

**Item 1 – Cover Page**

**Form ADV Part 2A**

**TAVIRA FINANCIAL LIMITED**

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**October 2, 2023**

This Firm Brochure (“Brochure”) provides information about the qualifications and business practices of Tavira Financial Limited (“Tavira”). If you have any questions about the contents of this Brochure, please contact us at 44-0207-100-5100 or [simon.mason@tavirasecurities.com](mailto:simon.mason@tavirasecurities.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Tavira is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about the adviser, which is to be used in determining to hire or retain the adviser.

Additional information about Tavira also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since Tavira's last annual amendment, filed on June 29<sup>th</sup>, 2022, Tavira changed its name from Tavira Securities Limited to Tavira Financial Limited. As there are other non-material changes in this brochure, you are encouraged to read the brochure in its entirety.

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## **Item 4 – Advisory Business**

### **Firm Description**

Tavira Financial Limited, a United Kingdom corporation (“Tavira,” the “Firm,” “the Adviser” or the “Investment Manager”), is an investment adviser that serves as an investment manager and sub-adviser to private funds and separately managed accounts. Tavira was founded in June 2005.

At Tavira we understand that clients need to trade across a variety of asset classes, so all our services are fully integrated. We offer one point of contact for all execution requirements, with specific pools of knowledge for equities and derivatives. We provide portfolio management on a variety of global futures and options, metals, and equities.

Tavira takes an active approach to trading and offers a European-focused global event driven equity strategy. Diversity is an important part of our strategy and we diversify across sector, geography, and trade type through our use of four sub-strategies to smooth returns while still aiming to generate income. While we do not tailor our strategy to clients, we do allow clients to request restrictions, such as not investing in tobacco, etc.

As of March 31, 2023, Tavira had regulatory assets under management of approximately \$481 million all of which is managed on a discretionary basis.

### **Principal Owners/Ownership Structure**

Tavira’s principal owner is Tavira Holdings Limited, a British Virgin Island company. The principal owner of Tavira Holdings Limited is Eliot Goodfellow.

## **Item 5 – Fees and Compensation**

Tavira receives management fees from the Funds managed. Management fees payable to Tavira are calculated and paid pursuant to the investment management agreements. In general, clients are charged a monthly management fee equal to 1% per annum of the AUM of the Account, calculated and accrued monthly and payable monthly in arrears. The Management Fee accrues monthly based on the AUM as of the beginning of each month. The Management fee will be prorated for any change in the AUM of the Account that is effective other than as of the first day of the month. In addition to the management fee, clients may also be charged a performance fee. See Item 6 below for more details on the performance fee.

In addition to the management fees, funds also bear their respective organizational, legal, accounting, due diligence, tax, custodial and similar costs, including transactional costs, as well as certain out-of-pocket Tavira expenses, such as postage and entity state filing expenses. All expenses born by the Funds are further explained in their respective offering and organizational documents.

Management fees paid to Tavira are exclusive of all custodial fees, brokerage commissions and

transaction costs paid to the client's custodian, brokers, or other third parties, as well as any fees and taxes on brokerage accounts and securities transactions. The client should review all fees charged by funds, brokers, Tavira, and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

### *Performance-Based Fees*

Subject to a Loss Carryforward, clients pay Tavira, at the end of each annual Performance Period, a performance fee of 10% to 20%, depending on the specifics laid out in the investment management agreement, of the Net Profits attributable to the Account since the last Performance Period for which a performance fee was paid.

If the Account has Net Profits less than \$0 during any prior Performance Period (a "Loss Carryforward") and during a subsequent Performance Period there is a Net Profit, there will be no Performance Fee payable until the amount of the cumulative Loss Carryforwards of all prior Performance Periods previously allocated have been recouped. The Loss Carryforward shall be appropriately prorated for changes to the Trading Level provided that an increase in Trading Level shall only increase proportionally a Loss Carryforward for such Loss Carryforward that was decreased as a result of a decrease in Trading Level (Loss Carryforward Reserve).

## **Item 7 – Types of Clients**

Tavira provides portfolio management services to private funds and separately managed accounts. We do not offer our portfolio management services to retail clients and while we do not have a set minimum, we are generally not interested in managing accounts of less than \$10 million.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### Methods of Analysis

We utilize fundamental analysis, this involves evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Firm research may be drawn from sources that include financial periodicals and research published by economists and other industry professionals.

The CIO and his team will undertake a fundamental analysis of companies and such analysis will include daily screening of information in the public domain to include, but not restricted to, publications and research reports of financial analysts and trade specialists, meetings with company management, legal advice (on specific regulatory concerns) and analysis of the shareholder structure of a particular company. Based on the analysis of such companies, the investment team will form an opinion as to whether the investment opportunity is attractive and whether the shares of a company are overvalued or undervalued. The investment team, through

identifying companies undergoing event driven situations, will seek to gain long exposure to undervalued shares in companies and short exposure to overvalued shares in companies.

### Investment Strategies

**Merger Arbitrage** – The team will invest in companies that are subject to a merger or takeover. If a company is, or is expected to be, involved in, or the subject of a takeover attempt, the fund may take a position in the securities of such companies before the market price of the securities fully reflects the effect of the acquisition. The expectation is that the fund will derive profits from the difference between the prices of securities at the start of a given merger process and the value ultimately realised upon completion or resolution thereof.

**Catalyst Driven** – The team will seek to identify catalyst driven situations that will result in a change in the share price of a company. Catalyst driven situations can typically mean an event that propels the price of a security dramatically - examples of such catalyst driven situations include counter bids, spin offs, minority buy outs, structural / regulatory change and / or a re-rating of a company.

**Relative Value** - The team will seek to identify and exploit perceived valuation differentials (i.e., overvalued or undervalued securities) through a relative value analysis of the pricing of similar securities of (a) different companies or (b) different parts of the capital structure of a single company.

**Special Situations** – The team will focus on investment opportunities arising from corporate transactions such as the issuance or repurchase of shares, asset sales, division spin-offs or other events that the team believes have the potential to create a special situation that will result in the revaluation of the securities involved. The team also invests in index constituent member change opportunities.

### Risk of Loss

Our firm believes our strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that an investment objective or planning goal will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear. We have offered examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each of them prior to investing.

### **Risk Factors**

No investment is free of risk. Tavira's investments involve risk of loss, including the possibility of a complete loss of the amount invested, and clients should be prepared to bear these risks. Below is a list of the key risk factors that clients should be aware of.

- *Active Management Risks* - A portfolio that employs active management strategies may, at

times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

- *Company Risk* - When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as unsystematic risk and can be reduced or mitigated through diversification.
- *Financial Risk* - Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Fundamental Analysis* - The challenge involving fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value.
- *Liquidity Risk* - Liquidity is the ability to readily convert an investment, including ETFs, into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Interest-Rate Risk* - Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Reinvestment Risk* - This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to bonds.
- *Call Risk* - Bonds that are callable carry an additional risk because they may be called prior to maturity depending on current interest rates thereby increasing the likelihood that reinvestment risk may be realized.
- *Credit Risk* - The price of a bond depends on the issuer's credit rating, or perceived ability to pay its debt obligations. Consequently, increases in an issuer's credit risk, may negatively impact the value of a bond investment.
- *Inflation Risk* - When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Speculation Risk* - The commodities markets are populated by traders whose primary interest is in making short-term profits by speculating whether the price of a security will go up or go down. The speculative actions of these traders may increase market volatility that could drive down the prices of commodities.

- *Geopolitical Risk* - Geopolitical and other events (e.g., war or terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of an account's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs such as oil may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of an account's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally.
- *Currency Risk* - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Foreign Market Risk* - The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States.
- *Market Risk* - When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic or systematic risk.
- *Research Data* - When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.
- *Technical Analysis* - The risk of investing based on technical analyses is that it may not consistently predict a future price movement; the current price of a security may reflect all known information. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.
- *Dependence on Management*. The success of the Fund is dependent upon the activities of Tavira's management team. The failure of Tavira to identify, attract and retain additional qualified members of the management team as needed or the loss of one or more of the current management team retained could have a significant adverse impact on the



operations of our clients.

- *Commodity Risk.* Commodities trading is highly volatile due to leverage of futures. A commodity trader normally only has to post 5% to 15% of the contract value in futures margin value to control investment in the total contract value.
- *Risk of Limited Number of Investments.* The Fund may participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be materially adversely affected by the unfavorable performance of any single investment.
- *Cybersecurity Risk.* The Fund, the portfolio companies, their service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Fund and their portfolio companies, despite the efforts of service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and their portfolio companies. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of the Funds, their portfolio companies, their service providers, counterparties, or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information to gain access to the confidential data. A successful penetration or circumvention of the security of such systems could result in the loss or theft of data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Fund or the portfolio companies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.
- *Force Majeure Risk.* This is the risk that there may be an act of God, terrorist act, global health pandemic, failure of utilities or other similar circumstance not within the reasonable control of Tavira that may have an unknown and potentially catastrophic effect on the global markets. Tavira has a business continuity plan to mitigate the effects of a force majeure risk, however, these events may still affect Tavira, our clients, the financial markets, etc.

## **Item 9 – Disciplinary Information**

Tavira is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a potential client of investor's evaluation of Tavira or the integrity of Tavira's management.

On April 20, 2018, Tavira was fined \$15,000 by OneChicago, LLC, a futures clearing house exchange for violating Rule 417, Rule 502, Rule 608 and Rule 609, regarding trade blocking. These regulations have subsequently been amended and our actions would not have resulted in a violation under the amended

regulation. In addition to the fine, Tavira trained all staff on the provisions of Rule 417(A) as well as performing an annual training, Tavira also reviewed and amended our internal processes for identifying, sourcing, and disclosing all relevant trading records.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Tavira has an institutional brokerage business. Tavira manages any potential conflicts of interest by maintaining a physical separation between the asset management business and the brokerage business. Tavira is mindful that this separation needs to be from a settlements and information perspective too, so the asset management team have their own dedicated operations and settlements team that has no crossover with the brokerage team. There is no exchange of information between the businesses to mitigate any conflicts of interest.

In addition to being registered as a broker-dealer and investment adviser, Tavira is also registered with the National Futures Association (“NFA”).

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

As fiduciaries, Tavira and our employees have certain legal obligations to put clients’ interest ahead of our own. Tavira has adopted a written Code of Ethics based on principles of integrity, due skill, care, and diligence. Annually, each Tavira employee is required to acknowledge receipt of this Code in writing and agree to be bound by it. In rare cases, Tavira’s business may provide Tavira and its employees with access to material nonpublic (“insider”) information. The compliance manual includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated. Violations of the Code of Conduct or our compliance manual may result in remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension, or dismissal.

Tavira will provide a copy of its code of ethics to any existing or prospective client upon request to its Chief Compliance Officer, Simon Mason, at [simon.mason@tavirasecurities.com](mailto:simon.mason@tavirasecurities.com).

### **Participation in Client Transactions**

It is Tavira’s policy that the Firm will not affect any principal or agency cross securities transactions for client accounts without first obtaining the relevant advisory board and/or limited partner approval.

Certain employees, principals and other affiliates of Tavira may invest in and alongside our clients,

however, Tavira will perform reviews and ensure that Firm or employee trading does not occur to the detriment of our clients.

### **Conflicts of Interest**

Tavira has clients that are funds as well as separately managed accounts. This may create a conflict of interest in determining which client to allocate limited investment opportunities. To mitigate this conflict of interest, if Tavira encounters a limited investment opportunity that would be suitable for both the clients that we manage as well as the separately managed accounts, Tavira will allocate the investment proportionally between all clients for which the investment is suitable and has sufficient funds to participate in the investment opportunity.

In the event that Tavira or an affiliates encounter what is determined to be an actual conflict of interest in connection with our clients, Tavira may take such actions as may be necessary or appropriate, within the context of our investment management agreement, to ameliorate the conflict. These actions may include disclosing or mitigating the conflict of interest. There can be no assurance that all conflicts of interest will be successfully resolved.

### **Personal Trading**

Employees must obtain prior written consent prior to effecting a security transaction. Consent is obtained by submitting an email of the proposed deal to either the Compliance Officer (Simon Mason) or the CEO (Patrick Fietje) who will give permission to the deal by email once all the necessary checks have been performed. Employees cannot trade until they have been given authorization; once authorization is given to deal, it is only “good for the day”. If there appears to be a conflict of interest regarding a potential trade, authorization will not be granted.

In addition, employees are required to submit annual reports of security holdings and quarterly securities transaction reports for their own accounts or any account in which they have a direct or indirect beneficial interest.

## **Item 12 – Brokerage Practices**

### **Research and Other Soft Dollar Benefits:**

Tavira does not participate in any soft dollar arrangements.

### **Brokerage for Client Referrals:**

Tavira may recommend specific custodians to clients. Tavira does not receive any compensation for these referrals.

**Directed Brokerage:**

Tavira does not require clients to use a particular custodian, custodians are generally selected by the fund or may be required by the primary adviser for those accounts that Tavira serves as a sub-adviser. We generally utilize Goldman Sachs for executing our transactions.

**Trade Aggregation:**

Tavira does not aggregate trades. Client funds may pay higher transaction fees by not engaging in aggregate trades.

**Item 13 – Review of Accounts**

Tavira performs a daily reconciliation of the Assets and the Accounts, provides reasonable and timely assistance to the Funds or the Platform Managers to resolve any position or pricing related issues, and assists in the preparation of all reports relating to the Funds in respect of the Assets and the Accounts.

**Item 14 – Client Referrals and Other Compensation**

Tavira does not receive any economic benefit from any person that is not a portfolio management client. Tavira currently does not pay any third parties for finding new clients for the Firm.

**Item 15 – Custody**

Tavira does not maintain custody over client assets. Client fees are sent directly to Tavira, we do not have fees taken from client accounts. Client account statements are sent by the custodians on at least a quarterly basis. For fund clients, account statements are sent by the prime broker on at least a quarterly basis. Tavira encourage clients to review these statements for accuracy.

**Item 16 – Investment Discretion**

Tavira has discretionary authority based on management agreements with our clients to buy and sell securities or other investments on behalf of such clients and to determine the amount of such investments to be bought and sold. Tavira's authority to trade securities may also be limited by certain federal securities, tax laws, and any side letters that require diversification of investments and favor the holding of investments once made.

While Tavira maintains discretionary authority for clients, all client investments are tailored based on each individual client's investment objectives and any restrictions included in the investment

management agreement.

## **Item 17 – Voting Client Securities**

The investment management agreements that govern the client relationship call for Tavira to vote proxies for our clients. Tavira has adopted proxy voting policies and procedures pursuant to SEC Rule 206(4)-6. Tavira's proxy policy seeks to ensure that it vote proxies in the best interest of its clients, including where there may be material conflicts of interest. In the event that there is or may be a conflict of interest in voting proxies, Tavira has a duty to vote the proxy in the best interests of the clients. Fund investors and clients cannot direct how Tavira votes proxies nor is Tavira required to seek investor approval or direction when voting proxies.

When voting rights are directly exercised by Tavira the below list represents a non-exhaustive list of criteria to be considered:

- Protection of shareholder rights and interests,
- Enhancement of profitability stemming from operational activities of the company,
- Restructuring and reorganizing of the company,
- Growth of intrinsic value of the corporation,
- Improvement of corporate governance of the company,
- Improvement of financial structure of the company,
- Formal and transparent Board of Director nomination and election process,
- Remuneration of the members of the Board of Director,
- Transparency and communication.

Tavira will provide a copy of its proxy voting policy as well as how proxies were voted to any existing or prospective limited partner upon request to its Chief Compliance Officer, Simon Mason, at [simon.mason@tavirasecurities.com](mailto:simon.mason@tavirasecurities.com).

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item 18 to provide certain financial information or disclosures about their financial condition. Tavira does not require prepayment of more than \$1,200 in fees per client, six months or more in advance, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.