

2021 HALF-YEARLY REPORT

TETRAGON FINANCIAL GROUP



Contents

1 Strategic Review

Executive Summary	10
Investment Objective & Strategy	12
Key Performance Metrics	14
Investment Review	15

2 H1 2021 Financial Review

Financial Highlights	27
Pro Forma Statement of Comprehensive Income	28
Pro Forma Statement of Financial Position	29

3 Other Information

TFG Asset Management Overview	31
Share Repurchases & Distributions	36
Share Reconciliation and Shareholdings	37
Additional CLO Portfolio Statistics	38
Certain Regulatory Information	40
Equity-Based Compensation Plans	41
Shareholder Information	42

4 Financial Statements

Unaudited Condensed Financial Statements for the period ended 30 June 2021	43
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TETRAGON⁽¹⁾ is a closed-ended investment company that invests in a broad range of assets, including public and private equities and credit (including distressed securities and structured credit), convertible bonds, real estate, venture capital, infrastructure, bank loans and TFG Asset Management, a diversified alternative asset management business. Where appropriate, through TFG Asset Management, Tetragon seeks to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital. Tetragon's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. The company is traded on Euronext in Amsterdam N.V. and on the Specialist Fund Segment of the main market of the London Stock Exchange.



To view company updates visit: **www.tetragoninv.com**

Tetragon's shares are subject to restrictions on ownership by U.S. persons and are not intended for European retail investors. These are described on our website. Tetragon anticipates that its typical investors will be institutional and professional investors who wish to invest for the long term in a capital appreciation and income-producing investment. These investors should have experience in investing in financial markets and collective investment undertakings and be capable themselves of evaluating the merits and risks of Tetragon shares and they should have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment.

(1) Tetragon Financial Group Limited is referred to in this report as Tetragon. References to "we" are to Tetragon Financial Management LP, Tetragon's investment manager.

Delivering Results Since 2005⁽¹⁾

NAV per Share Total Return⁽²⁾

11.7% **8.8%** **12.1%** **10.9%** **332%**

One Year to 30 June 2021 5 Years Annualised 10 Years Annualised Since IPO Annualised Since IPO

Investment Returns / Return on Equity⁽³⁾

1.5% **10-15%** **11.8%**

H1 2021 Return on Equity RoE Target Annual Average Since IPO

Dividends⁽⁴⁾

\$0.10 **\$0.20** **4.2%** **(9.5)%**

Q2 2021 Dividend H1 2021 Dividends Dividend Yield⁽⁵⁾ Dividend 5-Year CAGR⁽⁶⁾

Net Asset Value

\$2.5 billion

30 June 2021

Ownership⁽⁷⁾

35.0%

Principal & Employee Ownership
at 30 June 2021

(1) (2) (3) (4) (5) (6) (7) Please see important notes on page 8.

First Half 2021 Snapshot

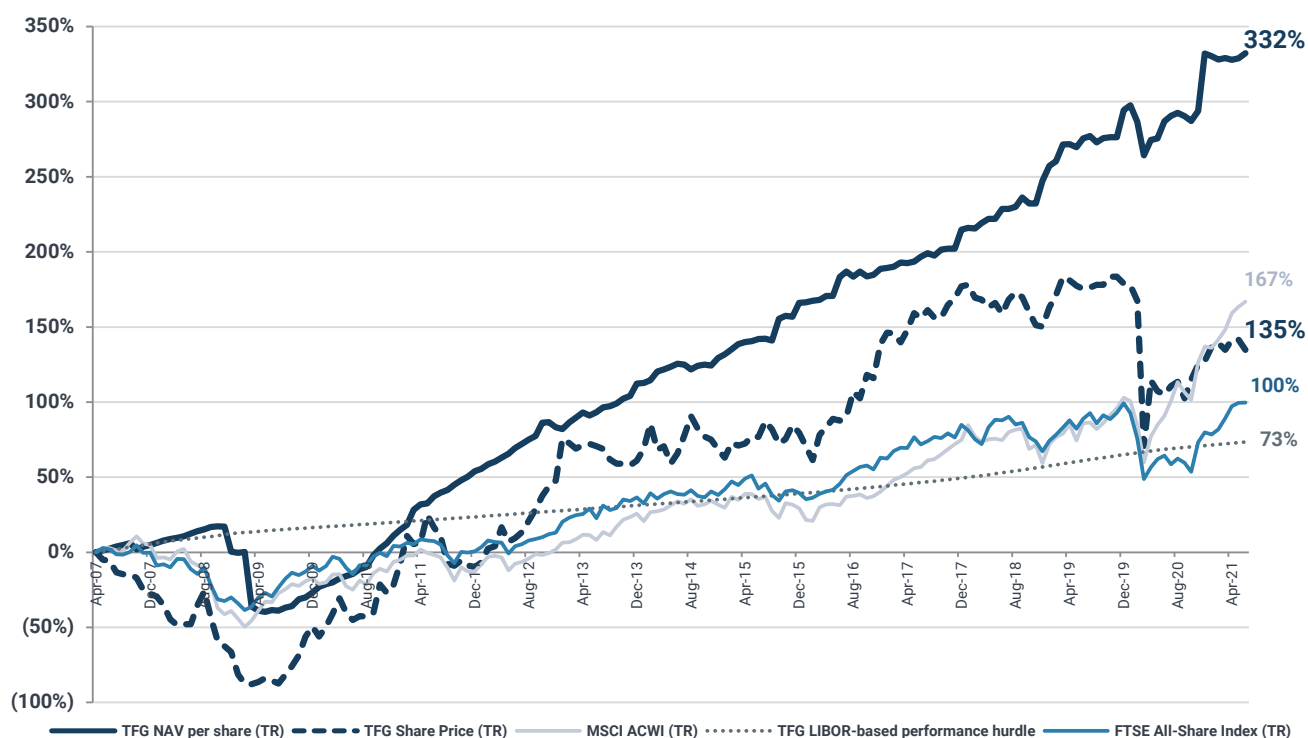
Tetragon aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles.

Figure 1

Tetragon Financial Group - Performance Summary			
	30 June 2021	31 December 2020	Change
Net Assets	\$2,499.7m	\$2,474.4m	\$25.3m
Fully Diluted NAV Per Share	\$26.38	\$26.57	\$(0.19)
Share Price ⁽¹⁾	\$9.62	\$9.50	\$0.12
Dividend (last 12 months)	\$0.40	\$0.40	\$0.00
Dividend Yield	4.2%	4.2%	
Ongoing Charges ⁽²⁾	1.70%	1.73%	
Principal & Employee Ownership	35.0%	32.7%	
	H1 2021	H1 2020	
Investment Returns/Return on Equity⁽³⁾	1.5%	(2.9%)	
NAV Per Share Total Return⁽⁴⁾	0.0%	(1.9%)	
Share Price Total Return ⁽⁵⁾	3.3%	(26.5%)	
Tetragon Hurdle: LIBOR +2.65% ⁽⁶⁾	1.4%	2.2%	
MSCI ACWI Index Total Return ⁽⁷⁾	12.5%	(6.0%)	
FTSE All-Share Index Total Return ⁽⁷⁾	11.1%	(17.4%)	

Figure 2

Tetragon's NAV Per Share Total Return and Share Price Since IPO to 30 June 2021



(1) (2) (3) (4) (5) (6) (7) Please see important notes on page 8.

Notes

Page 6:

- (1) Tetragon commenced investing as an open-ended investment company in 2005, before its initial public offering in April 2007.
- (2) NAV per share total return (NAV Total Return) to 30 June 2021, for the last year, the last five years, the last ten years, and since Tetragon's initial public offering in April 2007. NAV Total Return is determined in accordance with the "NAV total return performance" calculation as set forth on the Association of Investment Companies (AIC) website. Tetragon's NAV Total Return is determined for any period by calculating, as a percentage return on the Fully Diluted NAV per Share (NAV per share) at the start of such period, (i) the change in NAV per share over such period, plus (ii) the aggregate amount of any dividends per share paid during such period, with any dividend deemed reinvested at the NAV per share at the month end date closest to the applicable ex-dividend date (i.e. so that the amount of any dividend is increased or decreased by the same percentage increase or decrease in NAV per share from such ex-dividend date through to the end of the applicable period). NAV per share is calculated as Net Assets divided by Fully Diluted Shares Outstanding. Please refer to Figure 12 for further details.
- (3) Tetragon seeks to deliver 10-15% Return on Equity (RoE) *per annum* to shareholders. Please refer to page 27 for the calculation of RoE. Tetragon's returns will most likely fluctuate with LIBOR. LIBOR directly flows through some of Tetragon's investments and, as it can be seen as the risk-free short-term rate, it should affect all of Tetragon's investments. In high-LIBOR environments, Tetragon should achieve higher sustainable returns; in low-LIBOR environments, Tetragon should achieve lower sustainable returns. In the current environment characterised by continued and sustained low risk-free interest rates, reduced sustainable returns across Tetragon's investments, including outside of Tetragon's target return rate, are to be expected.
- (4) Following the modification to Tetragon's Dividend and Capital Return Policy in 2020 to remove of any specific dividend target payout ratio referenced to normalised earnings, Tetragon will no longer report a dividend cover as a relevant means of analysing the sustainability of the dividend.
- (5) The dividend yield represents the last four quarterly dividends divided by the TFG NA share price at 30 June 2021. The latest declared dividend is included in the calculation.
- (6) The five-year Compound Annual Growth Rate (CAGR) figure is at 30 June 2021. The latest declared dividend is included in the calculation.
- (7) Shareholdings at 30 June 2021 of the principals of Tetragon's investment manager and employees of TFG Asset Management, including all deferred compensation arrangements (other than with respect to shares that are subject to performance criteria). Please refer to the Tetragon Financial Group Limited 2020 Audited Financial Statements for more details of these arrangements.

Page 7:

- (1) Based on TFG.NA.
- (2) Annual calculation as at 31 December 2021. The ongoing charges figure is calculated as defined by the AIC, and comprises all direct recurring expenses to Tetragon expressed as a percentage of average Net Assets, and includes the annual management fee of 1.5%.
- (3) Please see Note 3 for Page 6.
- (4) Please see Note 2 for Page 6.
- (5) H1 2021 total shareholder return, defined as share price appreciation including dividends reinvested, as sourced from Bloomberg.
- (6) Cumulative return determined on a quarterly compounding basis using the actual Tetragon quarterly incentive fee LIBOR-based hurdle rate.
- (7) Any indices and other financial benchmarks are provided for illustrative purposes only. Comparisons to indices have limitations because, for example, indices have volatility and other material characteristics that may differ from the fund. Any index information contained herein is included to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices, and is not intended to imply that the portfolio or investment was similar to any particular index either in composition or element of risk. The indices shown here have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather is disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the fund's holdings may differ significantly from the securities that comprise the indices. The MSCI ACWI captures large and mid-cap representation across 23 developed markets and 27 emerging markets countries. With over 2,900 constituents, the index covers approximately 85% of the global investable equity opportunity set. Further information relating to the index constituents and calculation methodology can be found at www.msci.com/acwi. The FTSE All-Share Index represents 98-99% of U.K. market capitalisation and is the aggregate of the FTSE 100, FTSE 250 and FTSE Small Cap indices. Further information relating to the index constituents and calculation methodology can be found at www.ftserussell.com/products/indices/uk.

Strategic Review



Executive Summary

During the first half of 2021, Tetragon delivered an investment return on equity (RoE) of 1.5% and a NAV per share total return of 0.0%. Financial markets continued the strong performance seen at the end of 2020, with the FTSE All-Share index returning 11.1% in local currency (12.3% in USD) on a total return basis, and the MSCI ACWI returning 12.5%.⁽¹⁾

As vaccine programs dampened the pandemic and fiscal and central bank stimulus continued, markets posted gains across sectors. Technology companies continued to perform well, oil and other commodities surged and industries hard-hit by the pandemic staged recoveries.

Within Tetragon's portfolio, allocations to private equity in asset management companies, hedge funds and bank loans made money, while allocations to real estate, other equities and credit and private equity and venture capital lost money.

Tetragon's private equity investments in asset managers (TFG Asset Management) was the strongest performer, generating over \$65 million of gains during the period. Equitix⁽²⁾ was the strongest gainer – not just within its asset class, but for Tetragon's entire portfolio. During the first half of the year, Equitix continued to increase capital raised and deployed, which in turn flows into the business model. LCM⁽³⁾ closed two CLOs and priced a third, which was upsized due to strong demand. Tetragon Credit Partners⁽⁴⁾ and Contingency Capital both began to raise capital for new vehicles.

The company's allocations to bank loans generated approximately \$30 million of gains in the first half, as credit fundamentals continued to remain supportive of CLO equity investments. The investments in hedge funds managed by Polygon⁽⁵⁾ also generated positive returns, in part due to a continued robust bond issuance environment.

Within Tetragon's portfolio, allocations to private equity in asset management companies, hedge funds and bank loans made money, while allocations to real estate, other equities and credit and private equity and venture capital lost money.

Tetragon's balance sheet investments in debt and equity generated losses of \$31.5 million during the first half. Equity positions in technology, biotechnology, and financial services lost \$34.3 million, offset slightly by gains in credit positions. Private equity and venture capital allocations lost approximately \$5 million. Within this category, Hawke's Point⁽⁶⁾ investments generated over \$38 million of losses, due to mark to market fluctuations related to a softer gold price, but investments in other funds and co-investments, including Banyan Square Partners, and direct private equity had offsetting gains during the period.

Finally, real estate investments produced a small loss of \$1.0 million. Investments in U.S. real estate funds lost close to \$10 million, but were offset by an upward revaluation in the Paraguayan farmland investment, and some gains in the Asia-focused funds and co-investments.

During the first half of the year, Tetragon paid \$0.20 per share in dividends. It declared a dividend of \$0.10 per share for Q2 2021. The company has returned \$1.5 billion to shareholders in the form of share repurchases and dividends since inception.

Just after the end of the first half, Tetragon was pleased to announce the appointment of Jefferies International Limited as joint corporate broker, alongside J.P. Morgan Cazenove.

We are currently hoping to be able to host our postponed Investor and Analyst Day in November. At the moment, we are hoping to be able to have a hybrid in-person and digital event; we will announce these plans when they are finalised.

With Regards,

The Board of Directors

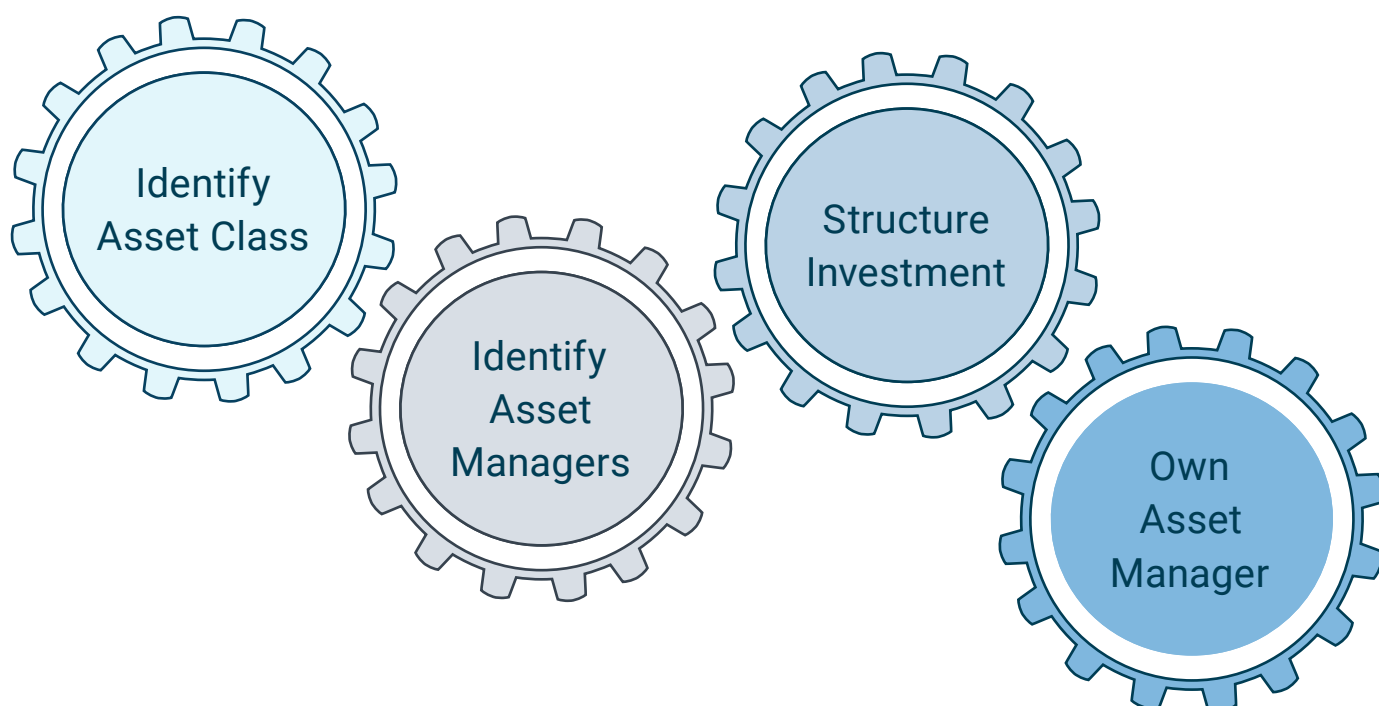
28 July 2021

Notes:

- (1) Please see Note 7 for page 7.
- (2) Equitix Holdings Limited, referred to in this report as "Equitix". TFG Asset Management owns 75% of the business.
- (3) LCM Asset Management LLC, a specialist in below-investment grade U.S. broadly-syndicated leveraged loans, is referred to in this report as "LCM". TFG Asset Management owns 100% of the business.
- (4) Tetragon Credit Partners is the holding company of the general partner entities for a series of CLO investment vehicles. Tetragon owns 100% of the business.
- (5) Polygon Global Partners LP and Polygon Global Partners LLP (and certain of their affiliates), managers of open-ended hedge fund and private equity vehicles across a number of strategies that are part of TFG Asset Management, referred to in this report as "Polygon". Polygon Global Partners LLP is authorised and regulated by the United Kingdom Financial Conduct Authority. Tetragon owns 100% of the business.
- (6) Hawke's Point Manager LP, an asset management company focused on mining finance, referred to in this report as "Hawke's Point". Tetragon owns 100% of the business.

Investment Objective & Strategy

Tetragon is a closed-ended investment company that invests in a broad range of assets, including public and private equities and credit (including distressed securities and structured credit), convertible bonds, real estate, venture capital, infrastructure, bank loans and TFG Asset Management, a diversified alternative asset management business. Where appropriate, through TFG Asset Management, Tetragon seeks to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital. Tetragon's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. The company is traded on Euronext in Amsterdam N.V.⁽¹⁾ and on the Specialist Fund Segment⁽²⁾ of the main market of the London Stock Exchange. For more information please visit the company's website at www.tetragoninv.com.



(1) Euronext in Amsterdam is a regulated market of Euronext Amsterdam N.V. (Euronext Amsterdam).

(2) Tetragon's 'Home Member State' for the purposes of the EU Transparency Directive (Directive 2004/109/EC) is the Netherlands.

Investment Objective & Strategy (continued)

To achieve Tetragon's investment objective of generating distributable income and capital appreciation, the company's current investment strategy is:

- ◆ To identify attractive asset classes and investment strategies.
- ◆ To identify asset managers it believes to be superior.
- ◆ To use the market experience of Tetragon's investment manager to negotiate favourable terms for its investments.
- ◆ To own, where appropriate, all, or a portion of, asset management companies with which it invests in order to enhance the returns achieved on its capital.

In addition, the current investment strategy is to continue to grow TFG Asset Management – as Tetragon's diversified alternative asset management business – with a view to a possible initial public offering and listing of its shares.

As part of its investment strategy, Tetragon's investment manager may employ hedging strategies and leverage in seeking to provide attractive returns while managing risk.

The investment manager seeks to identify asset classes that offer excess returns relative to their investment risk, or "intrinsic *alpha*". It analyses the risk/reward, correlation, duration and liquidity characteristics of each potential capital use to gauge its attractiveness and incremental impact on the company.

The investment manager then seeks to find high-quality managers who invest in these asset classes; selects or structures suitable investment vehicles that optimise risk-adjusted returns for Tetragon's capital; and/or seeks for Tetragon (via TFG Asset Management) to own a share of the asset management company. Tetragon aims to not only produce asset level returns, but also aims to enhance these returns with capital appreciation and investment income from its investments in asset management businesses that derive income from external investors.

Certain considerations when evaluating the viability of a potential asset manager typically include performance track records, reputation, regulatory requirements, infrastructure needs and asset gathering capacity. Potential profitability and scalability of the asset management business are also important considerations. Additionally, the core capabilities, investment focus and strategy of any new business should offer a complementary operating income stream to TFG Asset Management's existing businesses. Tetragon looks to mitigate potential correlated risks across TFG Asset Management's investment managers by diversifying its exposure across asset classes, investment vehicles, durations and investor types, among other factors.

Following Tetragon's acquisition of Polygon Management L.P. in 2012, Tetragon's Board of Directors and its investment manager determined that it was in the best interests of Tetragon and its shareholders to have TFG Asset Management manage, oversee and supervise Tetragon's private equity investments in asset management companies. TFG Asset Management, as a unified business, could enhance the value of each individual investment and the entity as a whole through a shared strategic direction and operating infrastructure – encompassing critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters – while at the same time giving entrepreneurial independence to the managers of the underlying businesses. In light of the strategy to continue to grow TFG Asset Management with a view to a possible initial public offering and listing of its shares, the combination of a number of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream.

Key Performance Metrics

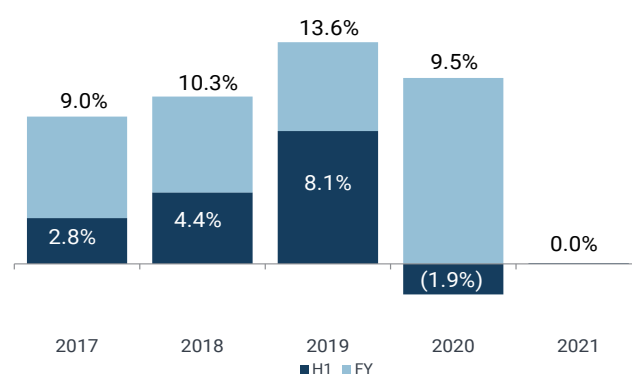
Tetragon focuses on the following key metrics when assessing how value is being created for, and delivered to, Tetragon shareholders:

- ◆ NAV Per Share
- ◆ Investment Returns/Return on Equity
- ◆ Dividends

Fully Diluted NAV Per Share

Fully Diluted NAV per share (NAV per share) was \$26.38 at 30 June 2021. NAV per share total return was 0.0% for H1 2021.

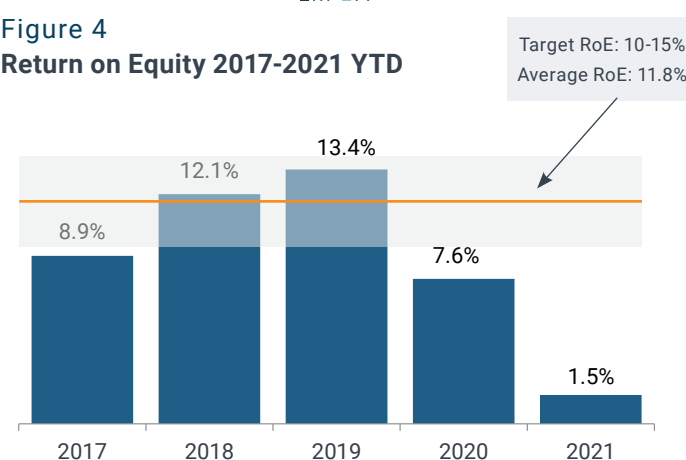
Figure 3
NAV Per Share Total Return 2017-2021 YTD



Investment Returns/Return on Equity⁽¹⁾

RoE for H1 2021 was 1.5%. Earnings Per Share (EPS) for H1 2021 was \$0.42.

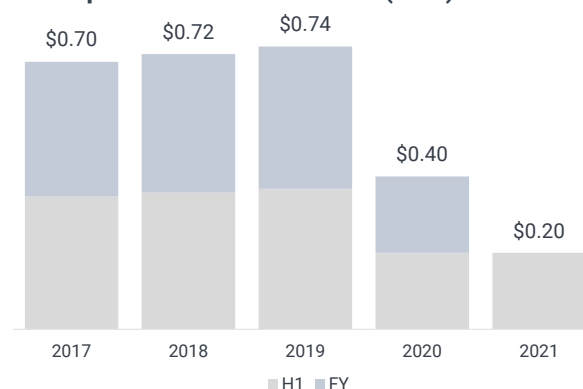
Figure 4
Return on Equity 2017-2021 YTD



Dividends Per Share (DPS)

Tetragon declared a Q2 2021 dividend of \$0.10 per share, for a half-year dividend payout of \$0.20 per share. The cumulative DPS declared since Tetragon's IPO is \$7.5175.

Figure 5
DPS Comparison 2017-2021 YTD (USD)



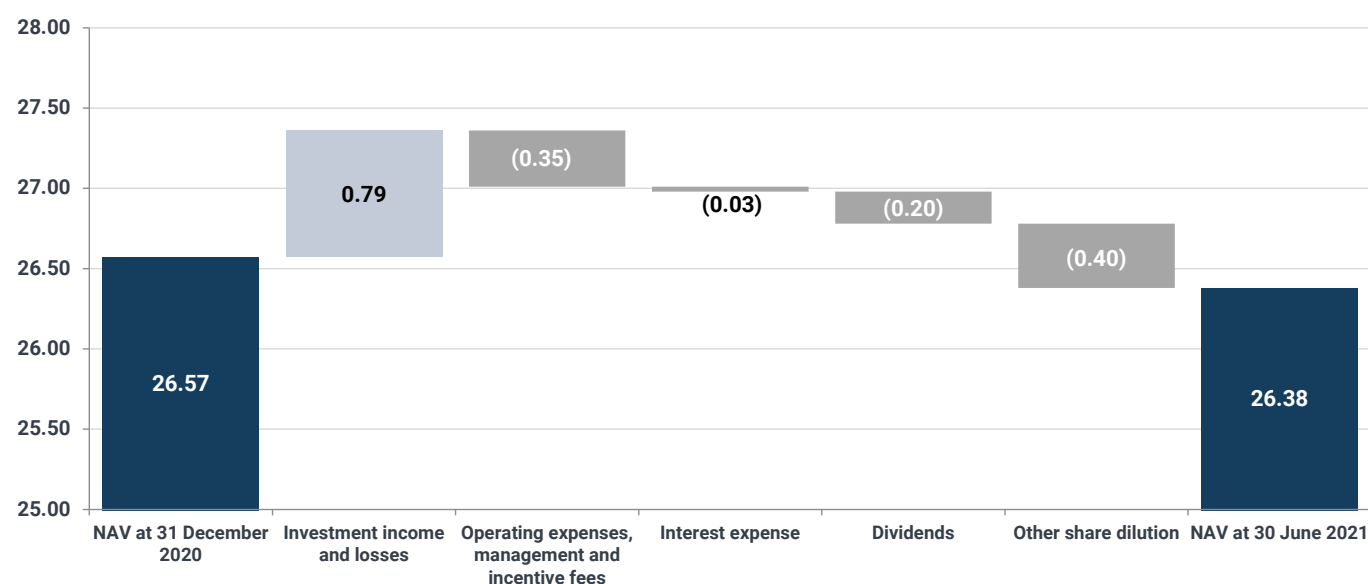
(1) Average RoE is calculated from Tetragon's IPO in 2007. Tetragon seeks to deliver 10-15% RoE per annum to shareholders. Tetragon's returns will most likely fluctuate with LIBOR. LIBOR directly flows through some of Tetragon's investments and, as it can be seen as the risk-free short-term rate, it should affect all of Tetragon's investments. In high-LIBOR environments, Tetragon should achieve higher sustainable returns; in low-LIBOR environments, Tetragon should achieve lower sustainable returns. In the current environment characterised by continued and sustained low risk-free interest rates, reduced sustainable returns across Tetragon's investments, including outside of Tetragon's target return rate, are to be expected.

Investment Review

NAV Per Share

Tetragon's Fully Diluted NAV Per Share decreased from \$26.57 per share as at 31 December 2020 to \$26.38 per share as at 30 June 2021. Figure 6 below shows the contributions to that performance.

Figure 6
NAV Per Share Progression 31 December 2020 - 30 June 2021 (USD)⁽ⁱ⁾



(i) Progression from 31 December 2020 to 30 June 2021 is an aggregate of each of the six months' NAV progressions. With the exception of share repurchases, all of the aggregate monthly Fully Diluted NAV Per Share movements in the table are determined by reference to the fully diluted share count at the start of each month.

Net Asset Breakdown Summary

The table shows a breakdown of the composition of Tetragon's NAV at 31 December 2020 and 30 June 2021, and the factors contributing to the changes in NAV over the period.

Figure 7

All figures below are in millions of U.S. dollars.

Asset Classes	NAV at 31 Dec 2020	Additions ⁽ⁱ⁾	Disposals/ Receipts ⁽ⁱ⁾	Gains/ Losses	NAV at 30 Jun 2021
Private equity in asset management companies	833.5	9.0	(8.1)	65.2	899.6
Event-driven equities, convertible bonds and other hedge funds	568.2	43.0	(25.0)	16.3	602.5
Bank loans	278.8	18.6	(35.6)	29.7	291.5
Real estate	152.4	16.0	(14.5)	(1.0)	152.9
Private equity and venture capital	396.1	38.0	(2.2)	(4.9)	427.0
Other equities and credit ⁽ⁱⁱ⁾	258.4	44.1	(50.9)	(31.5)	220.1
Net cash ⁽ⁱⁱⁱ⁾	(13.0)	-	(81.1)	0.2	(93.9)
Total	2,474.4	168.7	(217.4)	74.0	2,499.7

(i) Any gains or losses on foreign exchange hedging instruments attributable to a particular strategy or sub-asset class have been included in "additions" or "disposals/receipts" respectively. For example, where a hedging gain or loss is made, this will result in either cash being received or paid, or cash being receivable or payable, which is equivalent to a receipt or disposal.

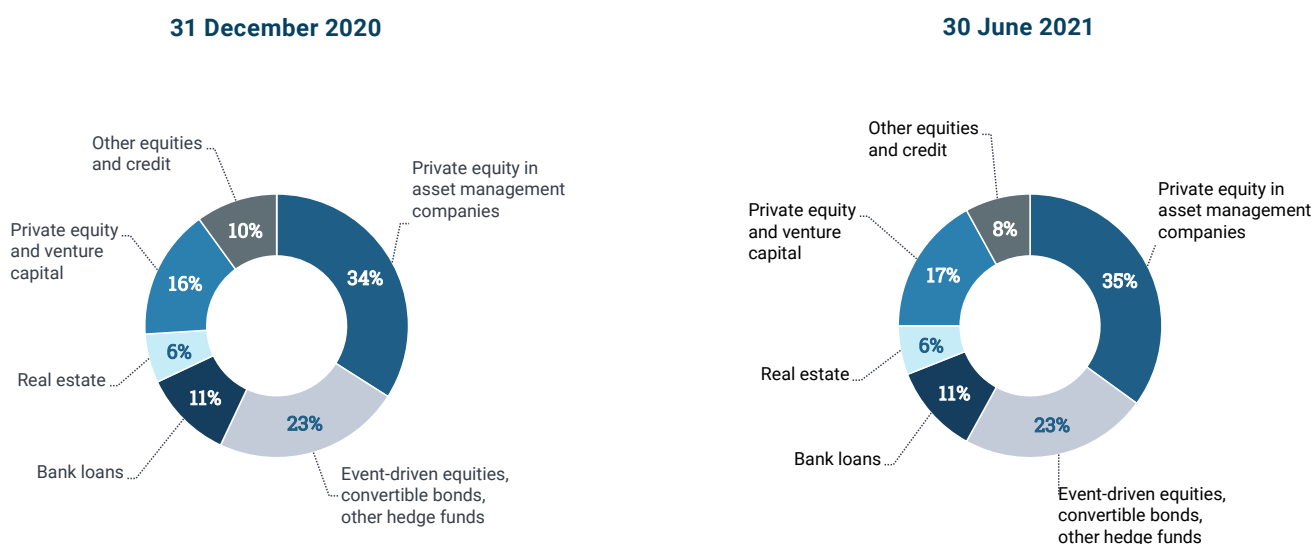
(ii) Assets characterised as "other equities & credit" consist of investment assets held directly on the balance sheet. For certain contracts for difference (CFD), gross value or required margin is used. Under IFRS, these CFDs are held at fair value which is the unrealised gain or loss at the reporting date. Payments and receipts on the same investments have been netted off against each other.

(iii) Net cash consists of: (1) cash held directly by Tetragon, (2) excess margin held by brokers associated with assets held directly by Tetragon, and (3) cash held in certain designated accounts related to Tetragon's investments, some of which may only be used for designated purposes without incurring significant tax and transfer costs, and (4) adjusted for all other assets and liabilities at the reporting date including any drawn amounts on the revolving credit facility.

Net Asset Composition Summary

Net Asset Breakdown at 31 December 2020 and 30 June 2021

Figure 8



Top 10 Holdings by Value as of 30 June 2021

Figure 9

Holding	Asset Class	Value (\$millions)	% of NAV
1 Equitix	Private equity in asset management company	421.5	16.9%
2 Polygon European Equity Opportunity Fund Absolute Return	Event-driven equities	286.6	11.5%
3 BentallGreenOak	Private equity in asset management company	197.9	7.9%
4 LCM	Private equity in asset management company	196.4	7.9%
5 Ripple Labs Inc. - Series C Preferred Stock	Private equity and venture capital	188.0	7.5%
6 Polygon European Equity Opportunity Fund Long Bias	Event-driven equities	145.7	5.8%
7 Polygon Convertible Opportunity Fund	Convertible bonds	126.4	5.1%
8 Hawke's Point Fund 1	Private equity and venture capital	92.9	3.7%
9 TCI III	Bank loans	75.0	3.0%
10 Polygon	Private equity in asset management company	65.7	2.6%
Total			71.9%

Detailed Investment Review

Figure 10

Figure 10 breaks out more detail showing the effect of capital flows and performance gains and losses on the NAV of each asset class during H1 2021; more detailed commentary for each asset class follows. All figures are in millions of U.S. dollars.

Asset Class	NAV at 31 Dec 2020	Additions ⁽ⁱ⁾	Disposals/ Receipts ⁽ⁱ⁾	Gains/ (Losses) ⁽ⁱ⁾	NAV at 30 Jun 2021	% of NAV
Private equity in asset management companies						
Equitix	386.1	6.3	-	29.1	421.5	16.9%
BentallGreenOak	195.7	1.2	(8.1)	9.1	197.9	7.9%
LCM	176.9	1.0	-	18.5	196.4	7.9%
Polygon	57.4	0.4	-	7.9	65.7	2.6%
Tetragon Credit Partners	13.7	0.1	-	1.5	15.3	0.6%
Hawke's Point	2.9	-	-	(0.9)	2.0	0.1%
Banyan Square Partners	0.8	-	-	-	0.8	0.0%
Contingency Capital ⁽ⁱⁱ⁾	-	-	-	-	-	0.0%
Event-driven equities						
Polygon European Equity Opportunity Fund Absolute Return	299.9	-	(17.0)	3.7	286.6	11.5%
Polygon European Equity Opportunity Fund Long Bias	140.9	10.0	(8.0)	2.8	145.7	5.8%
Polygon Global Equities Fund	7.7	20.0	-	0.2	27.9	1.1%
Convertible bonds						
Polygon Convertible Opportunity Fund	116.7	-	-	9.7	126.4	5.1%
Other hedge funds						
Other hedge funds	3.0	13.0	-	(0.1)	15.9	0.6%
Bank Loans						
U.S. CLOs (LCM)	134.8	18.6	(13.8)	13.4	153.0	6.1%
Tetragon Credit Partners funds	129.7	-	(19.7)	13.4	123.4	4.9%
U.S. CLOs (non-LCM)	14.3	-	(2.1)	2.9	15.1	0.6%
Real estate						
BentallGreenOak Europe funds & co-investments	38.4	7.5	(4.6)	(0.3)	41.0	1.6%
BentallGreenOak U.S. funds & co-investments	45.7	4.6	(0.4)	(9.7)	40.2	1.6%
BentallGreenOak Asia funds & co-investments	26.2	2.2	(8.0)	2.2	22.6	0.9%
BentallGreenOak debt funds	6.4	1.4	(1.5)	0.1	6.4	0.3%
Other real estate	35.7	0.3	-	6.7	42.7	1.7%
Private equity and venture capital						
Hawke's Point funds & co-investments	131.0	6.0	(1.0)	(38.3)	97.7	3.9%
Banyan Square funds	31.4	9.5	-	2.5	43.4	1.7%
Other funds and co-investments	59.1	14.3	(1.2)	17.5	89.7	3.6%
Direct	174.6	8.2	-	13.4	196.2	7.8%
Other equities and credit⁽ⁱⁱⁱ⁾						
Other equities	240.5	44.1	(50.2)	(34.3)	200.1	8.0%
Other credit	17.9	-	(0.7)	2.8	20.0	0.8%
Cash						
Net cash ^(iv)	(13.0)	-	(81.1)	0.2	(93.9)	(3.8)%
Total	2,474.4	168.7	(217.4)	74.0	2,499.7	100.0%

(i) Any gains or losses on foreign exchange hedging instruments attributable to a particular strategy or sub-asset class have been included in "additions" or "disposals/receipts" respectively. For example, where a hedging gain or loss is made, this will result in either cash being received or paid, or cash being receivable or payable, which is equivalent to a receipt or disposal.

(ii) Contingency Capital has not yet been valued by a third-party valuation specialist.

(iii) Assets characterised as "other equities & credit" consist of investment assets held directly on the balance sheet. For certain contracts for difference (CFD), gross value or required margin is used. Under IFRS, these CFDs are held at fair value which is the unrealised gain or loss at the reporting date. Payments and receipts on the same investment have been netted off against each other.

(iv) Net cash consists of: (1) cash held directly by Tetragon, (2) excess margin held by brokers associated with assets held directly by Tetragon, and (3) cash held in certain designated accounts related to Tetragon's investments, some of which may only be used for designated purposes without incurring significant tax and transfer costs, and (4) adjusted for all other assets and liabilities at the reporting date including any drawn amounts on the revolving credit facility.

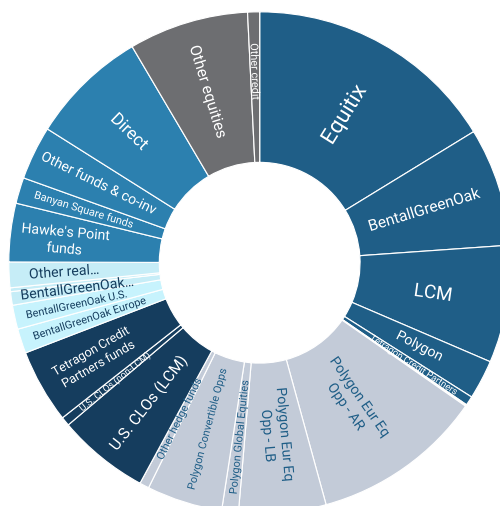
Detailed Investment Review (continued)

Detailed Net Asset Breakdown at 31 December 2020 and 30 June 2021

31 December 2020



30 June 2021



Detailed Investment Review (continued)

Private equity investments in asset management companies

One of Tetragon's significant investments, comprising 35% of NAV at 30 June 2021, is TFG Asset Management, a diversified alternative asset manager that owns majority and minority private equity stakes in asset management companies. TFG Asset Management, as a unified business, is intended to enhance the value of each individual investment and the entity as a whole through a shared strategic direction and operating infrastructure – encompassing critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters – while at the same time giving entrepreneurial independence to the managers of the underlying businesses. In light of the strategy to continue to grow TFG Asset Management with a view to a possible initial public offering and listing of its shares, the combination of a number of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream. As at 30 June 2021, TFG Asset Management comprised LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and Contingency Capital. TFG Asset Management recorded an investment gain of \$65.2 million during the first half of 2021.

◆ **Equitix:** Tetragon's investment in Equitix, an integrated core infrastructure asset management and primary project platform, generated gains of \$29.1 million during the first half of 2021, making it the most significant contributor year to date. This gain was primarily driven by the rate at which Equitix has continued to increase capital raised and deployed, which in turn flows into the business model. Assets under management increased by approximately £340 million during H1 2021. The valuation gain was tempered by the expected increase in the future U.K. corporate tax rate. As indicated in the 2020 Annual Report, the Equitix investment is now only partially FX-hedged and movements in the GBP-USD spot rate contributed approximately \$2.3 million to the overall gain.

◆ **BentallGreenOak:** BentallGreenOak⁽¹⁾ is a manager of real estate investment strategies. During the period, TFG Asset Management's stake in BentallGreenOak made a gain of \$9.1 million. Despite the ongoing challenges of COVID-19, the business continued to grow AUM and full year 2020 results exceeded the original plan. There were pre-tax distributions to TFG Asset Management of \$10.7 million, reflecting a combination of fixed quarterly contractual payments, variable payments and carried interest. This investment is valued using the present value of the various cash flow elements of the GreenOak/Bentall Kennedy merger deal, which comprises those three elements plus a put/call option in 2026/27, as well as Tetragon's share of co-investments made.

◆ **LCM:** LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans; currently, it manages loan assets exclusively through CLOs. TFG Asset Management's investment in LCM gained \$18.5 million in H1 2021, the second-best performing investment. The factors contributing to the gain were (a) new CLOs launched which increased the AUM to \$9.5 billion (b) a decrease of 0.75% to 11.25% in the discount rate applied to the discounted cash flow model, and (c) an increase to approximately 3.0% in the market multiple utilised in the P/AUM valuation approach.

◆ **Polygon:** Polygon manages open-ended hedge fund and private equity vehicles across a number of strategies. The investment in Polygon recorded a gain of \$7.9 million during the first half, which reflects both the positive performance generated by the two main hedge funds as well as some additional capital raised.

◆ **Tetragon Credit Partners:** Tetragon Credit Partners is TFG Asset Management's structured credit investing business. The value of Tetragon Credit Partners increased by \$1.5 million in H1 2021, mainly due to an increase in the projected carry payable by Tetragon Credit Partners funds as the CLO market continued to recover. Its most recent vehicle, TCI IV⁽²⁾, had its second close in July and this will be factored into the Q3 2021 valuation.

(1) BentallGreenOak, a manager of global real estate funds, was formed in July 2019 upon the merger of the GreenOak Real Estate joint venture with Bentall Kennedy, an affiliate of SLC Management, a global institutional asset management arm of Sun Life Financial Inc. Tetragon owns approximately 13% of the combined entity.

(2) Tetragon Credit Income IV L.P.

Detailed Investment Review (continued)

- ◆ **Hawke's Point:** Hawke's Point is an asset management company focused on mining finance that provides capital to companies in the mining and resource sectors. Tetragon's investment recorded a loss of \$0.9 million during the period.
- ◆ **Banyan Square Partners:** Banyan Square Partners is an investment management business focused on providing non-control structured and common equity solutions to financial sponsors, founded by TFG Asset Management in 2019. Tetragon's investment was valued at \$0.8 million, unchanged from 31 December 2020.
- ◆ **Contingency Capital:** Contingency Capital is a global asset management business that sponsors and manages litigation finance-related investment funds that launched in November 2020. Tetragon's investment in Contingency Capital has not yet been valued by a third-party valuation specialist.

Please see Note 4 of the H1 2021 Unaudited Condensed Financial Statements for further details on the basis for determining the fair value of TFG Asset Management. Additionally, for further colour on the underlying performance of the asset managers, please see Figure 18 for TFG Asset Management's *pro forma* operating results and associated commentary.

Event-driven equities, convertible bonds and other hedge funds

Tetragon invests in event-driven equities and convertible bonds through hedge funds. At 30 June 2021, these investments are primarily through hedge funds managed by Polygon and constitute nearly a quarter of the NAV. Investments in these funds generated a gain of \$16.3 million during the first half of 2021.

Event-driven equities

- ◆ **Polygon European Equity Opportunity Fund:** This fund focuses on event-driven European equity strategies with catalysts, particularly in mergers and acquisitions, deep-value dislocation trades, and capital markets special situations. Tetragon's investments in these funds during the first half of 2021 recorded a gain of \$6.5 million. Both share classes in which Tetragon is invested have had positive year-to-date returns with the Absolute Return class returning 1.1% net and the Long-Bias share class returning 9.2% net. Tetragon redeemed \$25 million of its holding in the second quarter.
- ◆ **Polygon Global Equities Fund:** Tetragon's investment in this fund was flat during the first half and the position remains small.

Convertible bonds

- ◆ **Polygon Convertible Opportunity Fund:** This fund invests in securities across the capital structure of issuers primarily in Europe and North America and seeks to identify relative value opportunities leveraging Polygon's event-driven and convertible expertise in a concentrated and heavily-researched portfolio. Tetragon's investment generated a gain of \$9.7 million for first half. Net performance in the fund was 8.4% for its flagship share class, compared to 3.5% for the HFRX Convertible Arbitrage index.⁽³⁾

Other hedge funds

- ◆ During the first half, Tetragon made initial investments of \$13.0 million into third-party managed hedge funds.

⁽³⁾ The indices shown here have not been selected to represent appropriate benchmarks to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the Fund's holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. The HFRX Convertible Arbitrage Index (Bloomberg Code: HFRXCA) is compiled by HFR Hedge Fund Research Inc. Further information relating to index constituents and calculation methodology can be found at www.hedgefundresearch.com.

Detailed Investment Review (continued)

Bank Loans

Tetragon continues to invest in bank loans through CLOs by taking majority positions in the equity tranches. Tetragon's CLO portfolio recorded a gain during H1 2021, as credit fundamentals continued to remain healthy and supportive of CLO equity investments. Tetragon made two direct investments in CLOs during H1 2021. We continue to view CLOs as attractive vehicles for obtaining long-term exposure to the leveraged loan asset class.

- ◆ **U.S. CLOs (LCM):** Directly-owned LCM CLOs generated \$13.4 million in income during the first half of 2021, as fair values benefited from sustained improvement in underlying loan fundamentals during the period, as well as the recalibration of certain modelling assumptions used to value the positions to take into account the strong recovery in economic conditions. As of the end of June 2021, all LCM CLO transactions were compliant with their junior-most overcollateralization (O/C) tests.⁽⁴⁾

In February 2021, Tetragon purchased a majority stake in the equity tranche of LCM 31 Ltd, for a cost of \$15.6 million. Additionally, in May 2021, Tetragon purchased a 5% interest in each tranche of LCM 32 Ltd, a European Risk Retention-compliant U.S. CLO. 95% of the equity tranche of that transaction was sold to unaffiliated third-party investors.

In March 2021, Tetragon completed the refinancing of certain debt tranches for two LCM-managed CLOs, reducing the interest cost of debt for the transactions and increasing the expected cashflow generation ability of its equity investments, all things equal. We continue to seek opportunities to optimize the capital structure of our CLO investments when able.

- ◆ **Tetragon Credit Partners:** Tetragon Credit Partners, a 100% owned subsidiary of TFG Asset Management, has established a series of CLO investment vehicles. As of the end of H1 2021, Tetragon's commitments to these vehicles were \$166.4 million, \$155.8 million of which were fully funded. During the first half of year, Tetragon's investments in these vehicles generated \$19.7 million in distributions and a gain of \$13.4 million, driven by sustained improvement in underlying

loan fundamentals, as well as the recalibration of certain modelling assumptions used to value the positions. During the first half of the year, the team "reset" (extended the duration and refinanced) one CLO transaction as well as refinanced certain debt tranches for two other CLOs.

During the first half of the year, Tetragon Credit Partners completed refinancings in three CLO transactions, reducing the interest cost of debt and increasing the cashflow generation ability of such equity investments. The team continues to seek opportunities to optimize the capital structure and portfolios of its CLO investment vehicles.

All CLOs held by Tetragon Credit Partners vehicles were compliant with their junior-most O/C tests as of the end of June 2021.⁽⁵⁾

- ◆ **U.S. CLOs (non-LCM):** The non-LCM-managed CLO segment generated a gain of \$2.9 million and distributed cash of \$2.1 million during H1 2021. Tetragon did not add any direct non-LCM-managed CLO investment during the period, although it directed the refinance of certain debt tranches of its non-LCM CLO equity investment. As of the end of June 2021, all non-LCM CLOs were compliant with their junior-most O/C tests.⁽⁶⁾

Tetragon currently expects to make most of its new issue non-LCM equity investments indirectly via the Tetragon Credit Partners platform.

(4) Based on the most recent trustee reports available as of 30 June 2021. Throughout this report, we refer to overcollateralisation or "O/C" tests, which are CLO-specific tests that measure the par amount of underlying CLO collateral (adjusted in certain cases for defaults or other "stressed" asset types) against the par value of the rated CLO debt tranches. The failure of an overcollateralisation test generally results in the temporary cessation of cash flows to the CLO's equity tranche.

(5) Based on the most recent trustee reports available as of 30 June 2021.

(6) Based on the most recent trustee reports available as of 30 June 2021.

Detailed Investment Review (continued)

Real Estate

Tetragon holds most of its investments in real estate through BentallGreenOak-managed funds and co-investment vehicles. The majority of these vehicles are private equity-style funds concentrating on opportunistic investments targeting middle-market opportunities in the United States, Europe and Asia, where BentallGreenOak believes it can increase value and produce positive unlevered returns by sourcing off-market opportunities where it sees pricing discounts and market inefficiencies. This segment lost \$1.0 million during the first half of 2021, mainly from the BentallGreenOak U.S. fund investments. Aggregate additions related to capital calls on new and existing investments were \$16.0 million and \$14.5 million of distributions from these vehicles were received during the year.

◆ **BentallGreenOak Europe funds and co-investments:** BentallGreenOak's Europe-focused products primarily target distressed opportunities and deep value acquisitions in markets with solid underlying fundamentals. The majority of assets acquired by the firm's European team since inception are concentrated in London, Madrid, Barcelona and Milan, with the remaining assets located in other established cities throughout Spain and the United Kingdom. Many of the investments focus on office space and logistics. Tetragon is invested in three funds and seven co-investments in Europe. These investments have generated losses of \$0.3 million year-to-date.

◆ **BentallGreenOak U.S. funds and co-investments:** In the United States, BentallGreenOak seeks to identify market dislocation and inefficiencies in major coastal gateway cities where it can acquire underperforming assets in dynamic submarkets. Property types have included office, multifamily, retail and hotel properties in New York, Los Angeles, Boston, San Francisco, Washington, D.C. and Miami. Tetragon is invested in three funds and five co-investments in the United States. In the first half of 2021, these investments generated a net loss of \$9.7 million for Tetragon, primarily driven by revaluations in properties held in US Fund II.

◆ **BentallGreenOak Asia funds and co-investments:** The Asia-focused investments primarily target investment opportunities in Tokyo and other major urban markets in Japan, focusing on balance sheet restructurings and other distress-related factors that

motivate sellers. Tetragon is invested in three funds in Asia. During the first half, these investments contributed a gain of \$2.2 million.

- ◆ **BentallGreenOak debt funds:** BentallGreenOak provides loans secured by commercial real estate throughout the United Kingdom and Europe and focuses on transitional assets or locations; repositioning or redeveloping plays; rapid reaction debt; higher leverage loans and subordinated loans. Tetragon's investments in this segment are currently small relative to its other real estate investments. These investments generated a small gain of \$0.1 million of gains were generated during the first half.
- ◆ **Other real estate:** In addition to the commercial real estate investments through BentallGreenOak-managed real estate funds, Tetragon also has investments in commercial farmland in Paraguay managed by Scimitar, a specialist manager in South American farmland. During H1 2021, the farmlands were revalued by an independent valuation specialist, resulting in an increase of the current market value of \$6.7 million, reflecting improvements in the land held by Tetragon and general market conditions in Paraguay.

Detailed Investment Review (continued)

Private equity and venture capital

Tetragon had a 17% allocation to private equity and venture capital investments at the end of the first half. These comprise several types of investments: (1) Hawke's Point investments; (2) Banyan Square Partners investments; (3) private equity investments with third-party managers; and (4) direct private equity investments, including venture capital investments. This segment generated a loss of \$4.9 million during the first half of 2021.

- ◆ **Hawke's Point:** Tetragon's mining finance investments managed by Hawke's Point generated a loss of \$38.3 million during the first half, driven by softness in the gold mining sector associated with a decline in the gold price. Hawke's Point continues to actively seek and progress new opportunities. Tetragon invested \$6.0 million into a new co-investment vehicle managed by Hawke's Point during the first half of the year.
- ◆ **Banyan Square Partners:** Banyan Square Partners investments made gains of \$2.5 million during H1 2021. At 30 June 2021, these comprised five positions. Capital called during the period was \$9.5 million.
- ◆ **Other funds and co-investments:** Through 30 June 2021, Tetragon's allocation to investments in private equity funds and co-investment vehicles in Europe and North America generated \$17.5 million in gains. Capital called by these investments during the period totalled \$14.3 million.
- ◆ **Direct:** This category currently holds two pre-IPO positions, including the investment in the Ripple Labs Series C preferred stock. During the first half, it generated gains of \$13.4 million, reflecting the accretion of the Series C preferred stock dividend.

Other equities and credit

Tetragon also makes investments directly on its balance sheet reflecting single strategy ideas: either co-investing with some of its underlying managers or simply idiosyncratic investments which it believes are attractive but may be unsuitable for an investment via TFG Asset Management vehicles. These investments tend to be opportunistic and with a catalyst. We believe that the sourcing of these investments has been facilitated by the managers on the TFG Asset Management platform as well as third-party managers with whom Tetragon invests. We also believe this ability to invest flexibly is a benefit of Tetragon's structure.

- ◆ **Other equities:** This segment generated losses of \$34.3 million during the period; these investments comprised European and U.S.-listed public equities in technology, biotechnology, and financial services sectors.
- ◆ **Other credit:** This segment generated a small gain of \$2.8 million during the first half.

Cash

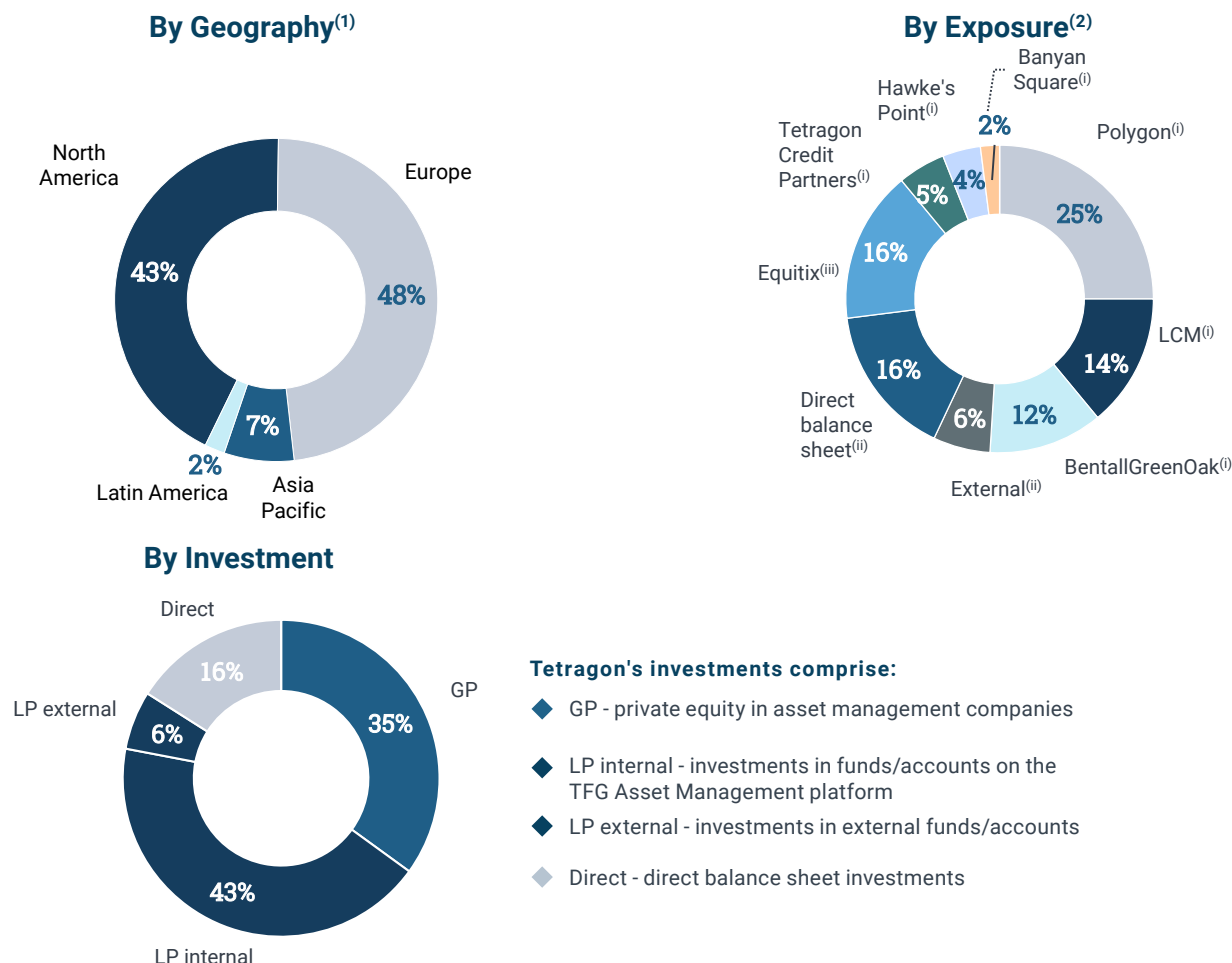
Tetragon's net cash balance, which is cash adjusted for known accruals and liabilities (short and long-dated), was -\$93.9 million as at 30 June 2021. Tetragon has in place a 10-year \$250 million revolving credit facility. As at 30 June 2021, \$150 million of this facility was drawn and this liability has been incorporated into the net cash balance calculation.

The company actively manages its cash levels to cover future commitments and to enable it to capitalise on opportunistic investments and new business opportunities. During H1 2021, Tetragon used \$168.7 million of cash to make investments, and \$12.1 million to pay dividends. \$136.3 million of cash was received as distributions and proceeds from the sale of investments. Future cash commitments are approximately \$201.1 million, comprising hard investment commitments (BentallGreenOak funds \$51.7 million, private equity funds \$27.2 million, Tetragon Credit Partners funds \$10.6 million, Contingency Capital funds \$25.0 million and Contingency Capital loans \$10.2 million) and soft investment commitments (Banyan Square Partners funds \$51.4 million and the Contingency Capital funds \$25.0 million).

Further Portfolio Metrics

Exposures at 30 June 2021

Figure 11



Currency Exposure:

Tetragon is a U.S. dollar-based fund and reports all of its metrics in U.S. dollars. Please note that some of the Equitix GBP-denominated exposure is not hedged back to U.S. dollars.

(1) Assumptions for "By Geography":

- Event-driven equities, convertible bonds, other hedge funds, 'private equity and venture capital' and 'other equities and credit' investments are based on the geographies of the underlying portfolio assets.
- U.S. CLOs, LCM, Tetragon Credit Partners funds, and Banyan Square Partners funds are 100% North America.
- BentallGreenOak (TFG Asset Management) is treated as 20% Europe, 67% North America, 13% Asia-Pacific.
- Polygon (TFG Asset Management) is treated as 80% Europe, 20% North America.
- Equitix (TFG Asset Management) is treated as 100% Europe.
- Hawke's Point (TFG Asset Management) is treated as 100% Asia-Pacific.

(2) Assumptions for "By Exposure":

- (i) Exposure represents the net asset value of (1) the private equity position in the relevant asset management company and (2) investments in funds/accounts managed by that asset management company.
- (ii) Exposure represents the net asset value of investments.
- (iii) Exposure represents the net asset value of the private equity position in the asset management company. Source: Tetragon

Financial Review



H1 2021 Financial Review

Financial Highlights

Figure 12

Tetragon Financial Group Financial Highlights Through H1 2019 - H1 2021			
	H1 2021	H1 2020	H1 2019
Reported GAAP Net Income (\$MM)	\$31.9	(\$74.6)	\$145.7
Fair Value Net Income (\$MM)	\$37.6	(\$68.9)	\$145.7
Reported GAAP EPS	\$0.36	(\$0.80)	\$1.64
Fair Value EPS	\$0.42	(\$0.74)	\$1.64
Return on equity	1.5%	(2.9)%	6.7%
Net Assets (\$MM)	\$2,499.7	\$2,261.4	\$2,262.5
GAAP number of shares outstanding (MM)	89.4	90.6	88.8
NAV per share	\$27.97	\$24.97	\$25.47
Fully diluted shares outstanding (MM)	94.8	94.2	94.5
Fully diluted NAV per share	\$26.38	\$24.00	\$23.94
NAV per share total return	0.0%	(1.9)%	8.1%
DPS	\$0.20	\$0.20	\$0.37

Tetragon uses the following metrics, among others, to understand the progress and performance of the business:

- ◆ **Fair Value Net Income (\$37.6 million):** Please see Figure 13 for more details and a breakdown of the Fair Value Net Income.
- ◆ **Return on Equity (1.5%):** Fair Value Net Income (\$37.6 million) divided by Net Assets at the start of the year (\$2,474.4 million).
- ◆ **Fully Diluted Shares Outstanding (94.8 million):** Adjusts the IFRS shares outstanding (89.4 million) for various dilutive factors (5.4 million shares). Please see Figure 21 for more details.
- ◆ **Fair Value EPS (\$0.42):** Calculated as Fair Value Net Income (\$37.6 million) divided by the time-weighted average IFRS or GAAP shares during the period (89.0 million).
- ◆ **Fully Diluted NAV Per Share (\$26.38):** Calculated as Net Assets (\$2,499.7 million) divided by Fully Diluted Shares Outstanding (94.8 million).

Pro Forma Statement of Comprehensive Income

Figure 13

Tetragon Financial Group		
Pro Forma Statement of Comprehensive Income H1 2020 - H1 2021		
	H1 2021 (\$millions)	H1 2020 (\$millions)
Net gain/(loss) on financial assets at fair value through profit or loss	82.9	(77.2)
Net gain/(loss) on derivative financial assets and liabilities	(9.1)	31.6
Other income	0.2	1.1
Investment income	74.0	(44.5)
Management and incentive fees	(24.5)	(17.2)
Other operating and administrative expenses	(9.4)	(3.5)
Interest expense	(2.5)	(3.7)
Total operating expenses	(36.4)	(24.4)
Fair Value Net Income	37.6	(68.9)

The difference between Fair Value Net income as shown here and IFRS profit and total comprehensive income is an adjustment to remove share-based compensation expense of \$5.7 million (H1 2020: \$5.7 million). This adjustment is consistent with how Fair Value Net income has been determined in prior periods.

During the period, \$6.0 million incentive fee was expensed and \$6.0 million remains outstanding at 30 June 2021.

Pro Forma Statement of Financial Position

Figure 14

Tetragon Financial Group Pro Forma Statement of Financial Position as at 31 December 2020 and 30 June 2021		
	30 June 2021 (\$millions)	31 December 2020 (\$millions)
ASSETS		
Investments	2,556.8	2,417.6
Derivative financial assets	8.6	8.6
Other receivables	2.7	3.3
Amounts due from brokers	8.9	44.4
Cash and cash equivalents	129.1	194.6
Total assets	2,706.1	2,668.5
LIABILITIES		
Loans and borrowings	(150.0)	(100.0)
Derivative financial liabilities	(0.2)	(25.2)
Amounts due to brokers	(48.7)	-
Other payables and accrued expenses	(7.5)	(68.9)
Total liabilities	(206.4)	(194.1)
NET ASSETS	2,499.7	2,474.4

Although the consolidated net assets are identical to the IFRS net assets reported by Tetragon, the split between investments and cash is different. Under IFRS, certain investments and cash contained within non-investment fund-controlled subsidiaries are aggregated as an investment and reported at fair value.

Instead, this table looks through to the underlying investments and cash, and accounts for each separately, at fair value. This approach has the impact of increasing cash by \$0.8 million (2020: \$2.9 million) and decreasing investments by \$0.8 million (2020: \$2.9 million). This treatment is consistent with how Tetragon has reported these investments in prior periods.

Other Information



TFG Asset Management



Primary Offices
London – New York



420
Headcount
Excluding BentallGreenOak



Global
Operating Platform



\$33B
Total AUM⁽ⁱ⁾
30 June 2021



\$899.6m
Total Valuation
30 June 2021

One of Tetragon's significant investments is TFG Asset Management,

a diversified alternative asset manager that owns majority and minority private equity stakes in asset management companies. TFG Asset Management, as a unified business, is intended to enhance the value of each individual investment and the entity as a whole through a shared strategic direction and operating infrastructure – encompassing critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters – while at the same time giving entrepreneurial independence to the managers of the underlying businesses. In light of the strategy to continue to grow TFG Asset Management with a view to a possible initial public offering and listing of its shares, the combination of a number of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream. As at 30 June 2021, TFG Asset Management comprised LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and Contingency Capital. TFG Asset Management has approximately \$32.8 billion of AUM⁽¹⁾ and approximately 420 employees globally (excluding BentallGreenOak). Each of the asset managers on the platform is privately held.

(i) Please see Note 1 on page 32.

TFG Asset Management

TFG Asset Management at a glance

Figure 15

				
Established	2001	2010	2002	2007
Joined Tetragon	2009	2010	2012	2015
Asset class	A bank loan asset management company.	A real-estate focused principal investing, lending and advisory firm.	A manager of open-ended hedge fund and private equity vehicles across a number of strategies.	An integrated core infrastructure asset management and primary project platform.
AUM at 30 Jun 2021 (\$Bn)	\$9.5	\$8.0	\$1.8	\$9.9
Percentage Tetragon Ownership	100%	13%	100% ⁽²⁾	75%
Valuation at 30 Jun 2021 (\$m)	\$196.4	\$197.9	\$65.7	\$421.5
Products	U.S. CLOs	Real estate investment strategies	Hedge funds and managed accounts	Infrastructure and renewable funds and managed accounts
Average fund duration	10-12 years ⁽³⁾	7-10 years	Quarterly liquidity	25 years
Valuation Methodology ⁽⁴⁾	DCF and market multiples	DCF (sum-of-parts)	DCF	DCF
Significant unobservable inputs ⁽⁵⁾	Discount rate 11.25%, P/AUM multiple 2.96%, DL0L 15%	Discount rate 11%, DL0L 15%	Discount rate 12.75%, DL0L 20%	Discount rate 10%, DL0L 15%

(1) Includes the AUM of LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and TCICM, as calculated by the applicable fund administrators at 30 June 2021 (AUM of Tetragon Credit Partners represents committed capital). Includes, where relevant, investments by Tetragon Financial Group Limited. TCICM (which comprises TCI Capital Management II LLC and TCI Capital Management LLC) acts as a CLO collateral manager for certain CLO investments. It had AUM of \$2.6 billion at 30 June 2021. The AUM for BentallGreenOak represents Tetragon's pro rata share (12.86%) of BentallGreenOak AUM at 30 June 2021 (\$62.4 billion). From 2021, BentallGreenOak has changed the methodology used to determine and report their AUM. Previously, it was on a Gross Asset Value basis which effectively represented the market value of all assets within the funds and excluded commitments that have not been invested; it has now been amended to include commitments which have not been invested. The impact of this methodology change is to increase their AUM by approximately \$8.0 billion on a whole enterprise basis, which comes to approximately \$1.0 billion when reporting TFG Asset Management's share.

(2) During 2020, an agreement was made with Mike Humphries, the CIO of the Polygon Convertible Opportunity Fund, whereby, in order to further align interests, he would take a controlling stake in the Manager, Polygon CB LP. This fund continues to operate on the TFG Asset Management platform.

(3) Currently, LCM manages loan assets exclusively through CLOs, which are long-term, multi-year investment vehicles. The typical duration of a CLO, and thus LCM's management fee stream, depends on, among other things, the term of its reinvestment period (currently typically four to five years for a new issue CLO), the prepayment rate of the underlying loan assets, as well as post-reinvestment period reinvestment flexibility and weighted average life constraints.

(4) "DCF" stands for "Discounted Cash Flow". Please see Note 4 of the H1 2021 Unaudited Condensed Financial Statements for more information.

(5) "DL0L" stands for "Discount for Lack Of Liquidity". Please see Note 4 of the H1 2021 Unaudited Condensed Financial Statements for more details on significant unobservable inputs.

Figure 15 (continued)

				
Established	2014	2015	2019	2020
Joined Tetragon	2014	2015	2019	2020
Asset class	An asset management company focused on mining finance.	A structured credit investing business.	A private equity firm focused on non-control structured and common equity investment opportunities.	A global asset management business that sponsors and manages litigation finance-related investment funds.
AUM at 30 Jun 2021 (\$Bn)	\$0.10	\$0.8	\$0.04	\$0.04
Percentage Tetragon Ownership	100%	100%	100%	Non-controlling interest ⁽⁶⁾
Valuation at 30 Jun 2021 (\$m)	\$2.0	\$15.3	\$0.8	Not applicable ⁽⁷⁾
Products	Private equity-style funds and managed accounts	Three private equity vehicles	Private equity fund	Private equity fund
Average fund duration	Not applicable	10 years	Not applicable	
Valuation Methodology	Intrinsic value	DCF	Replacement cost	Not applicable ⁽⁷⁾
Significant unobservable inputs		Discount rate 10.75%, DLOL 15%		Not applicable ⁽⁷⁾

(6) TFG Asset Management owns a non-controlling interest in this manager as well as providing all infrastructure services to this manager. Brandon Baer owns a controlling stake.

(7) Contingency Capital has not yet been valued by a third-party valuation specialist.

TFG Asset Management Overview

Figure 16 shows the breakdown of the AUM by business and Figure 17 depicts the growth of that AUM over the last five years. AUM for TFG Asset Management as of 30 June 2021 totalled \$32.8 billion.⁽ⁱ⁾

Figure 16⁽ⁱ⁾

TFG Asset Management AUM by Business at 30 June 2021 (\$billions)

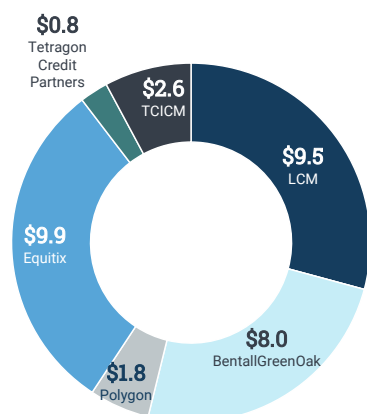


Figure 17⁽ⁱ⁾

TFG Asset Management AUM at 31 December 2017-30 June 2021 (\$billions)

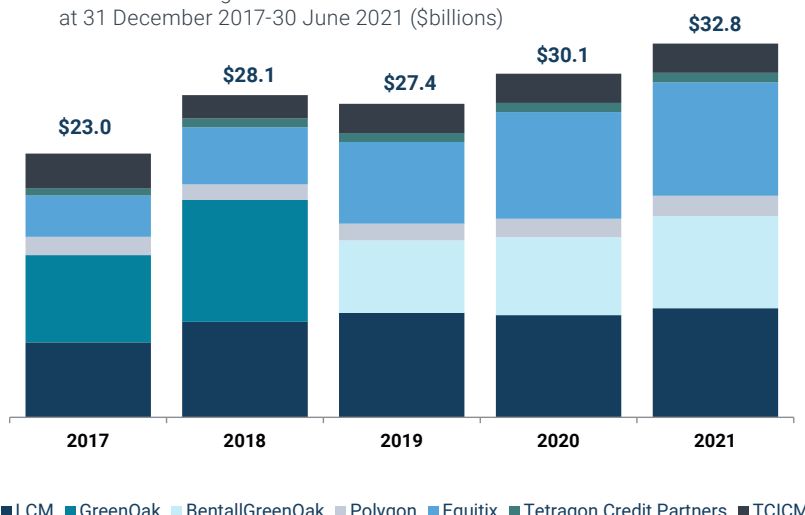


Figure 18

Tetragon Financial Group			
TFG Asset Management Pro Forma Statement of Operations ⁽ⁱⁱ⁾			
	H1 2021 (\$millions)	H1 2020 (\$millions)	H1 2019 (\$millions)
Management fee income	68.4	65.4	48.7
Performance and success fees ⁽ⁱⁱⁱ⁾	23.6	22.2	16.2
Other fee income	11.2	7.7	7.9
Distributions from BentallGreenOak	10.7	9.2	3.6
Interest income	0.6	1.8	1.6
Total income	114.5	106.3	78.0
Operating, employee and administrative expenses ^(iv)	(75.0)	(61.1)	(49.5)
Non-TFG Asset Management owned interest	(12.0)	(7.4)	(3.4)
Net income - "EBITDA equivalent"	27.5	37.8	25.1

(i) Please see Note 1 on page 32. From 2019, the AUM for BentallGreenOak represents Tetragon's *pro rata* share (12.86%) of BentallGreenOak AUM at 30 June 2021 (\$62.4 billion) and 100% of the AUM of the GreenOak joint venture for prior years.

(ii) This table includes the income and expenses attributable to TFG Asset Management's businesses, (with the exception of BentallGreenOak) during that period. During 2020, Equitix repaid all of its shareholder loans and, as a result, TFG Asset Management's rights to distributable income reduced from 85% to 75%. In the table above, 100% of Equitix's income and expenses are reflected and 25% of Equitix's income and expenses are reversed out through the Non-TFG Asset Management-owned interest line, being the proportion not attributable to Tetragon (2019: 15% of Equitix's income and expenses were reversed out through the Non-TFG Asset Management owned interest line). Similarly, 100% of the income and expenses from the Polygon Convertible Opportunities Fund's manager, in which TFG Asset Management has a non-controlling interest, are reflected above with the percentage not owned by TFG Asset Management reversed out through the Non-TFG Asset Management owned interest line. BentallGreenOak EBITDA is not included, but distributions relating to ordinary income and carried interest are included. The EBITDA equivalent is a non-GAAP measure and is designed to reflect the operating performance of the TFG Asset Management businesses rather than is or what was reflected in Tetragon's financial statements.

(iii) The performance and success fees include some realised and unrealised Polygon performance fees. These represent the fees calculated by the applicable administrator of the relevant Polygon funds, in accordance with the applicable fund constitutional documents, when determining NAV at the reporting date. Similar amounts, if any, from LCM are recognised when received. Tetragon pays a mix of full and preferred fees on its investments in TFG Asset Management-managed investment vehicles. Tetragon pays full management and performance fees on its investments in the open Polygon funds. Success fees also include fees earned by Equitix on successfully completing certain primary projects and delivering de-risked investments into their secondary funds; these are recognised once Equitix is entitled to recover them.

(iv) Please note this line item does not include any share-based compensation expense.

TFG Asset Management Overview (continued)

Overview: Figure 18 shows a *pro forma* statement of operations that reflects the operating performance of the majority-owned asset management companies within TFG Asset Management. The reported fee income includes some amounts which were earned on capital invested in certain funds by Tetragon. During H1 2021, this included \$5.6 million of management fees (H1 2020: \$4.6 million) and \$0.7 million of performance and success fees (H1 2020: \$0.9 million). BentallGreenOak's contribution has been captured by including the distributions that it has made to TFG Asset Management.

- ◆ **EBITDA:** In H1 2021, TFG Asset Management's EBITDA was \$27.5 million, \$10.3 million lower than in H1 2020. Whilst total income grew 8% when compared to H1 2020, operating expenses increased at a faster rate.
- ◆ **Management fee income:** Management fee income grew by \$3.0 million. Whilst core recurring management fees in Equitix continued to grow strongly, the management fee line in 2020 was positively impacted by a material one-off fee which makes this growth less apparent.
- ◆ **Performance and success fees:** Unlike management fee income, performance and success fees can be quite volatile in nature and subject to timing differences. Overall, this category was up \$1.4 million, with increases in performance fees being largely offset by a decline in Equitix primary income recorded during the period.
- ◆ **Other fee income:** This category includes two different buckets of fees: (i) income generated by Equitix on management services contracts, which is known as the EMS business and (ii) certain cost recoveries from Tetragon relating to seeded Polygon hedge funds. EMS fee income continues to be the main driver, and this increased year on year.
- ◆ **Distributions from BentallGreenOak:** Distributions from BentallGreenOak reflect (i) quarterly fixed distributions, (ii) quarterly variable distributions and (iii) distributions of carried interest. An increase in the quarterly variable distributions was the main driver for the increase in this line item.
- ◆ **Operating expenses:** Operating expenses increased by \$13.9 million versus H1 2020. There were three main drivers for the increase in expenses, with the primary one being an increase in headcount as existing businesses added additional investment and operational capability. Secondly, there were increased expenses associated with the set-up of the Contingency Capital business with the expectation that this will start to bear fruit as capital is raised and invested. Finally, businesses with operations in the United Kingdom saw these costs rise in U.S. dollar terms as the average spot rate between the periods increased by approximately 10%.

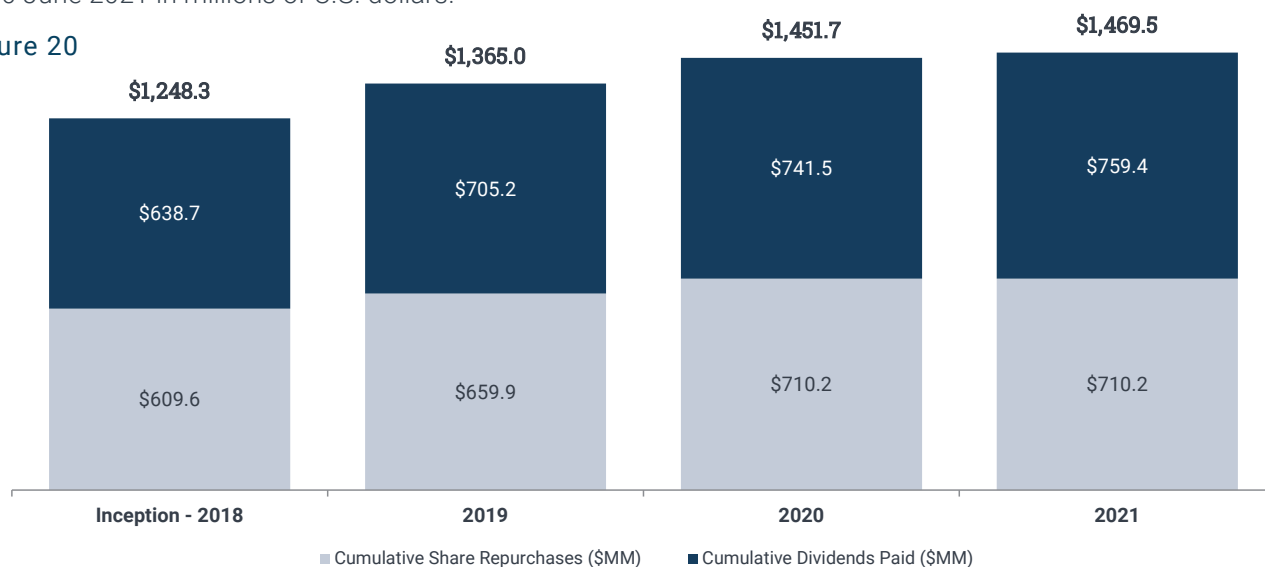
Share Repurchases & Distributions

Figure 19

Tetragon Financial Group Share Repurchase and Dividend History (\$millions)				
Year	Amount repurchased	Cumulative amount	Dividends paid	Cumulative dividends paid
2007	\$2.2	\$2.2	\$56.5	\$56.5
2008	\$12.4	\$14.5	\$60.4	\$117.0
2009	\$6.6	\$21.2	\$18.8	\$135.7
2010	\$25.5	\$46.7	\$37.5	\$173.3
2011	\$35.2	\$81.9	\$46.4	\$219.6
2012	\$175.6	\$257.5	\$51.5	\$271.1
2013	\$16.1	\$273.6	\$55.5	\$326.6
2014	\$50.9	\$324.5	\$58.7	\$385.3
2015	\$60.9	\$385.4	\$63.3	\$448.6
2016	\$157.8	\$543.2	\$61.0	\$509.6
2017	\$66.4	\$609.6	\$64.0	\$573.6
2018	-	\$609.6	\$65.1	\$638.7
2019	\$50.3	\$659.9	\$66.5	\$705.2
2020	\$50.3	\$710.2	\$36.4	\$741.5
2021	-	\$710.2	\$17.8	\$759.4
TOTAL	\$710.2		\$759.4	

The below graph shows cumulative historical share repurchases and dividends distributed by Tetragon from inception to 30 June 2021 in millions of U.S. dollars.⁽¹⁾

Figure 20



(1) Tetragon seeks to return value to its shareholders, including through dividends and share repurchases. Decisions with respect to declaration of dividends and share repurchases may be informed by a variety of considerations, including (i) the expected sustainability of the company's cash generation capacity in the short and medium term, (ii) the current and anticipated performance of the company, (iii) the current and anticipated operating and economic environment, (iv) other potential uses of cash ranging from preservation of the company's investments and financial position to other investment opportunities and (v) Tetragon's share price. Cumulative dividends paid includes the cash and stock dividends paid to shareholders, but excludes dividends declared on shares held in escrow.

Share Reconciliation and Shareholdings

Figure 21

IFRS to Fully Diluted Shares Reconciliation	
	Shares at 30 June 2021 (millions)
Legal Shares Issued and Outstanding	139.7
Less: Shares Held in Treasury	39.2
Less: Total Escrow Shares ^(1.i)	11.1
IFRS Shares Outstanding	89.4
Add: Dilution for equity-based awards ^(1.ii)	5.4
Fully Diluted Shares Outstanding	94.8

Shareholdings

Persons affiliated with Tetragon maintain significant interests in Tetragon shares. For example, as of 30 June 2021, the following persons own (directly or indirectly) interests in shares in Tetragon in the amounts set forth below:

Figure 22

Individual	Shareholding at 30 June 2021
Mr. Reade Griffith ^(2.i)	17,446,965
Mr. Paddy Dear	5,091,593
Mr. David O'Leary	13,495
Other Tetragon/Polygon Employees	6,005,939
Equity-based awards ^(2.ii)	6,457,830

(1)(i) The Total Escrow Shares of 11.1 million consists of shares held in separate escrow accounts in relation to equity-based compensation.

(ii) Dilution in relation to equity-based awards by TFG Asset Management for certain senior employees. At the reporting date, this was 5.4 million. The basis and pace of recognition is expected to match the rate at which service is being provided to TFG Asset Management in relation to these shares. Please see Equity-Based Compensation Plans on page 41 for more details. Certain of these persons may from time to time enter into purchases or sales trading plans (each a, "Fixed Trading Plan") providing for the sale of Vested Shares or the purchase of Tetragon shares in the market, or may otherwise sell their Vested Shares or purchase Tetragon shares, subject to applicable compliance policies. Applicable brokerage firms may be authorised to purchase or sell Tetragon shares under the relevant Fixed Trading Plan pursuant to certain irrevocable instructions. Each Fixed Trading Plan is intended to comply with Rule 10b5-1 under the United States Securities Exchange Act of 1934, as amended. Each Fixed Trading Plan has been or will be approved by Tetragon in accordance with its applicable compliance policies.

Rule 10b5-1 provides a "safe harbor" that is designed to permit individuals to establish a pre-arranged plan to buy or sell company stock if, at the time such plan is adopted, the individuals are not in possession of material, non-public information.

(2)(i) Includes approximately 2.7 million incentive shares held in escrow with respect to Mr. Griffith's employment agreement vesting between July 2021 and June 2024 that are not subject to performance criteria *per se*. The remaining incentive shares covered by Mr. Griffith's employment agreement are subject to agreed-upon investment performance criteria and are excluded from this figure. Please see page 41 for further details.

(ii) Equity-based awards are intended to give certain senior employees of TFG Asset Management long-term exposure to Tetragon stock (with vesting subject to forfeiture and certain restrictions). Where shares have vested but not yet been released, they have been removed from this line and included in shares owned by "Other Tetragon/Polygon employees". Please see page 41 for further details.

Additional CLO Portfolio Statistics

Figure 23

Tetragon's CLO Portfolio Details at 30 June 2021

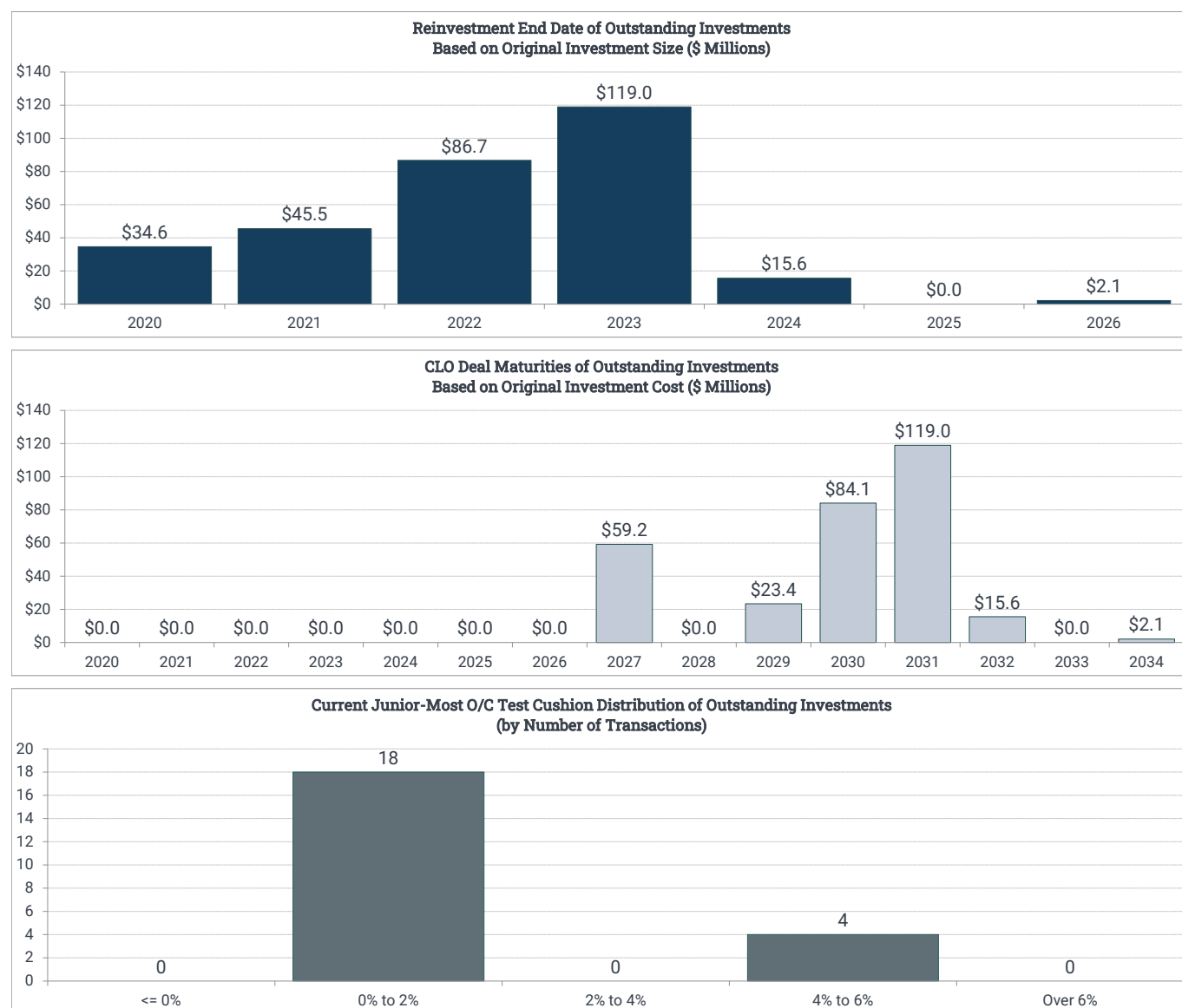
Transaction ⁽ⁱ⁾	Status ⁽ⁱⁱ⁾	Primary or Secondary Investment ⁽ⁱⁱⁱ⁾	Original Invest. Cost (\$MM USD)	Deal Closing Date	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps) ^(iv)	Original Cost of Funds (bps) ^(v)	Current Cost of Funds (bps) ^(vi)	Current Jr-Most O/C Cushion ^(vii)	Jr-Most O/C Cushion at Close ^(viii)	Annualized (Loss) Gain of Cushion ^(ix)	IRR ^(x)	ITD Cash Received as % of Cost ^(xi)
Transaction 83	Outstanding	Primary	20.8	2013	2029	2021	370	193	147	1.9%	6.2%	(0.5%)	12.3%	122.8%
Transaction 84	Outstanding	Primary	24.6	2013	2027	2021	338	183	179	1.1%	4.0%	(0.4%)	17.0%	143.0%
Transaction 85	Outstanding	Primary	1.0	2013	2031	2023	351	170	163	1.9%	5.0%	(0.4%)	9.2%	110.0%
Transaction 88	Outstanding	Primary	30.1	2014	2030	2022	342	199	162	1.0%	4.0%	(0.4%)	11.7%	107.1%
Transaction 89	Outstanding	Primary	33.6	2014	2031	2023	346	195	167	2.0%	4.0%	(0.3%)	12.9%	108.6%
Transaction 90	Outstanding	Primary	20.7	2014	2031	2023	351	203	159	1.4%	4.0%	(0.4%)	11.4%	99.7%
Transaction 91	Outstanding	Primary	27.8	2015	2031	2023	347	215	148	1.4%	4.0%	(0.4%)	11.3%	96.8%
Transaction 92	Outstanding	Primary	34.6	2015	2027	2020	333	199	197	1.0%	4.0%	(0.5%)	7.7%	93.6%
Transaction 93	Outstanding	Secondary	6.1	2016	2031	2023	347	215	148	1.4%	3.6%	(0.4%)	15.3%	95.6%
Transaction 94	Outstanding	Secondary	6.6	2016	2031	2023	346	195	167	2.0%	3.3%	(0.2%)	14.5%	84.4%
Transaction 95	Outstanding	Primary	2.6	2016	2029	2022	355	194	162	1.1%	4.4%	(0.7%)	6.0%	55.0%
Transaction 96	Outstanding	Secondary	2.7	2017	2030	2022	342	199	162	1.0%	3.0%	(0.3%)	3.7%	41.9%
Transaction 97	Outstanding	Primary	9.9	2017	2030	2022	342	178	162	1.0%	3.9%	(0.4%)	6.5%	48.5%
Transaction 98	Outstanding	Primary	33.2	2017	2030	2022	343	178	148	1.0%	4.5%	(0.8%)	7.7%	61.2%
Transaction 99	Outstanding	Primary	8.3	2017	2030	2022	362	164	147	4.5%	4.5%	(0.0%)	11.0%	51.7%
Transaction 100	Outstanding	Primary	2.6	2018	2031	2023	363	111	111	4.2%	7.8%	(1.1%)	24.6%	80.3%
Transaction 101	Outstanding	Primary	0.2	2018	2031	2023	351	163	163	1.9%	4.9%	(0.4%)	9.2%	49.0%
Transaction 102	Outstanding	Primary	5.0	2018	2031	2023	347	148	148	1.4%	4.5%	(0.5%)	16.9%	65.7%
Transaction 103	Outstanding	Primary	5.6	2018	2031	2023	351	159	159	1.4%	4.5%	(0.5%)	14.3%	47.7%
Transaction 104	Outstanding	Primary	9.8	2018	2031	2023	346	166	167	2.0%	4.5%	(0.4%)	12.1%	36.3%
Transaction 105	Outstanding	Primary	15.6	2021	2032	2024	371	168	168	4.5%	4.5%	0.1%	16.5%	0.0%
Transaction 106	Outstanding	Primary	2.1	2021	2034	2026	374	162	162	4.5%	4.5%	0.1%	14.0%	0.0%
Total CLO Portfolio:			303.5				347	189	163	1.6%	4.3%	(0.4%)	11.7%	87.5%

Notes

- Transactions are investments made on a particular investment date. Multiple transactions may be associated with the same tranche of the same CLO deal. Note that certain transactions may have been removed from the table above, as the remaining value of the assets of those CLOs is immaterial. The transactions continue to be held as of the date of this report.
- "Outstanding" refers to investments in CLOs which have not yet been optionally redeemed, sold, or wound down to less-than-material remaining expected value. "Called" refers to investments in CLOs where Tetragon initiated or approved an optional redemption, and "wound down" refers to CLOs which have amortised or repaid without an optional redemption, in both cases with less-than-material remaining expected value.
- "Primary" refers to investments made in the new issuance CLO market, whereas "Secondary" refers to investments made after the original issue date of the CLO.
- Par weighted average spread over LIBOR or EURIBOR (as appropriate) of the underlying loan assets in each CLO's portfolio.
- Notional weighted average spread over LIBOR or EURIBOR (as appropriate) of the debt tranches issued by each CLO, as of the closing date of each transaction.
- Notional weighted average spread over LIBOR or EURIBOR (as appropriate) of the debt tranches issued by each CLO, as of the most recent trustee report date.
- The current junior-most O/C cushion is the excess (or deficit) of the junior-most O/C test ratio over the test requirement, as of the latest trustee report available as of the report date.
- The junior-most O/C cushion at close is the excess (or deficit) of the junior-most O/C test ratio over the test requirement that was expected on each deal's closing date (or date of purchase, if later).
- Calculated by annualizing the change from the expected closing date junior-most O/C cushion to the current junior-most O/C cushion.
- Calculated from Tetragon's investment date. For outstanding investments, includes both historical cash flows received to-date and prospective cash flows expected to be received, based on Tetragon's base case modelling assumptions. Refer to www.tetragoninv.com for more information on Tetragon's modelling assumptions and methodology. For all other investments, includes only historical realised cash flows received to-date.
- Inception to report date cash flow received on each transaction as a percentage of its original cost.

Additional CLO Portfolio Statistics (continued)

Figure 24



Certain Regulatory Information

This annual report is made public by means of a press release, which contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation, and has been filed with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten). In addition, this report is also made available to the public by way of publication on the Tetragon website (www.tetragoninv.com).

An investment in Tetragon involves substantial risks. Please refer to the company's website at www.tetragoninv.com for a description of the risks and uncertainties pertaining to an investment in Tetragon.

This release does not contain or constitute an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction. The securities of Tetragon have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to U.S. persons unless they are registered under applicable law or exempt from registration. Tetragon does not intend to register any portion of its securities in the United States or to conduct a public offer of securities in the United States. In addition, Tetragon has not been and will not be registered under the U.S. Investment Company Act of 1940, and investors will not be entitled to the benefits of such Act. Tetragon is registered in the public register of the Netherlands Authority for the Financial Markets under Section 1:107 of the FMSA as a collective investment scheme from a designated country.

Tetragon shares are subject to legal and other restrictions on resale and the Euronext Amsterdam and SFS trading markets are less liquid than other major exchanges, which could affect the price of the shares.

There are additional restrictions on the resale of Tetragon shares by shareholders who are located in the United States or who are U.S. persons and on the resale of shares by any shareholder to any person who is located in the United States or is a U.S. person. These restrictions include that each shareholder who is located in the United States or who is a U.S. person must be a "Qualified Purchaser" or a "Knowledgeable Employee" (each as defined in the Investment Company Act of 1940), and,

accordingly, that shares may be resold to a person located in the United States or who is a U.S. person only if such person is a "Qualified Purchaser" or a "Knowledgeable Employee" under the Investment Company Act of 1940. These restrictions may adversely affect overall liquidity of the shares.

Tetragon's shares are not intended for European retail investors. Tetragon anticipates that its typical investors will be institutional and professional investors who wish to invest for the long term in a predominantly income-producing investment and who have experience in investing in financial markets and collective investment undertakings and are capable themselves of evaluating the merits and risks of Tetragon shares and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment.

DIRECTORS' STATEMENTS

To the knowledge of the directors: (i) this management review contains a fair review of the information required by section 5:25d(8)/(9) of the FMSA and (ii) the financial statements in the accompanying unaudited interim report for the six month period ended 30 June 2021 for Tetragon have been prepared in accordance with applicable laws and in conformity with IFRS as adopted for use in the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of Tetragon and the undertakings included in the consolidation taken as a whole.

Deron J. Haley (Independent Director)

Steven Hart (Independent Director)

David O'Leary (Independent Director)

Reade Griffith (Director)

Paddy Dear (Director)

This report has been supplemented on 5 August 2021 to include the Directors' Statements above. Both the report and the Directors' Statements are dated as of 28 July 2021.

Equity-Based Compensation Plans

In the fourth quarter of 2015, Tetragon bought back approximately 5.65 million of its non-voting shares in a tender offer to hedge against (or otherwise offset the future impact of) grants of shares under an equity-based long-term incentive plan and other equity awards by TFG Asset Management for certain senior employees (excluding the principals of the investment manager).

These awards under the long-term incentive plan, along with other equity-based awards, are typically spread over multiple vesting dates up to 2024 which may vary for each employee and are subject to forfeiture provisions. The arrangements may also include additional periods, beyond the vesting dates, during which employees gain exposure to the performance of the Tetragon shares, but the shares are not issued to the employees. Such periods may range from one to five years beyond the vesting dates.

In February 2021, further awards to certain senior TFG Asset Management employees (excluding the principals of the investment manager) were made covering vesting and release periods out to 2032. 3.05 million shares acquired during the buybacks made in 2020 will be used to hedge against (or otherwise offset the future impact of) these awards.⁽¹⁾

The shares underlying these equity-based incentive programs typically will be held in escrow until they vest and will be eligible to receive shares under the Tetragon Optional Stock Dividend Plan (DRIP Shares).⁽²⁾

In July 2019, TFG Asset Management entered into an employment agreement with Mr. Reade Griffith, Director of Tetragon, that covers his services to TFG Asset Management for the period through to 30 June 2024. Mr. Griffith is currently the Chief Investment Officer of TFG Asset Management as well as the Chief Investment Officer of its Polygon event-driven European equity strategies (in addition to other roles). Under the terms of

this agreement, Mr. Griffith received \$9.5 million in cash in July 2019, \$3.75 million in cash in July 2020 and will receive the following:

- ◆ 0.3 million Tetragon non-voting shares in July 2021;
- ◆ 2.1 million Tetragon non-voting shares in June 2024; and
- ◆ between zero and an additional 3.15 million Tetragon non-voting shares – with the number of shares based on agreed-upon investment performance criteria – vesting in years 5, 6 and 7.

All of the Tetragon non-voting shares covered by Mr. Griffith's employment agreement are subject to forfeiture conditions. The shares are held in escrow for release upon vesting and are eligible to participate in the optional stock dividend program, and as a result of subsequent dividends, further shares will be added to the escrow. Of the shares held in escrow with respect to Mr. Griffith's employment agreement, the 2.4 million shares (plus dividend shares) vesting between July 2021 and June 2024 are not subject to performance criteria per se and are included in Figure 22. The remaining shares are subject to agreed-upon investment performance criteria and are excluded from Figure 22.

For the purposes of determining the fully diluted NAV per Share, the dilutive effect of the equity-based compensation plans will be reflected in the fully diluted share count over the life of the plans. Such dilution will include, among other things and in addition to the award shares, any DRIP Shares and shares that will be required to cover employer taxes. At 30 June 2021, approximately 5.4 million shares were included in the fully diluted share count.

On 1 January 2020, the Independent Directors were awarded shares in Tetragon which vest on 31 December 2022 and are subject to forfeiture provisions. The fair value of the award, as determined by the share price on grant date of \$12.25 per share, is \$300,000 per Independent Director.

(1) The majority of these particular share awards have been documented with an effective date of 30 June 2021 and hence any dilution will be calculated from this date onwards.

(2) Please note that the shares underlying the 2021 awards have not yet been transferred into an escrow account.

Shareholder Information

Registered Office of Tetragon

Tetragon Financial Group Limited
Mill Court, La Charroterie
St. Peter Port
Guernsey GY1 1EJ
Channel Islands

Sub-Registrar and CREST Transfer Agent

Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage
St Peter Port, Guernsey
Channel Islands GY1 1DB

Investment Manager

Tetragon Financial Management LP
399 Park Avenue, 22nd Floor
New York, NY 10022
United States of America

Legal Advisor (as to U.S. law)

Covington & Burling LLP
The New York times Building
620 Eighth Avenue
New York, NY 10018-1405
United States of America

General Partner of Investment Manager

Tetragon Financial Management GP LLC
399 Park Avenue, 22nd Floor
New York, NY 10022
United States of America

Legal Advisor (as to Guernsey law)

Ogier (Guernsey) LLP
Redwood House
St. Julian's Avenue
St. Peter Port, Guernsey
Channel Islands GY1 1WA

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Legal Advisor (as to Dutch law)

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Claude Debussylaan 80
1082 MD Amsterdam
The Netherlands

Press Inquiries

Prosek Partners
Andy Merrill / Ryan Fitzgibbon
pro-tetragon@prosek.com

Stock Listing

- Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
- London Stock Exchange (Specialist Fund Segment)

Auditors

KPMG Channel Islands Limited
Glategny Court,
Glategny Esplanade
St. Peter Port, Guernsey
Channel Islands GY1 1WR

Administrator and Registrar

TMF Group Fund Administration (Guernsey) Limited
Mill Court, La Charroterie
St. Peter Port
Guernsey GY1 1EJ
Channel Islands

Financial Statements



UNAUDITED CONDENSED FINANCIAL STATEMENTS

TETRAGON FINANCIAL GROUP LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (“H1 2021”)

TETRAGON FINANCIAL GROUP LIMITED

FINANCIAL STATEMENTS
For the six months ended 30 June 2021

CONTENTS

	PAGE
UNAUDITED CONDENSED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 Jun 2021 US\$ MM	31 Dec 2020 US\$ MM
Assets			
Non-derivative financial assets at fair value through profit or loss	4	2,557.6	2,420.6
Derivative financial assets	4	8.6	8.6
Other receivables and prepayments		2.7	3.3
Amounts due from brokers		8.9	44.4
Cash and cash equivalents		128.3	191.6
Total assets		<u>2,706.1</u>	<u>2,668.5</u>
Liabilities			
Loans and borrowings	5	150.0	100.0
Derivative financial liabilities	4	0.2	25.2
Amounts due to brokers		48.7	-
Other payables and accrued expenses		7.5	68.9
Total liabilities		<u>206.4</u>	<u>194.1</u>
Net assets		<u>2,499.7</u>	<u>2,474.4</u>
Equity			
Share capital		0.1	0.1
Other equity		805.6	799.6
Share-based compensation reserve		59.8	54.6
Retained earnings		1,634.2	1,620.1
		<u>2,499.7</u>	<u>2,474.4</u>
Shares outstanding		Million	Million
Number of shares	7	89.4	88.8
Net Asset Value per share		US\$ 27.97	US\$ 27.87

The accompanying notes are an integral part of the consolidated financial statements.

Signed on behalf of the Board of Directors by:

David O'Leary
Director

Steven Hart
Director

Date: 28 July 2021

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

For the six months ended:	Note	30 Jun 2021 US\$ MM	30 Jun 2020 US\$ MM
Net gain/(loss) on non-derivative financial assets at fair value through profit or loss		82.9	(77.0)
Net (loss)/gain on derivative financial assets and liabilities		(9.1)	31.6
Interest income		0.2	1.1
Total revenue/(loss)		74.0	(44.3)
Management fees		(18.5)	(17.2)
Incentive fee	6	(6.0)	-
Legal and professional fees		(7.8)	(2.2)
Share based employee compensation		(5.7)	(5.7)
Audit fees		(0.3)	(0.3)
Other operating expenses and administrative expenses		(1.3)	(1.2)
Operating expenses		(39.6)	(26.6)
Operating profit/(loss) before finance costs		34.4	(70.9)
Finance costs		(2.5)	(3.7)
Gain/(loss) and total comprehensive income/(loss) for the year		31.9	(74.6)
Earnings per share			
Basic	11	US\$ 0.36	US\$ (0.80)
Diluted	11	US\$ 0.32	US\$ (0.72)
Weighted average shares outstanding		Millions	Millions
Basic	11	89.0	92.8
Diluted	11	100.1	103.8

The accompanying notes are an integral part of the consolidated financial statements.

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2021

	Share capital US\$ MM	Other equity US\$ MM	Retained earnings US\$ MM	Share-based compensation reserve US\$ MM	Total US\$ MM
As at 1 January 2021	0.1	799.6	1,620.1	54.6	2,474.4
Profit and total comprehensive income for the period	-	-	31.9	-	31.9
Transactions with owners recognised directly in equity					
Shares released from escrow	-	0.4	-	(0.4)	-
Dividends on shares released from escrow	-	0.1	-	(0.1)	-
Share based employee compensation	-	-	-	5.7	5.7
Cash dividends	-	-	(12.1)	-	(12.1)
Stock dividends	-	5.7	(5.7)	-	-
Purchase of treasury shares	-	(0.2)	-	-	(0.2)
As at 30 June 2021	0.1	805.6	1,634.2	59.8	2,499.7
As at 1 January 2020	0.1	830.9	1,498.0	57.1	2,386.1
Loss and total comprehensive loss for the period	-	-	(74.6)	-	(74.6)
Transactions with owners recognised directly in equity					
Shares released from escrow	-	11.8	-	(11.8)	-
Dividends on shares released from escrow	-	3.3	-	(3.3)	-
Share based employee compensation	-	-	-	5.7	5.7
Cash dividends	-	-	(18.7)	-	(18.7)
Stock dividends	-	8.0	(8.0)	-	-
Purchase of treasury shares	-	(37.1)	-	-	(37.1)
As at 30 June 2020	0.1	816.9	1,396.7	47.7	2,261.4

The accompanying notes are an integral part of the consolidated financial statements.

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

	For the six months ended 30 Jun 2021 US\$ MM	For the six months ended 30 Jun 2020 US\$ MM
Operating activities		
Profit/(loss) for the period	31.9	(74.6)
Adjustments for:		
(Gains)/losses on investments and derivatives	(73.8)	44.3
Share based compensation	5.7	5.7
Interest income	(0.2)	(1.1)
Finance costs	2.5	3.7
Operating cash flows before movements in working capital	(33.9)	(22.0)
Decrease in receivables	0.4	-
Decrease in payables	(61.2)	(34.7)
Decrease in amounts due from brokers	35.5	15.1
Increase in amounts due to brokers	48.7	-
Cash flows from operations	(10.5)	(41.6)
Proceeds from sale/prepayment/maturity of investments	104.9	350.1
Net (payments)/proceeds from derivative financial instruments	(34.1)	5.4
Purchase of investments	(159.0)	(137.7)
Cash interest received	0.2	1.1
Net cash (used in)/generated from operating activities	(98.5)	177.3
Financing activities		
Proceeds from loans and borrowings	50.0	-
Finance costs paid	(2.5)	(3.7)
Purchase of treasury shares	(0.2)	(37.1)
Dividends paid to shareholders*	(12.1)	(18.7)
Net cash generated from/(used in) financing activities	35.2	(59.5)
Net (decrease)/increase in cash and cash equivalents	(63.3)	117.8
Cash and cash equivalents at beginning of period	191.6	133.5
Cash and cash equivalents at end of period	128.3	251.3

* The gross dividend payable to shareholders was US\$ 17.8 million (H1 2020: US\$ 26.7 million) with a value equivalent to US\$ 5.7 million (H1 2020: US\$ 8.0 million) elected to be taken by the dividend recipient in shares rather than cash.

The accompanying notes are an integral part of the consolidated financial statements.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

Note 1 Corporate Information

Tetragon Financial Group Limited ("Tetragon" or the "Fund") was registered in Guernsey on 23 June 2005 as a company limited by shares, with registered number 43321. All voting shares of the Fund are held by Polygon Credit Holdings II Limited (the "Voting Shareholder"). The Fund continues to be registered and domiciled in Guernsey, and the Fund's non-voting shares (the "Shares") are listed on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. (ticker symbol: TFG.NA) and on the Specialist Fund Segment of the London Stock Exchange plc (ticker symbols: TFG.LN and TFGS.LN). The registered office of the Fund is Mill Court, La Charroterie, St. Peter Port, Guernsey, GY1 1EJ, Channel Islands.

Note 2 Significant Accounting Policies

Basis of Preparation

The unaudited condensed consolidated financial statements of the Fund (the "Financial Statements") have been prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the European Union. The same accounting policies, presentation and methods of computation have been followed in these financial statements as were applied in the preparation of the Fund's audited financial statements for the year ended 31 December 2020.

The unaudited condensed consolidated financial statements do not contain all the information and disclosures required in a full set of annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Fund for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements are presented in United States Dollars ("USD" or "US\$"), which is the functional currency of the Company, expressed in USD millions (unless otherwise stated).

In accordance with IFRS 10 *Consolidated Financial Statements* ("IFRS 10"), the Fund is an investment entity and, as such, does not consolidate the entities it controls where they are deemed to be subsidiaries except for Tetragon Financial Group (Delaware) LLC. Tetragon Financial Group (Delaware) LLC was formed in July 2020 to hold the collateral for the revolving credit facility. The subsidiary's main purpose and activity is to provide a service to the Fund, as such, it is consolidated on a line-by-line basis with balances between the Fund and the subsidiary eliminated. The financial statements for this subsidiary are prepared at the same reporting date using the same accounting policies. All other interests in subsidiaries are classified as fair value through profit or loss ("FVTPL"). Investments in associates are also classified as FVTPL. Subsidiaries are consolidated from the date control is established by Tetragon and cease to be consolidated on the date control is transferred from Tetragon.

The Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these financial statements and that the Fund will be able to continue to meet its liabilities for at least twelve months from the date of approval of the financial statements. In making this determination, the Directors have considered the cash flow and liquidity projections for the next 12 months, the nature of the Fund's capital (including readily available resources such as cash, undrawn credit facility and liquid equities) and the applicable covenants on the revolving credit facility.

The Directors have also considered the impact of the COVID-19 global pandemic, which resulted in unprecedented risks and significant levels of volatility and significant changes to asset prices in global equity, bond, and property markets. Due to the nature of the Fund and the resources available to it, COVID-19 has not significantly impacted the going concern assessment.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2021

Note 2 Significant Accounting Policies (continued)

Basis of Preparation (continued)

New standards and amendments to existing standards

The Fund has considered all the standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. These standards and interpretations are not relevant to the Fund's activities, or their effects are not expected to be material.

Note 3 Significant Accounting Judgments, Estimates and Assumptions

As explained in the audited consolidated financial statements for the year ended 31 December 2020, the following areas contain a higher degree of judgment, assumptions or estimates that are significant to the financial statements:

- Investment entity status
- Measurement of fair values (see Note 4)

Note 4 Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- | | |
|-----------|---|
| Level 1 - | Quoted in active markets for identical instruments. |
| Level 2 - | Prices determined using other significant observable inputs. These may include quoted prices for similar securities, interest rates, prepayments spreads, credit risk and others. |
| Level 3 - | Unobservable inputs. Unobservable inputs reflect assumptions market participants would be expected to use in pricing the asset or liability. |

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

Note 4 Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)

Fair value hierarchy (continued)

Recurring fair value measurement of assets and liabilities

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as of 30 June 2021:

	Level 1	Level 2	Level 3	Total
	US\$ MM	US\$ MM	US\$ MM	Fair Value US\$ MM
Non-derivative financial assets at FVTPL				
Investment funds and vehicles	-	694.5	418.4	1,112.9
TFG Asset Management	-	-	899.6	899.6
CLO equity tranches	-	-	167.3	167.3
CLO debt tranches	-	0.9	-	0.9
Unlisted stock	-	-	196.2	196.2
Listed stock	160.7	-	-	160.7
Corporate bonds	-	20.0	-	20.0
Total non-derivative financial assets at FVTPL	160.7	715.4	1,681.5	2,557.6
Derivative financial assets				
Contracts for difference (asset)	-	1.2	-	1.2
Currency options (asset)	-	1.3	-	1.3
Forward foreign exchange contracts (asset)	-	6.1	-	6.1
Total derivative financial assets	-	8.6	-	8.6
Derivative financial liabilities				
Contracts for difference (liability)	-	(0.1)	-	(0.1)
Forward foreign exchange contracts (liability)	-	(0.1)	-	(0.1)
Total derivative financial liabilities	-	(0.2)	-	(0.2)

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2021

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Recurring fair value measurement of assets and liabilities (continued)

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as of 31 December 2020:

	Level 1	Level 2	Level 3	Total
	US\$ MM	US\$ MM	US\$ MM	Fair Value US\$ MM
Non-derivative financial assets at FVTPL				
Investment funds and vehicles	-	701.2	371.5	1,072.7
TFG Asset Management	-	-	833.5	833.5
CLO equity tranches	-	-	151.3	151.3
Unlisted stock	-	-	174.6	174.6
Listed stock	170.6	-	-	170.6
Corporate bonds	-	17.9	-	17.9
Total non-derivative financial assets at FVTPL	170.6	719.1	1530.9	2,420.6
Derivative financial assets				
Contracts for difference (asset)	-	7.0	-	7.0
Forward foreign exchange contracts (asset)	-	1.6	-	1.6
Total derivative financial assets	-	8.6	-	8.6
Derivative financial liabilities				
Contracts for difference (liability)	-	(0.2)	(7.0)	(7.2)
Forward foreign exchange contracts (liability)	-	(18.0)	-	(18.0)
Total derivative financial liabilities	-	(18.2)	(7.0)	(25.2)

Transfers between levels

There were no transfers between levels during the period from 1 January 2020 to 30 June 2021.

Other financial assets and liabilities

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including other receivables, amounts due from and to brokers, cash and cash equivalents, loans and borrowings, and other payables.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2021

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Level 3 reconciliation

The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 30 June 2021.

	CLO Equity Tranches US\$ MM	Unlisted Stock US\$ MM	Investment Funds and Vehicles US\$ MM	TFG Asset Management US\$ MM	Total US\$ MM
Balance at 1 Jan 2021	151.3	174.6	371.5	833.5	1,530.9
Additions	17.7	8.2	44.1	5.0	75.0
Proceeds	(18.0)	-	(30.1)	(9.1)	(57.2)
Net gains through profit or loss	16.3	13.4	32.9	70.2	132.8
Balance at 30 Jun 2021	167.3	196.2	418.4	899.6	1,681.5
Change in unrealised gains/losses through profit or loss for assets held at period end	4.9	13.4	12.0	62.1	92.4

The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 31 December 2020.

	CLO Equity Tranches US\$ MM	Unlisted Stock US\$ MM	Investment Funds and Vehicles US\$ MM	TFG Asset Management US\$ MM	Total US\$ MM
Balance at 1 Jan 2020	210.9	273.0	394.5	747.5	1,625.9
Additions	-	-	78.1	4.1	82.2
Proceeds	(33.4)	(123.0)	(88.3)	(106.2)	(350.9)
Net gains/(losses) through profit or loss	(26.2)	24.6	(12.8)	188.1	173.7
Balance at 31 Dec 2020	151.3	174.6	371.5	833.5	1,530.9
Change in unrealised gains/losses through profit or loss for assets held at year end	(33.6)	24.6	(33.9)	123.8	80.9

Valuation process (framework)

TMF Group Fund Administration (Guernsey) Limited (the "Administrator") serves as the Fund's independent administrator and values the investments of the Fund on an ongoing basis in accordance with the valuation principles and methodologies approved by the Audit Committee, which comprises of independent directors, from time to time.

For certain investments, such as TFG Asset Management, a third-party valuation agent is also used. However, the Directors are responsible for the valuations and may, at its discretion, permit any other method of valuation to be used if it considers that such method of valuation better reflects value and is in accordance with IFRS.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques

CLO equity tranches

A mark to model approach using discounted cash flow analysis ("DCF Approach") has been adopted to determine the value of the equity tranche CLO investments. The model contains certain assumption inputs that are reviewed and adjusted as appropriate to factor in how historic, current, and potential market developments (examined through, for example, forward-looking observable data) might potentially impact the performance of these CLO equity investments. Since this involves modelling, among other things, forward projections over multiple years, this is not an exercise in recalibrating future assumptions to the latest quarter's historical data.

Subject to the foregoing, the Fund seeks to derive a value at which market participants could transact in an orderly market and also seeks to benchmark the model inputs and resulting outputs to observable market data when available and appropriate. Although seeking to utilise, where possible, observable market data, for certain assumptions, the Investment Manager may be required to make subjective judgments and forward-looking determinations, and its experience and knowledge is instrumental in the valuation process.

As at 30 June 2021, key modelling assumptions used are disclosed below. The modelling assumptions disclosed below are a weighted average (by USD amount) of the individual deal assumptions. Each individual deal's assumptions may differ from this average and vary across the portfolio.

Constant Annual Default Rate ("CADR")	2.39%, which is 1.0x of the original Weighted Average Rating Factor ("WARF") derived base-case default rate for the life of the transaction (31 December 2020: 5% up to 30 June 2021, 2.39% thereafter)
Recovery Rate	70% (31 December 2020: 60% up to 30 June 2021, 70% thereafter)
Prepayment Rate	20%, the original base-case prepayment rate with a 0% prepayment rate on bonds throughout the life of the transaction (31 December 2020: 7.5% p.a. up to 30 June 2021, 20% p.a. thereafter)
Reinvestment Price and Spread	Assumed reinvestment price is par for the life of the transaction, with an effective spread over LIBOR of 349 basis points ("bps") (31 December 2020: 400 bps up to 30 June 2021, 349 bps thereafter) on broadly U.S. syndicated loan deals which are still in their reinvestment periods.

When determining the fair value of the equity tranches, a discount rate is applied to the expected future cash flows derived from the third-party valuation model. The discount rate applied to those future cash flows reflects the perceived level of risk that would be used by another market participant in determining fair value. In determining the discount rates to use an analysis of the observable risk premium data as well as the individual deal's structural strength and credit quality is undertaken. At 30 June 2021, a discount rate of 12% (31 December 2020: 12%) is applied unless the deal is within its non-refinancing period, in which case the deal internal rate of return ("IRR") is utilised as the discount rate. For deals in this category, the weighted average IRR or discount rate is 16.2% (31 December 2020: not applicable).

Sensitivity Analysis:

The discount rate used has a significant impact on the fair value of CLO equity tranches. A reasonable possible alternative assumption is to change the discount rate by 1%. Changing the discount rate and keeping all other variables constant would have the following effects on net assets and profits:

	30 Jun 2021 US\$ MM	31 Dec 2020 US\$ MM
-1% discount rate	4.9	4.5
+1% discount rate	(4.6)	(4.3)

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)

Private equity in asset management companies

The Fund owns a 100% interest in TFG Asset Management which holds majority and minority private equity stakes in asset management companies. The valuation calculation for TFG Asset Management was prepared by a third-party valuation specialist engaged by the Fund's Audit Committee. Although TFG Asset Management is valued as a single investment, a sum of the parts approach, valuing each business separately has been utilised. This approach aggregates the fair value of all asset managers held by TFG Asset Management overlaying the central costs and net assets at TFG Asset Management level. Currently, no premium has been attributed to the valuation of TFG Asset Management in respect of diversification or synergies between different income streams. Any benefit from operating on the TFG Asset Management platform has been captured in the valuation of the individual asset managers by incorporating it in the business plans used in the DCF and Market Multiple Approaches.

LCM is valued using a combination of DCF Approach and quoted market multiples ("Market Multiple Approach") based on comparable companies to determine an appropriate valuation range. Equitix, Polygon and Tetragon Credit Partners are valued using DCF Approach.

During 2019, GreenOak merged with Bentall Kennedy, Sun Life Financial Inc.'s real estate and property management firm to form BentallGreenOak. TFG Asset Management continues to hold approximately 13% interest in the combined entity and will receive a series of fixed and variable profit distributions. Sun Life will have an option to acquire the remaining interest in the merged entity in 2026. TFG Asset Management and other minority owners are entitled to sell their interest to Sun Life in 2027. The Fund's investment in BentallGreenOak, as at 30 June 2021, is valued using the DCF Approach on expected cash flows from the merged entity.

The DCF Approach estimates the value of each business based on the value of the cash flows the business is expected to generate in the future. The DCF Approach estimates the enterprise value of the investments by discounting estimates of expected future free cash flows to the Fund (to both equity and debt holders), and the terminal value, at a weighted average cost of capital ("WACC") that captures the risk inherent in the projections. From the enterprise value derived by the DCF Approach, market value of net debt is deducted to arrive at the equity value. An adjustment is made to account for a discount for lack of liquidity ("DLOL"), generally in the range of 15% to 20%.

The Market Multiple Approach applies a multiple, considered to be an appropriate and reasonable indicator of value to certain metrics of the business, such as earnings or asset under management ("AUM"), to derive the equity value. The multiple applied in each case is derived by considering the multiples of quoted comparable companies. The multiple is then adjusted to ensure that it appropriately reflects the specific business being valued, considering its business activities, geography, size, competitive position in the market, risk profile, and earnings growth prospects of the business. The valuation specialist considered a multiple of price-to-assets under management, and/or a multiple of earnings such as a company's earnings before interest, Taxes, Depreciation, and Amortization ("EBITDA"), to perform this analysis.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)

Private equity in asset management companies (continued)

The following table shows the unobservable inputs used by the third-party valuation specialist in valuing TFG Asset Management.

30 June 2021

Investment	Fair Value US\$ MM	Valuation methodology	Significant unobservable inputs
Equitix	421.5	DCF	Discount rate 10.0%, DLOL 15%
BentallGreenOak	197.9	DCF	Discount rate of 11.0%, DLOL 15%
LCM	196.4	DCF and Market Multiples	Discount rate 11.25%, P/AUM multiple 2.96%, DLOL 15%
Polygon	65.7	DCF	Discount rate 12.75%, DLOL 20%
Tetragon Credit Partners	15.3	DCF	Discount rate 10.75%, DLOL 15%
Other	2.8		

31 December 2020

Investment	Fair Value US\$ MM	Valuation methodology	Significant unobservable inputs
Equitix	386.1	DCF	Discount rate 9.75%, DLOL 15%
BentallGreenOak	195.7	DCF (sum-of-the- parts)	Discount rate of 11.0%, DLOL 15%
LCM	176.9	DCF and Market Multiples	Discount rate 12.0%, P/AUM multiple 2.5%, DLOL 15%
Polygon	57.4	DCF	Discount rate 12.75%, DLOL 20%
Tetragon Credit Partners	13.7	DCF	Discount rate 11.25%, DLOL 15%
Other	3.7		

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2021

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)

Private equity in asset management companies (continued)

Sensitivity Analysis:

For TFG Asset Management, changing assumptions of discount rate and market multiples to a reasonably possible alternative would have the following effects on the net assets and profits:

30 June 2021

Investment	Favourable	Unfavourable
Equitix	US\$ 53.1 MM Discount rate 9.0%	(US\$ 69.4 MM) Discount rate 11.0%
BentallGreenOak	US\$ 4.3 MM Discount rate 10.0%	(US\$ 4.0 MM) Discount rate 12.0%
LCM	US\$ 25.8 MM Discount rate 10.25%, P/AUM 3.41%	(US\$ 25.8 MM) Discount rate 12.25%, P/AUM 2.52%
Polygon	US\$ 6.7 MM Discount rate 11.75%	(US\$ 6.7 MM) Discount rate 13.75%
Tetragon Credit Partners	US\$ 0.6 MM Discount rate 9.75%	(US\$ 0.5 MM) Discount rate 11.75%

31 December 2020

Investment	Favourable	Unfavourable
Equitix	US\$ 66.0 MM Discount rate 8.75%	(US\$ 51.2 MM) Discount rate 10.75%
BentallGreenOak	US\$ 4.3 MM Discount rate 10.0%	(US\$ 4.0 MM) Discount rate 12.0%
LCM	US\$ 22.2 MM Discount rate 11.0%, P/AUM 2.87%	(US\$ 22.2 MM) Discount rate 13.0%, P/AUM 2.12%
Polygon	US\$ 5.6 MM Discount rate 11.75%	(US\$ 5.6 MM) Discount rate 13.75%
Tetragon Credit Partners	US\$ 0.5 MM Discount rate 10.25%	(US\$ 0.5 MM) Discount rate 12.25%

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)

Private equity in asset management companies (continued)

The table below presents the effects of -5% change in the discount for lack of liquidity on profits and NAV of the Fund. A +5% change will have an equal and opposite effect.

	30 June 2021	31 Dec 2020
	US\$ MM	US\$ MM
Equitix	25.3	22.7
BentallGreenOak	11.8	11.7
LCM	11.8	10.6
Polygon	4.2	3.4
Tetragon Credit Partners	0.9	0.8

Investment funds and vehicles

Investments in unlisted investment funds, classified as level 2 and level 3 in the fair value hierarchy, are valued utilising the net asset valuations provided by the managers of the underlying funds and/or their administrators. Management's assessment is that these valuations are the fair value of these investments. In determining any adjustments necessary to the net asset valuations, management has considered the date of the valuation provided. No adjustment was deemed material following this review.

The Fund has an investment in an externally managed investment vehicle that holds farmlands in Paraguay. These farmlands are valued utilising inputs from an independent third-party valuation agent.

Sensitivity analysis:

A 1% increase in net asset value ("NAV") of the unlisted investment funds included in level 3 will increase net assets and profits of the Fund by US\$ 4.2 million (31 December 2020: US\$ 3.7 million). A decrease in the NAV of the unlisted investment funds will have an equal and opposite effect.

Unlisted stock

At 30 June 2021, the level 3 unlisted stock includes two investments in private companies.

The first investment with fair value of US\$ 188.0 million (31 December 2020: US\$ 174.6 million), is valued using DCF approach. The discount rate applied to the expected future cash flows is 15.4% (31 December 2020: 15.4%). The second investment with fair value of US\$ 8.2 million (31 December 2020: nil), is valued using the price from the latest funding round held in March 2021.

Sensitivity analysis:

A 3% increase in the discount rate will decrease the net assets and profits of the Fund by US\$ 13.2 million (31 December 2020: US\$ 14.3 million). A 3% decrease in the discount rate will increase it by US\$ 14.6 million (31 December 2020: US\$ 16.1 million).

Listed stock

For listed stock in an active market, the closing exchange price is utilised as the fair value price.

Corporate bonds

The corporate bonds held by the Fund are valued using the broker quotes obtained at the valuation date.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)

Forward foreign exchange contracts and currency options

Forward foreign exchange contracts and currency options are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are based on observable foreign currency forward rates, recent market transactions, and valuation techniques, including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of fair value of a forward foreign exchange contract at initial recognition is the transaction price. The currency options are recognised initially at the amount of premium paid or received.

Contracts for difference

The Fund enters into contracts for difference ("CFD") arrangements with financial institutions. CFDs are typically traded on the over the counter ("OTC") market. The arrangement generally involves an agreement by the Fund and a counterparty to exchange the difference between the opening and closing price of the position underlying the contract, which are generally on equity positions.

Fair values are based on quoted market prices of the underlying security, contract price, and valuation techniques including expected value models, as appropriate.

Note 5 Credit Facility

In July 2020, the Fund obtained a 10-year US\$ 250.0 million revolving credit facility.

The facility is subject to a non-usage fee of 0.5% which is applied to the undrawn notional amount and a servicing fee of 0.015% of the total size of the facility. Any drawn portion will incur interest at a rate of 3M U.S. LIBOR plus a spread of 3.25%. For H1 2021, the total finance cost expensed and paid for the facility was US\$ 2.5 million (H1 2020: US\$ 3.7 million). In July 2020, the Fund paid US\$ 2.5 million in fees directly associated with the facility. This fee is included in prepayments balance and is amortised over the life of the facility. This expense, US\$ 0.1 million (H1 2020: Nil), is included in finance costs.

During H1 2021, a further US\$ 50.0 million was drawn from the credit facility. During 2020, US\$ 150.0 million was paid in connection with terminating the Fund's previous credit facility and US\$ 100.0 million was drawn from the new revolving credit facility. As at 30 June 2021, the drawn balance of the revolving credit facility was US\$ 150.0 million (31 December 2020: US\$ 100.0 million).

Note 6 Incentive Fee

The incentive fee for the period ended 30 June 2021 was US\$ 6.0 million (H1 2020: Nil). As at 30 June 2021, US\$ 6.0 million was outstanding (31 December 2020: US\$ 66.0 million).

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2021

Note 7 Share Capital

Share Transactions

	Voting Shares No.	Non-Voting Shares* No. MM	Treasury Shares No. MM	Shares held in Escrow No. MM
Shares in issue at 1 January 2020	10.0	92.2	35.4	12.1
Stock dividends	-	1.5	(2.0)	0.5
Issued through release of tranche of escrow shares	-	1.7	-	(1.7)
Shares purchased during the year	-	(6.6)	6.6	-
Shares in issue at 31 December 2020	10.0	88.8	40.0	10.9
Stock dividends	-	0.6	(0.8)	0.2
Shares in issue at 30 June 2021	10.0	89.4	39.2	11.1

*Non-voting shares do not include the treasury shares, or the shares held in escrow.

Note 8 Dividends

	30 Jun 2021 US\$ MM	31 Dec 2020 US\$ MM
Quarter ended 31 December 2019 of US\$ 0.1875 per share	-	17.4
Quarter ended 31 March 2020 of US\$ 0.1000 per share	-	9.3
Quarter ended 30 June 2020 of US\$ 0.1000 per share	-	9.0
Quarter ended 30 September 2020 of US\$ 0.1000 per share	-	9.1
Quarter ended 31 December 2020 of US\$ 0.1000 per share	8.9	-
Quarter ended 31 March 2021 of US\$ 0.1000 per share	8.9	-
	17.8	44.8

The second quarter dividend of US\$ 0.1000 per share was approved by the Directors on 28 July 2021 and has not been included as a liability in these financial statements.

Note 9 Contingencies and Commitments

The Fund has the following unfunded commitments:	30 Jun 2021 US\$ MM	31 Dec 2020 US\$ MM
BentallGreenOak investment vehicles	51.7	62.9
Private equity funds	27.2	29.7
Contingency Capital loan	10.2	12.5
Contingency Capital fund	25.0	-
Tetragon Credit Income IV	10.6	-
	124.7	105.1

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

Note 10 Related-Party Transactions

There were no material changes in the transactions or arrangements with related parties as described in the audited financial statements for the year ended 31 December 2020 that would have a material effect on the financial position or performance of the Fund for the period ended 30 June 2021.

Reade Griffith, Paddy Dear and David O’Leary - all Directors of the Fund during the period – maintained (directly or indirectly) interests in shares of the Fund as at 30 June 2021, with interests of 14,796,296, 5,091,593 and 13,495 shares respectively (31 December 2020: 14,505,324, 4,976,960 and 10,378 shares respectively).

During the period ended 30 June 2021, the Fund repurchased 17,651 of its own shares for \$167,685 from TFG Asset Management using the then-current price of US\$ 9.50 per share.

Note 11 Earnings per share

	For the six months ended 30 Jun 2021	For the six months ended 30 Jun 2021
	US\$ MM	US\$ MM
Earnings for the purposes of basic earnings per share being net profit attributable to shareholders for the period.	31.9	(74.6)
Weighted average number of shares for the purposes of basic earnings per share	89.0	92.8
Effect of dilutive potential shares:		
Share-based employee compensation – equity-based awards	11.1	11.0
Weighted average number of shares for the purposes of diluted earnings per share	100.1	103.8

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive potential shares. Share-based employee compensation shares are dilutive potential shares.

In respect of share-based employee compensation – equity-based awards, it is assumed that all of the time-based shares currently held in escrow will be released, thereby increasing the weighted average number of shares. The number of dilutive performance-based shares is based on the number of shares that would be issuable if the end of the period were the end of the performance period.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

Note 12 **Segment information**

IFRS 8 *Operating Segments* requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

For management purposes, the Fund is organised into one main operating segment – its investment portfolio - which invests, either directly or via fund vehicles, in a range of alternative asset classes including equity securities, debt instruments, real estate, infrastructure, loans and related derivatives. The Fund's investment activities are all determined by the Investment Manager in accordance with the Fund's investment objective.

All of the Fund's activities are interrelated, and each activity is dependent on the others.

Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

The shares in issue are in US Dollars. The Fund's investment geographical exposure is as follows:

Region	30 Jun 2021	31 Dec 2020
North America	43%	42%
Europe	48%	48%
Asia Pacific	7%	8%
Latin America	2%	2%

Note 13 **Subsequent Events**

The Directors have evaluated the period up to 28 July 2021, which is the date that the financial statements were approved. The Directors have concluded that there are no material events that require disclosure or adjustment to the financial statements.

Note 14 **Approval of Financial Statements**

The Directors approved and authorised for issue the financial statements on 28 July 2021.

An investment in Tetragon involves substantial risks. Please refer to the company's website at www.tetragoninv.com for a description of the risks and uncertainties pertaining to an investment in Tetragon.

This release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This release does not contain or constitute an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction. The securities of Tetragon have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to U.S. persons unless they are registered under applicable law or exempt from registration. Tetragon does not intend to register any portion of its securities in the United States or to conduct a public offer of securities in the United States. In addition, Tetragon has not been and will not be registered under the U.S. Investment Company Act of 1940, and investors will not be entitled to the benefits of such Act. Tetragon is registered in the public register of the Netherlands Authority for the Financial Markets under Section 1:107 of the Financial Markets Supervision Act as a collective investment scheme from a designated country.

Tetragon is not responsible for the contents of any third-party website noted in this report.