

DETERMINATION OF MERGER NOTIFICATION M/22/066 – BUCKTHORN FINANCING & PAF LUX SCA / PHOENIX ASSET MANAGEMENT

Section 21 of the Competition Act 2002

Proposed acquisition by Buckthorn Financing Designated Activity Company and PAF Lux SCA, SICAV-RAIF of joint control of Phoenix Asset Management S.p.A.

Dated: 27 December 2022

1. On 08 December 2022, in accordance with s18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission received a notification of a proposed acquisition whereby Buckthorn Financing Designated Activity Company (“Buckthorn”) and PAF Lux SCA, SICAV-RAIF, acting on behalf of PAF BRAVO III – COMPARTMENT (“PAF”), would acquire joint control of Phoenix Asset Management S.p.A. (the “Target”) (the “Proposed Transaction”).
2. The Proposed Transaction is to be implemented pursuant to two Share Purchase Agreements (“SPA”s),¹ which were both submitted as annexes to the notification form as drafts and expected to be signed on [...]. The first SPA is between Buckthorn, PAF and Steve Lennon, Paolo Lo Giudice and Roberto Tavani (the “Target Founders SPA”). The second SPA is between Buckthorn, PAF and [...]. Following completion of the Proposed Transaction, the Target will be jointly owned and controlled by Buckthorn and PAF under the terms of a shareholders' agreement.²
3. The parties are involved in the following business activities:

Buckthorn

¹ These SPAs are cross-conditional on each other such that the completion of one would not take place without the completion of the other, and vice versa. They also substantially follow a Head of Terms which was entered into between Buckthorn, PAF and Steve Lennon, Paolo Lo Giudice and Roberto Tavani on [...].

² The latest draft of which, dated [...], was provided as an annex to the notification form.

- Buckthorn is a special purpose investment vehicle (“SPV”), incorporated under the laws of Ireland, acting through its portfolio manager, SPF Investment Management, L.P. (“SPF”), in respect of the proposed transaction.
- SPF is a New-York-based private investment adviser which provides clients with investment advisory and investment management services, with a focus on the structured credit market.
- SPF’s activities in the State primarily involve participations in Irish-incorporated SPVs that issue notes as part of securitisation structures. In the vast majority of cases, the underlying assets are based outside the State and SPF does not have a controlling stake in respect of the underlying assets. Beyond these activities, SPF’s investments generally have no or only a negligible amount of assets or turnover arising in the State.
- The ownership and control of Buckthorn and SPF will remain unchanged following completion of the Proposed Transaction.

PAF Lux SCA, SICAV-RAIF

- PAF Lux SCA, SICAV-RAIF is an investment company with variable capital, organised as an umbrella reserved alternative investment fund, in the form of a corporate partnership limited by shares [with respect to its] compartment PAF BRAVO III – Compartment (“PAF”), which is an indirect wholly-owned subsidiary of PIMCO BRAVO Fund III, L.P. (“Bravo III”) and PIMCO BRAVO Fund III Lux SCS (“BRAVO III Lux”)[, and] is represented by its managing general partner PAF GP, S.à r.l., a limited liability company. PAF is registered in Luxembourg and, at present, holds [...] % of the Target’s share capital.
- PAF has no activities in the State.
- Pacific Investment Management Company LLC (“PIMCO”) is the privately-owned investment manager of BRAVO III, which provides its services globally to corporate pension plans, foundations, endowments, public retirement plans, corporate treasury

assets, governments, insurance companies, high-net-worth investors, multiemployer retirement plans, financial institutions, intermediaries, retail investors and pooled investment vehicles.

- In the State, PIMCO's activities are primarily in relation to investment management and holding. PIMCO invests in companies which are active in aviation leasing, aircraft acquisition and equity investment in aircraft securitization, life insurance and music IPs.
- Allianz SE (“Allianz”) has [...] shareholding in PIMCO and, therefore, indirectly exercises sole control over PIMCO (although, in practice, PIMCO operates independently of Allianz). Allianz is a general provider of personal and business insurance in the State.
- The ownership and control of PAF, PIMCO and Allianz will remain unchanged following completion of the Proposed Transaction.

Phoenix Asset Management S.p.A.

- The Target is a public company limited by shares and duly formed under the laws of Italy. It predominantly focuses on the management of secured, and unsecured, non-performing loan and unlisted trading privileges portfolios, including complex legal and extrajudicial resolution strategies across problematic portfolios. It also supports local and international investors purchasing Italian loan portfolios.
 - The Target has no activities in the State.
4. After examination of the notification, the Commission has considered that the Proposed Transaction falls within the scope of paragraph 2.1 of the Simplified Merger Notification Procedure Guidelines for assessing certain notifiable mergers or acquisitions under section 18(1)(a) of the Act since the Proposed Transaction does not give rise to any horizontal overlaps or vertical relationships between:

- (i) SPF and the Target in the State; or
 - (ii) PIMCO/Allianz and the Target in the State.
5. Furthermore, the Proposed Transaction does not give rise to any horizontal overlaps between the activities of SPF and PIMCO/Allianz in the State. Although there is a minimal vertical relationship between the activities of SPF and PIMCO/Allianz in the State, the Proposed Transaction is unlikely to raise any vertical competition concerns.
6. In the light of this, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

7. No ancillary restraints were notified.

Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Buckthorn Financing Designated Activity Company and PAF Lux SCA, SICAV-RAIF would acquire joint control of Phoenix Asset Management S.p.A. will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Ibrahim Bah

Director

Competition Enforcement and Mergers