

Merger of VanEck and Think ETF's creates synergistic effects with a consistent mission

BY JOLANDA DE GROOT

Global asset manager VanEck has recently acquired Think ETF asset management (Think), the manager of the sub-funds of ThinkCapital ETF's. Van Eck signed the share purchase agreement with the prior owners of Think, BinckBank, Flow Traders and the senior management of Think. Think's senior management will retain a minor stake in the company, with the rest to be owned by VanEck. Pending approval by the relevant supervisory authorities this acquisition is expected to be completed later this year. Time for Financial Investigator to ask some questions to Jan van Eck, CEO of VanEck, and Martijn Rozemuller, Managing Director of Think.

What's the main reason for taking over Think ETF's?

Jan van Eck: 'VanEck, founded and headquartered in New York, currently has assets under management of

approximately USD 47 billion and is among the ten largest ETF issuers in the U.S. Think ETF's is an important partner for us, who shares our principles and works with the same philosophy of representing the clients' interest regardless of the market environment. Together, we want to take a stronger position in the European market, to give investors access to better investment opportunities with additional value. The merger of both firms creates synergistic effects with a consistent mission. Therefore, we can differentiate ourselves even further from the competitors, as we focus on intelligent investment strategies, which deliver attractive market possibilities combining quality and value strategies.

Today, ETFs are a mass-market business with very homogenous products that are barely distinguishable, largely even interchangeable. At present, the investment flow is completely dominated by a few companies that mainly leave investors with a limited choice. As a pioneer, our goal is to never launch an ETF concept that already exists. Therefore, VanEck uses its own/in-house created indices for some products. This idea is based on the fact that there are no suitable indices for certain investment ideas that are moreover liquid enough so that the ETFs based on these indices comply with the rules for mutual funds. Our

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JAN VAN ECK

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focus is creating our own intelligent, advanced and future-oriented products. In 2011, VanEck established the index provider MVIS, which built its own indices with this purpose in mind.'

What does this take-over mean for the ambitions in the Dutch institutional market?

Van Eck: 'The core business of VanEck focuses on strategies for the needs of institutional clients, especially our active strategies like Emerging Market Equity, Unconstrained Emerging Market Debt and Global Hard Assets as well as our large and very liquid ETFs. Product innovation plays an essential role for the Dutch institutional market, which results from the synergetic effects of both companies. Our strategy approach involves a very broad view of the world's most important trends, from a historical, technological or political perspective. We ask ourselves whether these trends represent an opportunity or a risk for the financial markets and whether they have sustainable impact on the financial markets. VanEck and Think ETF's follow the same strategy: we are looking for trends and not for fads. Furthermore, we turn them into a good fund solution on an institutional level.'

Which important developments do you see with Dutch institutional investors regarding ETFs?

Martijn Rozemuller: 'We see that ESG criteria have become more important to Dutch institutional investors over the last couple of years. We launched our Think Sustainable World ETF almost 5 years ago, and we've seen demand rise a lot since. But the need for more tailor-made solutions is also on the rise. There's a large number of clients that are comfortable with a more generic approach to sustainability, but there are also clients that want more specific criteria in place. That is something you need to take into account as an issuer.'

How do you deal with these developments?

Rozemuller: 'We continue to develop our ESG policies to keep up with the needs of our clients. At this stage we are implementing proxy voting as part of our policy. A possible next step could be engagement and we are also looking at opportunities in specific sustainable investments to see if we could issue an attractive ETF in a more specific area.'

What are your expectations for the developments in the ETF market for the coming years?

Van Eck: 'Since the firm was founded over 60 years ago, we have sought to understand the big picture of world

developments and offer well-designed strategies to address the resulting opportunities or risks. The biggest issue for European investors in coming years is the 'normalization' of interest rates and the move away from negative interest rates.'

Are there any significant changes within Think ETF's now they've become part of VanEck?

Van Eck: 'Think ETF's will be retained as brand in its own right. This acquisition does not change our investment offerings, we view the funds as mainly synergistic. The Think ETF's range of funds is an optimal complement to VanEck's line-up in that there is no overlap in investment products. Eventually, we will want to work with Think ETF's under the same roof and form a unified brand to position ourselves with a joint presence on the market at some point in the future. The generated synergies will benefit the investors on both sides more than anybody else. The Think ETF's and VanEck UCITS ETF efforts will be combined over time.' «

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MARTIJN ROZEMULLER