Decision

Proposed acquisition of a significant minority share in Ancala Partners LLP by Vontobel Asset Management UK 2 Holdings Ltd (C-065)

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1. Summary

1.1 Vontobel Asset Management (the **Purchaser**) is proposing to acquire a significant minority share of *[REDACTED]* of the capital of Ancala Partners LLP (the **Target**) from natural persons (the **Seller**) (the **Proposed Transaction**).

1.2 The Proposed Transaction was notified to the Jersey Competition Regulatory Authority (the **Authority**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **Law**). The Authority has determined the Proposed Transaction will not lead to a substantial lessening of competition in any relevant market and hereby approves the notified transaction.

2. The Application

2.1 On 21 March 2024, the Authority received a joint application from the Parties for the Proposed Transaction. The Authority published a Notice of Application regarding the Proposed Transaction on 2 April 2024, which initiated the 10-day public consultation. The Notice was also published in the Jersey Gazette on the same date. The 10-day consultation period ended on 16 April 2024. No submissions or comments were received.

2.2 The Proposed Transaction has also been notified to the Financial Conduct Authority in the UK, Ofwat and Ofgem, with Foreign Direct Investment filings made in Sweden, Canada, Italy, Germany, the UK and Spain.

3. The Parties

The Purchaser

3.1 The Purchaser is a wholly owned subsidiary of Vontobel Holding AG (**Vontobel** AG)[1], a Swiss private banking and investment management group headquartered in Zurich with registration number CHE-107 908 496, which is publicly listed in Switzerland on the SIX Swiss Exchange. The Purchaser is a special purpose vehicle, incorporated on 5 February 2024 for the purposes of the Proposed Transaction.

3.2 The Purchaser's parent, Vontobel AG, specialises in wealth management, active asset management and investment solutions. Vontobel AG does not currently have any activities in Jersey. It recorded a worldwide turnover of *[REDACTED]* in 2023, and holds approximately €281.3 billion of client assets.

[1] Welcome to Vontobel | Vontobel

The Seller

3.3 The Sellers are natural persons, on behalf of Ancala Partners LLP, a limited liability partnership.

The Target Business

3.4 The Target, Ancala Partners, is a limited liability partnership incorporated in the United Kingdom with registration number OC356994. It is an investment manager focused on investing in critical mid-market infrastructure assets across Europe and the UK, with an annual turnover in UK and Europe of *[REDACTED]* in 2022. It invests in and manages assets on behalf of investment funds in which a range of third party investors are involved as passive financial investors.

3.5 As an investment manager, the Target wholly owns a number of entities which act as general partner for (and are responsible for the management of) various funds which have ownership interests in a number of portfolio companies. Specifically, through its investment portfolio, the Target is active in Italy, Portugal, Iceland, Norway, Spain, Sweden, Germany, Cyprus, Finland and other countries. The targets presence in Jersey is through its management of funds that own IEG Holdings Limited (**IEG**).

3.6 IEG has operations in Jersey through its wholly owned subsidiaries, which are the Jersey Gas Company Limited (Jersey Gas) and Kosengas (Jersey) Limited (Kosengas). Through its subsidiaries, IEG is the sole gas utility provider of natural gas and liquified petroleum gas to domestic, commercial and industrial customers in Jersey. IEG also offers appliances through online sales.

Reasons for the Proposed Transaction

3.7 The Proposed Transaction marks the Purchaser's entry into institutional private markets which, it confirms, is a key milestone in delivering on its strategic priorities. The Purchaser considers the global infrastructure market, in which Ancala is active in, as fast growing. The Purchaser is of the view that strong global demand to modernise core infrastructure, including roads, airports and railroads, alongside the secular trends towards decarbonization and digitization, will be key drivers of growth.

3.8 The Purchaser believes its entry into the private infrastructure space will enable its clients to benefit from the potential for diversification supported by low correlation to GDP and other major asset classes, as well as attractive risk-adjusted returns. More generally this represents a strategic investment for the Purchaser.

3.9 For the Target, the investment will help Ancala to continue its strategy of delivering enhanced returns from critical infrastructure assets, with additional capital provided by the Purchaser used to strengthen and grow its business.[2]

4. Requirement for Authority approval

4.1 Under Article 2(1)(b) of the Competition (Jersey) Law 2005, a merger or acquisition (referred to in this decision as a **merger**) occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking. According to Article 20(1) of the Law, a person must not execute certain mergers or acquisitions except and in accordance with the approval of the Authority.

4.2 The Proposed Transaction will result in the Purchaser obtaining of a minority interest *[REDACTED]* with decisive influence, *[REDACTED]*, in the Target. This constitutes a merger as defined by the Law.

4.3 Article 4 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010, where one party has a share of supply or purchase of 40% or more and there is no horizontal or vertical relationship, the merger will require prior approval, unless it qualifies for either one of the two exemptions to Article 4, contained in Articles 4(a) and 4(b).[3]

4.4 According to the information provided by the Parties, the Target owns 100% of a company which is the sole gas supplier in Jersey, thus exceeding 40% of supply of the gas market in Jersey. Neither of the two exemptions applies, therefore, the Proposed Transaction requires the approval of the Authority prior to its execution.

5. Market definition

5.1 Under Article 22(4) of the Law, the Authority must determine if the merger would substantially lessen competition in Jersey or in any part of Jersey. As an initial step, the Authority will identify the markets which are likely to be affected by the merger since market definition provides a framework within which the competitive effects of a merger can be assessed.

[2] Ancala agrees to sell minority stake to Vontobel to support expansion plans - Ancala

[3] The two exemptions are:
(a) the undertaking or undertakings being acquired has or have no existing share of the supply or purchase of goods or services of any description supplied to or purchased by persons in Jersey and otherwise owns or controls no tangible or intangible assets located in Jersey; or
(b) as regards the seller only, the 40% share of supply or purchase is not subject to the proposed merger or acquisition and provided that any non-competition, non-solicitation or confidentially clauses included therein do not exceed a period of three years and are strictly limited to the products and services supplied by the undertaking being acquired.

5.2 When defining a market, the Authority may take note of its own previous decision-making practice and/or market definitions applied by other competition authorities. These previous decisions are not precedents and are not binding, either on the merging Parties or on the Authority. Competition conditions may change over time, changing the market definition, and market definition will always depend on the prevailing facts.[4]

5.3 The Parties to the transaction have proposed the following as relevant markets in which the Target is active, and suggest these should be considered on an Island-wide basis:

(a) Gas supply and distribution

(b) White goods retail; and

(c) Boiler sales and servicing (gas)

5.4 For the purposes of this decision, however, the Authority considers the precise market definition can be left open as, for the reasons outlined below, the Proposed Transaction would not result in a substantial lessening of competition in Jersey on any market considered.

6. Effect on Competition

6.1 In order to assess the impact of a merger on competition in Jersey, the Authority will consider whether the merger creates or enhances the ability or incentive to exercise market power, either unilaterally or in co-ordination with competitors, and whether other market forces (such as the entry of new competitors or countervailing power of customers) will eliminate this risk. The assessment will also consider any pro-competitive effects or efficiencies that may result from the merger[5].

6.2 There are no areas of overlap between the activities of the Purchaser and the Target. The change of ownership will not change the competitive position in Jersey, with IEG remaining the monopoly provider of gas and supply distribution in Jersey. Barriers to entry in this market remain high, with any new entrant requiring statutory assent under the Jersey Gas Company (Jersey) Law 1989[6] or with powers granted under another new law. IEG will also retain an almost 100% share of the gas boiler sales and servicing market, due to their large market share in boiler sales and technical

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[4] This approach is consistent with that taken under EU law – see, for example, Joined Cases T-125/97 and T-127/97 [2000] ECR II-01733, paragraphs 81-82. Article 60 of the Law requires the Authority to attempt to ensure that so far as possible questions arising in relation to competition are dealt with in a manner that is consistent with the treatment of corresponding questions arising under European Union law in relation to competition within the European Union.

[5] When assessing mergers, the Authority will have regard to the guidelines produced by the European Commission. It may also consider the substantive merger guidelines applied by the Competition and Markets Authority in the UK, as well as those of other competition authorities.

[6] https://www.jerseylaw.je/laws/current/Pages/27.300.aspx

specificities of gas boilers in Jersey, and a very small share of the market in the retail of white goods in Jersey.

6.3 The Purchaser does not currently operate in any market in Jersey and therefore no horizontal or vertical overlaps exist between the Purchaser and the Target. The Proposed Transaction is a change of control (with the Purchaser obtaining of a minority interest *[REDACTED]* with decisive influence), and there is no change to the structure of any markets in Jersey.

6.4 The Proposed Transaction will therefore not give rise to a substantial lessening of competition on any reasonable basis.

Decision

6.5 Based on the preceding analysis, the Authority concludes that the acquisition will not substantially lessen competition in Jersey or any part of Jersey; and is therefore approved under Article 22(1) of the Law.

03 May 2024 **By Order of the Jersey Competition Regulatory Authority**