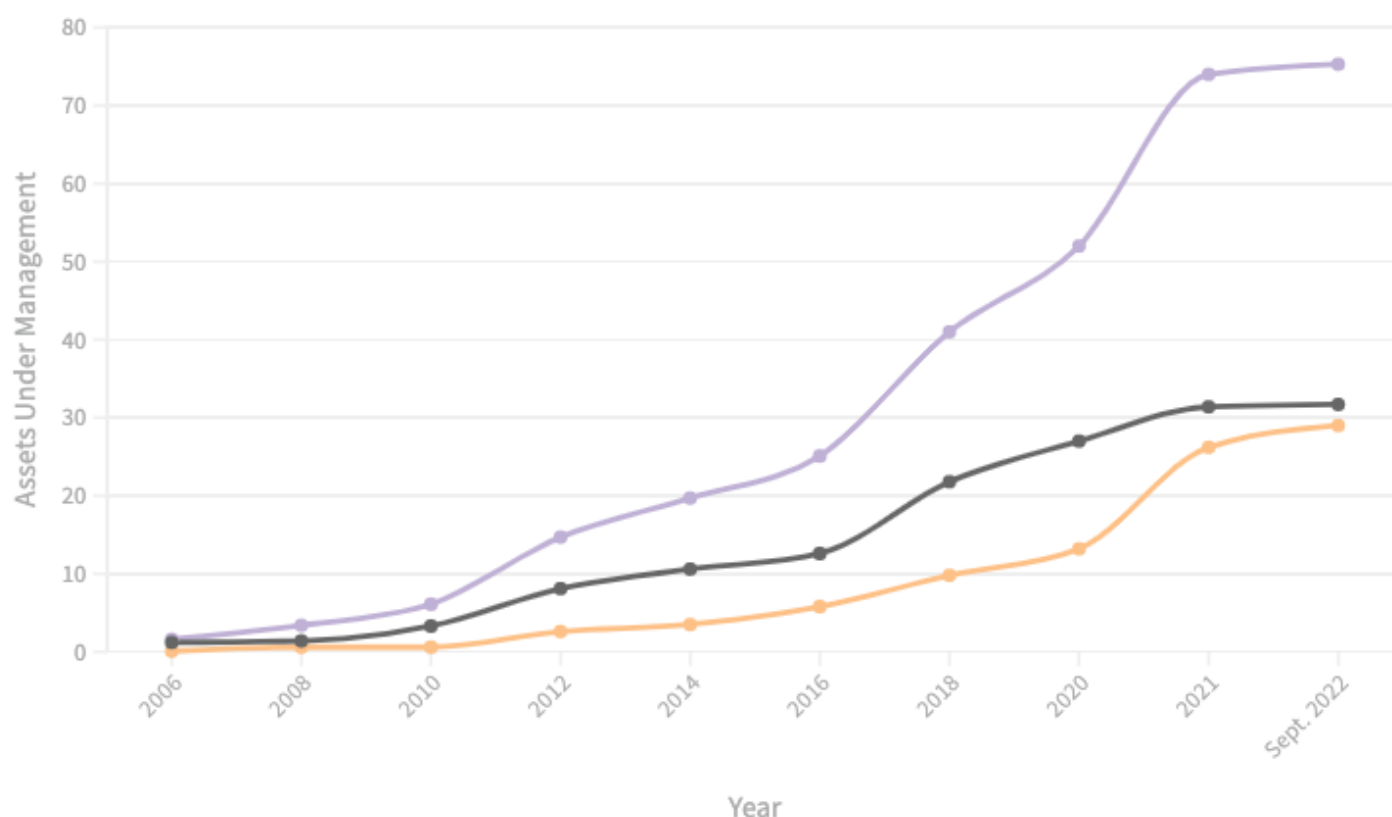
Mirae's expansion in the ETF space has also been boosted by its 2018 **purchase of Global X**, a New York-headquartered ETF provider, a business move that South Korean ETF issuers are seeking to replicate.

"If you take a look at Mirae's Tiger ETFs launched in South Korea, a good number of them mirror Global X's funds," says Hana Securities' Park.

Mirae's South Korea ETF assets narrow gap with Samsung AM

(Unit: trillion won)

■ ETF Market ■ Mirae ■ Samsung AM



Source: Korea Exchange

Mirae's global expansion also includes the purchase of Canadian manager Horizon ETFs in 2011 and the June acquisition of Australia's **ETF Securities**, which now **goes by** Global X.

Internationally, Mirae's ETF assets totalled around US\$84 billion, making it the world's 14th largest ETF provider as of May, according to **ETFGI**, a data consultancy.

Mirae's expanding global reach is not something that Samsung AM has been able to emulate.

Samsung AM does not include in its tally ETF assets managed by the wholly owned subsidiary in Hong Kong, Samsung Asset Management Hong Kong, which has 10 ETFs worth just HK\$1.6 billion (US\$203.8 million), **according to** the Hong Kong stock exchange.

To increase its footprint, Samsung AM **purchased** a 20% stake in Amplify, a U.S.-based ETF provider, giving it exclusive rights to sell Amplify's ETFs in Asia.

Nathan Kim, managing director of ETF portfolio management at Mirae, says the Tiger China Electric Vehicle and Tiger Lithium & Battery Tech ETFs are global themes that have proved popular with South Korean investors.

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Market participants say that although Samsung AM has fallen behind in attracting investors in the past two years, its name still carries a lot of weight among local and global investors.

In a frank assessment of its recent performance, Kim Dunam, managing director of Samsung AM's ETF division, says, "we were a bit unresponsive to investment trends and themes" popular among ETF investors.

Kim says the firm has been focused on supplying products that investors need and want. He adds that Samsung AM has made "a huge effort" to introduce innovative products, citing as an example the Samsung Kodex Kofr Active ETF, which tracks the Korea Overnight Financing Repo Rate index, **launched** in April.

As Samsung AM prepares to commemorate the 20th anniversary of its first ETF launch with Mirae breathing down its neck, a senior official at the firm tells *Ignites Asia* that the manager plans to retain its leading position in the market for the next 20 years.

In October 2002, South Korea listed its first-ever ETFs, Samsung AM's Kodex 200 ETF and **Kiwoom Asset Management's** Kosef 200 ETF, both of which track the Kospi 200, which consists of the 200 largest companies listed on the main bourse.

Samsung AM's Kodex 200 ETF is still the single largest fund, with W5.1 trillion in assets, according to Korea Exchange data.

The second single largest fund, Mirae's Tiger China Electric Vehicle Solactive ETF, has already garnered W3.5 trillion in assets since its launch in December 2020.

South Korea's ETF market had around 610 ETFs worth W75.3 trillion as of early this month, up 5.5 times compared with W13.4 trillion across around 130 funds in 2012, data show.

Competition is heating up in the sector, with other South Korean ETF issuers vying for a slice of the expanding market.

ETF issuers besides Samsung AM and Mirae have launched almost 60 ETFs raising around W1.3 trillion in the past year, data show.

Korea Investment Management, the country's fourth largest ETF issuer, changed the name of its ETF brand to "Ace" from "Kindex" last week as part of an overhaul to attract more investors, the company says.

Still, the combined assets of Samsung AM and Mirae dominate with around an 81% share of South Korea's ETF market. Mirae's ETF assets are six times that of the W5.5 trillion managed by the third largest ETF issuer, **KB Asset Management**, according to Korea Exchange data.

To give Mirae a final push to the top spot, Mirae's Kim says it aims to capitalise on the increasing number of ETF purchases from pension and retirement accounts, a trend that experts predict is here to stay. Such transactions reached a "record high" in 2021 and this year, he says.

"Part of our strategy for 2023 includes continuously tapping into this segment, offering income-oriented strategies and overseas exposure that meet pension investment requirements," Mirae's Kim says.

Samsung AM's Kim says ETFs will continue to be an important investment vehicle for investors with limited financial resources so the firm will avoid launching "trendy products that offer short-term returns to investors".

He adds that Samsung AM’s ETF business will continue doing what it has in the past two decades on a conviction that it will reclaim its status as the leading ETF issuer even if the current ranking reverses.

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