



DETERMINATION OF MERGER NOTIFICATION M/11/034 -

Investec/Evolution

Section 21 of the Competition Act 2002

Proposed acquisition by Investec plc of Evolution Group plc.

Dated 03 November 2011

Introduction

1. On 14 October 2011, in accordance with section 18 of the Competition Act 2002 (the Act), the Competition Authority (the Authority) received a notification of a proposed transaction whereby Investec plc (Investec) would acquire sole control of Evolution Group plc (Evolution).¹

The Undertakings Involved

The Acquirer

2. Investec is a public limited company registered in England and Wales and is part of the Investec Group. The Investec Group is an international specialist bank and asset management group. The Group operates under a dual listed company's structure which separates the company into two financial holding companies, Investec and Investec Limited.²
3. The Investec Group is active in the provision of a diverse range of financial products and services to customers primarily in the United Kingdom (U.K.), Australia and South Africa. The Group is organised into six business divisions: Asset Management, Wealth and Investment, Property Activities, Private Banking, Investment Banking and Capital Markets.
4. In the State, Investec is active through its operating division, Investec Ireland which is comprised of Investec Bank plc, Investec Holdings (Ireland) Limited and other subsidiaries. Investec Ireland provides banking and capital markets products and services³ to Irish and international customers. In particular, Investec Ireland is active in

¹ The proposed transaction is structured as a scheme of arrangement under Part 26 of the United Kingdom Companies Act 2006. As per its previous decision in *M/10/011-Investec/Rensburg Sheppards*, the Authority considers that the posting of an offer document to shareholders is the triggering event for notification. In this instance, the relevant scheme document was posted to Evolution shareholders on 3 October 2011.

² Investec owns the Investec-branded operations outside Southern Africa. Investec Limited is based in South Africa and owns the Investec-branded operations there.

³ These include assets and liability management, treasury products and distribution, financial products, structured and asset finance, project and infrastructure finance, commodities and resource finance, interest rate trading, foreign exchange trading and, structured equity and equity derivatives trading.

savings and investments, commercial lending, treasury and specialised finance. Investec provides private client wealth management services to customers based in the State but it is not active in the provision of these services in the State.

5. In the State, Investec is also active in the provision of retail mortgage services. It provides these services through its subsidiaries, NUA Homeloans Limited, NUA Mortgages Limited and Start Mortgages Limited.
6. For the financial year ending 31 March 2011, Investec generated worldwide turnover of approximately €2.2 billion. For the same period, Investec generated approximately €[...] in the State, €[...] from the activities of Investec Ireland and €[...] from Start's annual income. Separately from its activities in the State, Investec estimates that it generated approximately €[...]⁴ from the provision of wealth and investment services to customers in Ireland.⁵

The Target

7. Evolution is a public limited company registered in England and Wales and traded on the London Stock Exchange. Evolution is a holding company for a number of companies that include:
 - Evolution Securities Limited, an investment bank with international and U.K. corporate customers;
 - Williams de Broë Limited, a private client investment management company with its offices in the U.K.⁶ and,
 - Darwin Strategic Limited, a company that provides a range of equity funding alternatives to quoted companies.
8. In the State, Evolution is active through WdB Assetmaster Management Co. Limited (WdB), a wholly-owned subsidiary of Williams de Broë Limited, that is incorporated in Ireland. WdB is a fund management company that provides multi-asset, multi-manager investment services to Williams de Broë Assetmaster Fund plc. This fund is partly comprised of private client funds and is serviced in the State by Irish based agents. This fund may contain the private funds of Irish based customers.
9. For the financial year ending 31 December 2010, Evolution generated a worldwide turnover of approximately €127.6 million. For the same

⁴ Converted to euro using the average monthly ECB exchange rate of conversion of GBP into euro for the relevant period August 2010-September 2011 of GBP = €1.00704.

⁵ As stated in paragraph 4, Investec is not active in the provision of private client wealth management services in the State. However, Investec estimates that its provision of these services to customers in the State accounted for approximately €[...].

⁶ Williams de Broë acquired BNP Paribas Private Investment Management Limited (PIM) on 20 October 2011. PIM provides investment management, banking, financial planning and wealth management services to private clients in the U.K. and to a lesser extent internationally, charities and pension schemes. The parties estimate that the activities of PIM in the State are minimal and likely to only overlap with Investec's activities in relation to private client wealth management services.

period, Evolution generated a turnover of approximately €[...]’⁷ in the State solely from the investment activities of WdB.

Third Party Submissions

10. No submissions were received.

Analysis

11. There are no vertical relationships between the parties in the State. However, there is some horizontal overlap between the activities of Investec and Evolution in the provision of certain private client wealth management services. These services include:

- discretionary managed portfolios where trades are executed on behalf of clients at the manager’s discretion;
- advisory managed portfolios where the asset manager advises clients on suitable trades and strategies but requires consent for any trades;
- collectives which are pooled investments or funds that enable a client to buy a range of securities, stocks and shares through the purchase of one product; and,
- provision of advice, including advice to clients about investment opportunities and executing trades on clients’ behalf.

12. In the State, the activities of the parties in relation to private client wealth management services are minimal. Investec generated only €[...] from the provision of these services to customers in the State in 2011 and Evolution’s activities relate solely to services provided by WdB to its own fund. This fund may contain the private funds of Irish based customers.

13. There are other alternative suppliers of private client wealth management services in the State, namely: NCB, Bloxham, Goodbody Stockbrokers, Davy and Merrion.

14. In light of the minimal overlap in the activities of the parties in the State and the presence of alternative suppliers, the Authority considers that the proposed transaction does not raise competition concerns in the State in relation to the provision of private client wealth management services.

⁷ Converted to euro using the ECB average annual bilateral rate of conversion of GBP into euro for 2010 of GBP 1=€0.85784.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed transaction whereby Investec plc would acquire sole control of Evolution Group plc will not be to substantially lessen competition in markets for goods or services in the State and accordingly, that the acquisition may be put into effect.

For the Competition Authority

Ciarán Quigley

Member of the Competition Authority