



# Southey Capital

---

Illiquid and Distressed  
Secondary markets and Transaction services

Suite 6, Beaufort Court  
Admirals Way, London E14 9XL  
United Kingdom  
Tel. : +44 203 745 7940  
Email: [info@southeycapital.com](mailto:info@southeycapital.com)

STRICTLY PRIVATE & CONFIDENTIAL  
2022

**Southey Capital**  
Distressed and Illiquid specialists

# Introduction to Southey Capital Ltd

- Southey Capital is an independent European capital markets business providing fundamental research, trading and strategic portfolio advisory services.
- We specialise in illiquid, distressed and esoteric assets.
- We are a UK authorised and regulated financial services firm.
- Our approach is research driven: an understanding of a credit is imperative to the creation of liquidity in an opaque marketplace.
- Our team is one of the most focussed sales, trading and research platforms in its asset class in Europe.
- We have strong global distribution channels: Relationships with all major European & US hedge funds, credit opportunity funds and Family Offices
- Southey Capital draws on extensive, multi-lingual product sourcing capabilities: direct relationships with commercial banks, insurance companies, asset managers and pension funds in Europe and the US, Asia and the Middle East.

# Typical products we trade

- Bankruptcy claims in most major jurisdictions
  - USA, UK, Germany and Switzerland
- Funds units, bonds and equities
- Previously listed instruments
  - Debt / Equity
  - Closed end funds / Feeder Funds
  - Life Settlement funds
  - Private company shares
- Private instruments
  - Syndicated Loans / Bilateral Loans
  - Re-Org Equity
  - Sovereign debt

## Typical “one off” Disposal Process

- Assuming no market already exists for a security. We start the process of establishing the market price for an illiquid asset by using our knowledge of the potential buyers to discretely build awareness
- We help sellers maximize value by keeping potential investors focussed and creating competitive tension.



# Execution Risks and Mitigation

## Process Risk



- We work with some of the largest and most reputable credit and distressed funds in the world
- We understand investment criteria of our buyers
- Risk presents itself when information is not presented upfront, and when the buyer does not understand assets or the sales process
- Communication is key

## Settlement Risk



- Our in-house experience and external legal advisors are experts in distressed settlement. We prepare and facilitate all closing documentation, which is often an underestimated part of the transaction
- Documentation is pre-agreed with both buyer and seller before trading
- Southey Capital has never had a failed trade
- We are fully incentivised to execute the quickest and most successful strategy

## Market Risk



- Illiquid assets by definition do not have a “market price”
- Southey Capital aims to be the biggest distressed platform in Europe, and we create an “ad-hoc” market for the disposable position
- A well structured and managed sales process minimises any market volatility and maximises exit price

## Specialism in Madoff related securities

- Our focus on illiquid and distressed securities has given us an incomparable market insight as to the trading particulars and parties involved in Madoff
- In 2021 we brokered the sale of one of the single largest allowed Madoff claims, at c. €240m, with a complex sale process including terms of trade related to court and creditor approvals and arranging escrow for the purchase price during this time.
- Southey Capital has traded many Madoff related securities including well known Feeder Funds:
  - Hermes, Fairfield, Kingate and Thema, LuxAlpha and Rye
- Our database holds nearly eight years worth of knowledge of who has been active in Madoff securities and what terms they look for in a purchase. We would consider ourselves one of the main parties in Europe to approach on Madoff related trading
- We have established trading lines and KYC with the major US distressed debt hedge funds, ensuring that we can communicate the opportunity and receive feedback quickly from them
- Having traded multiple direct Madoff claims and feeder funds we are experienced in documenting and achieving the aims of both sellers and buyers
  - Southey Capital ensures that documents are turned around quickly and adhere to the norms of Madoff trading
  - We are used to dealing with entities in liquidation and explaining to Buyers the limitations they can expect from them in terms of Reps and Warranties

# Credentials

- We have traded in excess of USD 1Bn of distressed assets to date, on a matched principal basis, enabling original holders and claimants to monetize their positions in a fast and efficient manner
- We have trading relationships with over 140 counterparties in Europe, the US, Middle East and Asia
- We have led competitive sales processes for major European banks
- We have executed some “first of their kind” transactions in debt issued by entities in Latvia, Luxembourg, Switzerland, and Iceland
- We have transacted in all major currencies including USD, EUR, GBP, CHF
- Our revenue is 100% success based and is fully incentivised to execute client orders
- The firm was founded by Robert Southey, who has more than a decade of experience of trading distressed and years of experience in restructuring
- The team are made up of five full time personnel in London with the support of four additional advisors

# Credentials

- Southey Capital has traded with some of the largest European and North American financial institutions on both the buy and sell side
- Product coverage encompasses Claims, Private Equity, Unlisted fund units and par/distressed Bonds
- Custodians and Selected trading counterparties include:



- Southey Capital settles trades in private instruments solely itself, ensuring documentation is correct, quick turn around and error free settlement
- We have multiple securities settlement venues for listed and exchange traded products including Global Prime Partners, HSBC, Julius Bar and Caceis

## Research and Analysis

---

- We provide added-value to the market by providing independent pricing and insightful analysis
- Our research notes take the form of market briefs of one or two pages, regular pricing updates and private research with detailed analysis of recovery or valuation expectations.
- We review and value portfolio assets and consider marketability, market appetite and legal framework (closing documentation, reps & warranties)
- The understanding of a security is imperative to a successful creation of liquidity in what otherwise would remain an opaque marketplace
- Our research is driven by the flow of products and the needs of our customers

## Case Study: \$15m defaulted Cuban trade paper

- Ernst & Young, the global accounting and professional services practice, were appointed Joint Liquidators of an Emerging Markets Debt fund that had bought a variety of defaulted trade finance agreements, that benefitted from support of the Banco Nacional de Cuba
  - As joint-liquidator Ernst & Young were looking to liquidate the assets of the fund at the best possible price with as little risk, in terms of execution
  - E&Y additionally wanted a broker that knew how to trade this kind of illiquid and esoteric asset and could complete the trade in a timely fashion
  - From start to finish Robert Southey managed the relationship with E&Y and kept them informed of the progress
  - Pricing the securities /guarantees
    - Documenting the trade
    - Managing the settlement process, by making sure other parties performed their roles
  - Salman Saif managed the sale from E&Y's side
- “E&Y took up the role as Joint Liquidator in c. 2004, thanks to Robert's help we at last found a party that could trade these difficult assets which we had been unable to sell for several years.”

## Case Study: \$150m+ Quantum Funds, auction of portfolio

- Robert Southey was mandated by the Court appointed liquidators of a Bank fraud “Quantum Leap SiF SICAV”, to auction a portfolio of misappropriated assets including a large listed equity portfolio, and more illiquid securities such as Argentine GDP warrants and obligations of BTA Bank, a Kazakhstan Bank, the portfolio amounted to c. \$150m+ USD equivalent of face value across 40+ positions
- We won the right to run the auction process against some of the worlds largest Banks and Brokerage firms by demonstrating understanding of the products and their liquidity
- We signed an engagement letter with the liquidator specifying our fee, time frames for bids, minimum number of bids and acted in full transparency
- We negotiated documentation where necessary and managed settlement across exchanges for exchange traded products
- Our involvement provided best prices across the portfolio, revealing a price differential of as much as 5% on some assets. Our fee was fixed at 0.10%.
  
- Paule Kettenmeyer, Liquidator at Rukavina Associates:  
“Roberts expertise and knowledge was immensely helpful. We were liquidating a portfolio of liquid and illiquid financial assets and needed a party that could help us with the sale of straightforward bonds and very exotic instruments and find competitive bids”

\*Robert Southey was a Partner at Yorvik Partners LLP at the time of the transaction

# Contact Details

Address:

Southey Capital Ltd  
Suite 6, Beaufort Court  
Admirals Way  
London, E14 9XQ  
United Kingdom

Tel. : +44 203 745 7940

Email: [info@southeycapital.com](mailto:info@southeycapital.com)

Web: [www.southeycapital.com/en/Contact-Us/](http://www.southeycapital.com/en/Contact-Us/)

Twitter: [twitter.com/southeycapital](https://twitter.com/southeycapital)



**Legal Disclaimer:**

Southey Capital Ltd is a company registered in England and Wales with registered number 0946779.  
© 2014 [southeycapital.com](http://southeycapital.com) AUTHORIZED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY (06-740703)



# Confidentiality Statement

The information and opinions contained in this presentation are for background purposes only, do not purport to be full or complete and do not constitute investment advice. No reliance may be placed, for any purpose, on the information and opinions contained in this presentation or their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this presentation by either of the Southey Capital Ltd or by their respective directors, officers, partners, shareholders, employees or affiliates and no liability is accepted by any such persons for the accuracy or completeness of any such information or opinions.

The traded amounts, credits and other deal experience includes colleagues experience at previous employers.

The material contained in this presentation is based upon proprietary information and is provided purely for reference and, as such, is confidential and intended for private use only. The text and statistical data, or any portion thereof, contained in this presentation may not be stored in a computer, published, rewritten for broadcast or publication or redistributed in any medium, except with the express written permission of the Southey Capital Ltd.