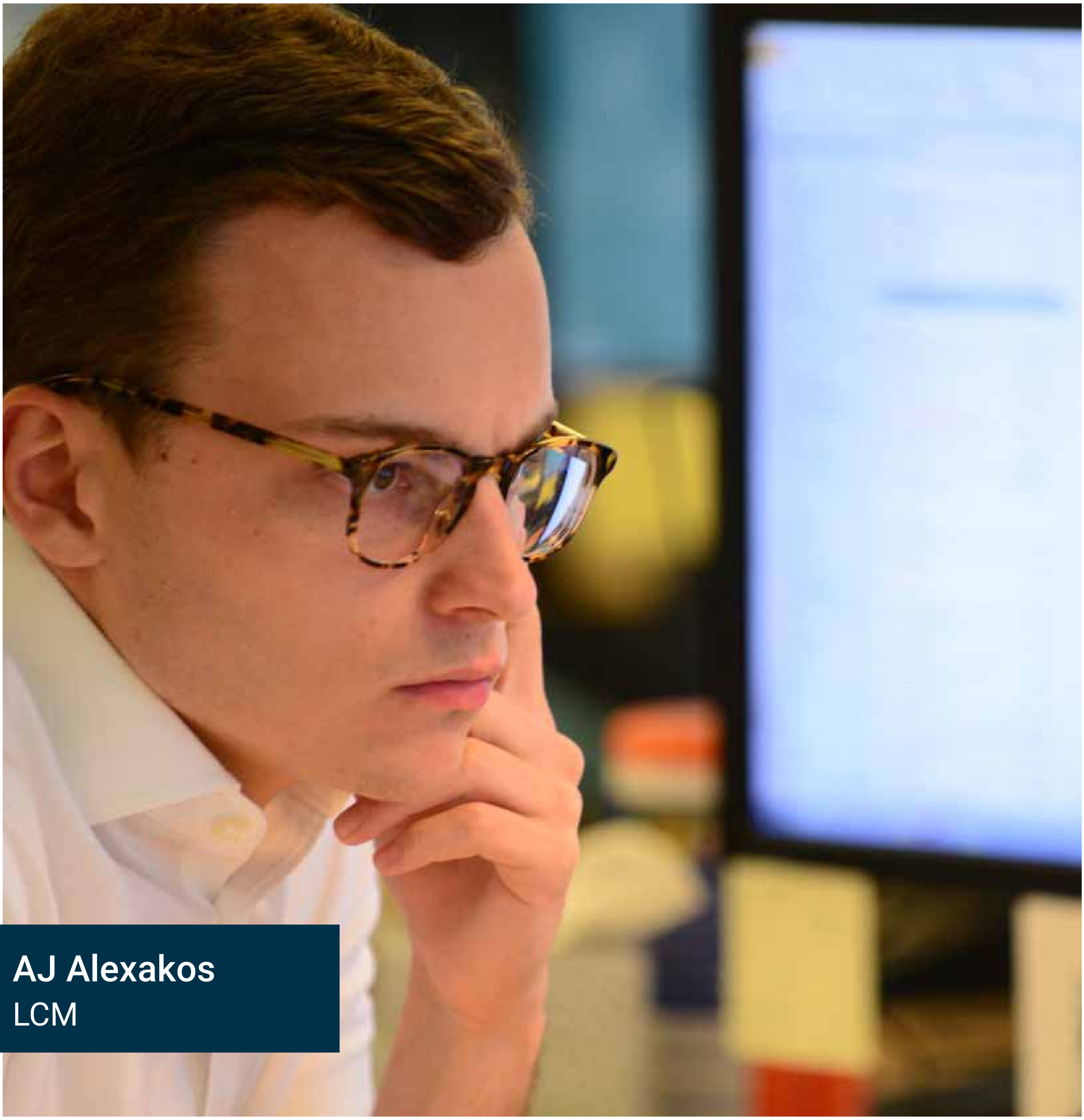
TETRAGON

2020 Half-Yearly Report

TETRAGON FINANCIAL GROUP LIMITED

Contents



AJ Alexakos
LCM

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.

aic

To view company updates visit:
www.tetragoninv.com

(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]

3.1%	9.9%	16.3%	10.8%	287%
One Year to 30 June 2020	5 Years Annualised	10 Years Annualised	Since IPO Annualised	Since IPO

Investment Returns / Return on Equity[3]

(2.9%)	10-15%	11.8%
H1 2020 Return on Equity	RoE Target	Annual Average Since IPO

Dividends

$0.10	$0.20	6.5%	1.6x	(2.0%)
Q2 2020 Dividend	H1 2020 Dividends	Dividend Yield[4]	Dividend Cover[5]	Dividend 5-Year CAGR[6]

Net Asset Value

$2.3 billion

30 June 2020

Ownership[7]

31.8%

Principal & Employee Ownership at 30 June 2020

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

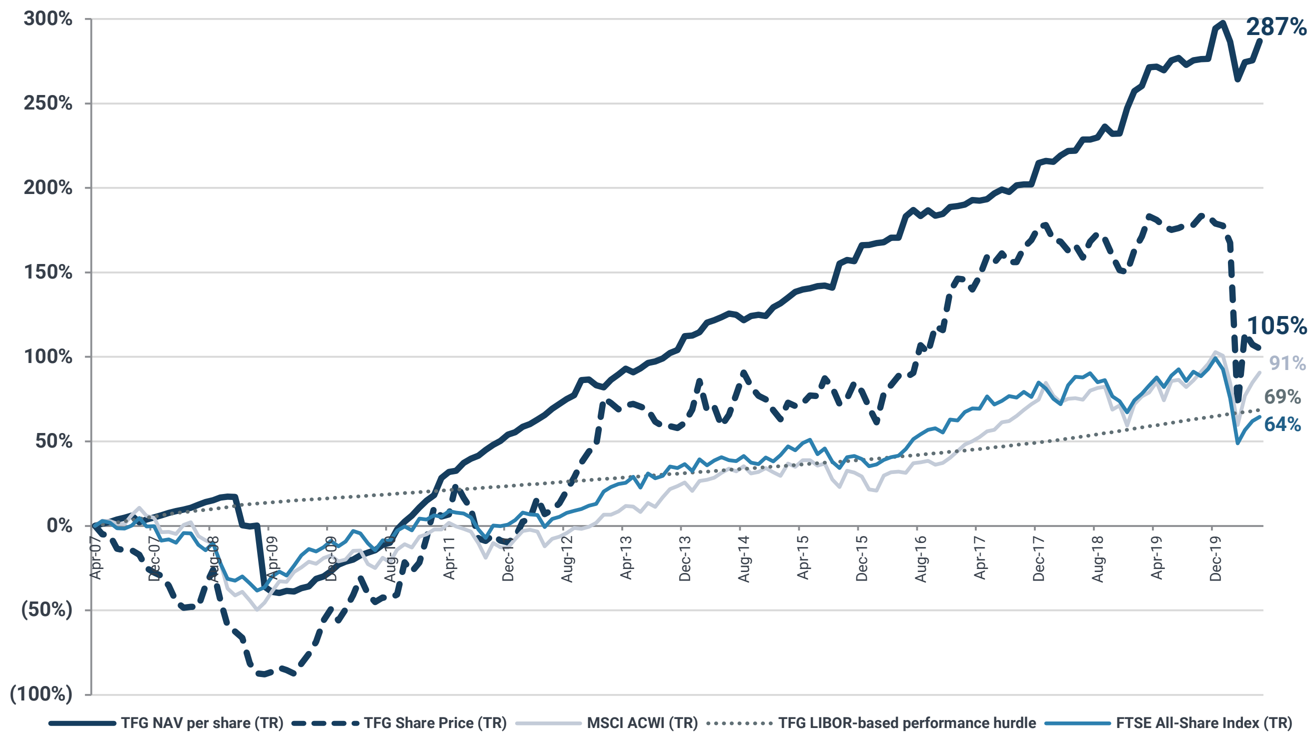
First Half 2020 Snapshot

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 2020	31 December 2019	Change
Net Assets	$2,261.4m	$2,386.1m	$(124.7)m
Fully Diluted NAV Per Share	$24.00	$24.76	$(0.76)
Share Price(1)	$8.76	$12.25	$(3.49)
Dividend	**$0.5725**	**$0.7400**	**$(0.1675)**
Dividend Yield	6.5%	6.0%	
Dividend Cover	1.6x	4.4x	
Ongoing Charges(2)	1.73%	1.73%	
Principal & Employee Ownership	31.8%	30.8%	
	H1 2020	H1 2019	
Investment Returns/Return on Equity(3)	**(2.9%)**	**6.7%**	
NAV Per Share Total Return(4)	**(1.9%)**	**8.1%**	
Share Price Total Return(5)	(26.5%)	10.0%	
Tetragon Hurdle: LIBOR +2.65%(6)	2.2%	2.7%	
MSCI ACWI Index Total Return(7)	(6.0%)	16.6%	
FTSE All-Share Index Total Return(7)	(17.4%)	12.9%	

Figure 2
Tetragon's NAV Per Share Total Return and Share Price Since IPO to 30 June 2020



(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 2020, 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 page 27 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) The dividend yield represents the last four quarterly dividends divided by the TFG NA share price at 30 June 2020. The latest declared dividend is included in the calculation.

(5) Dividend cover is last four quarterly Earnings Per Share divided by Dividends Per Share at 30 June 2020. The latest declared dividend is included in the calculation.

(6) The five-year Compound Annual Growth Rate (CAGR) figure is at 30 June 2020. The latest declared dividend is included in the calculation.

(7) Shareholdings at 30 June 2020 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 2019 Audited Financial Statements for more details of these arrangements.

Page 7:

(1) Based on TFG.NA.

(2) Annual calculation as at 31 December 2019. 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.

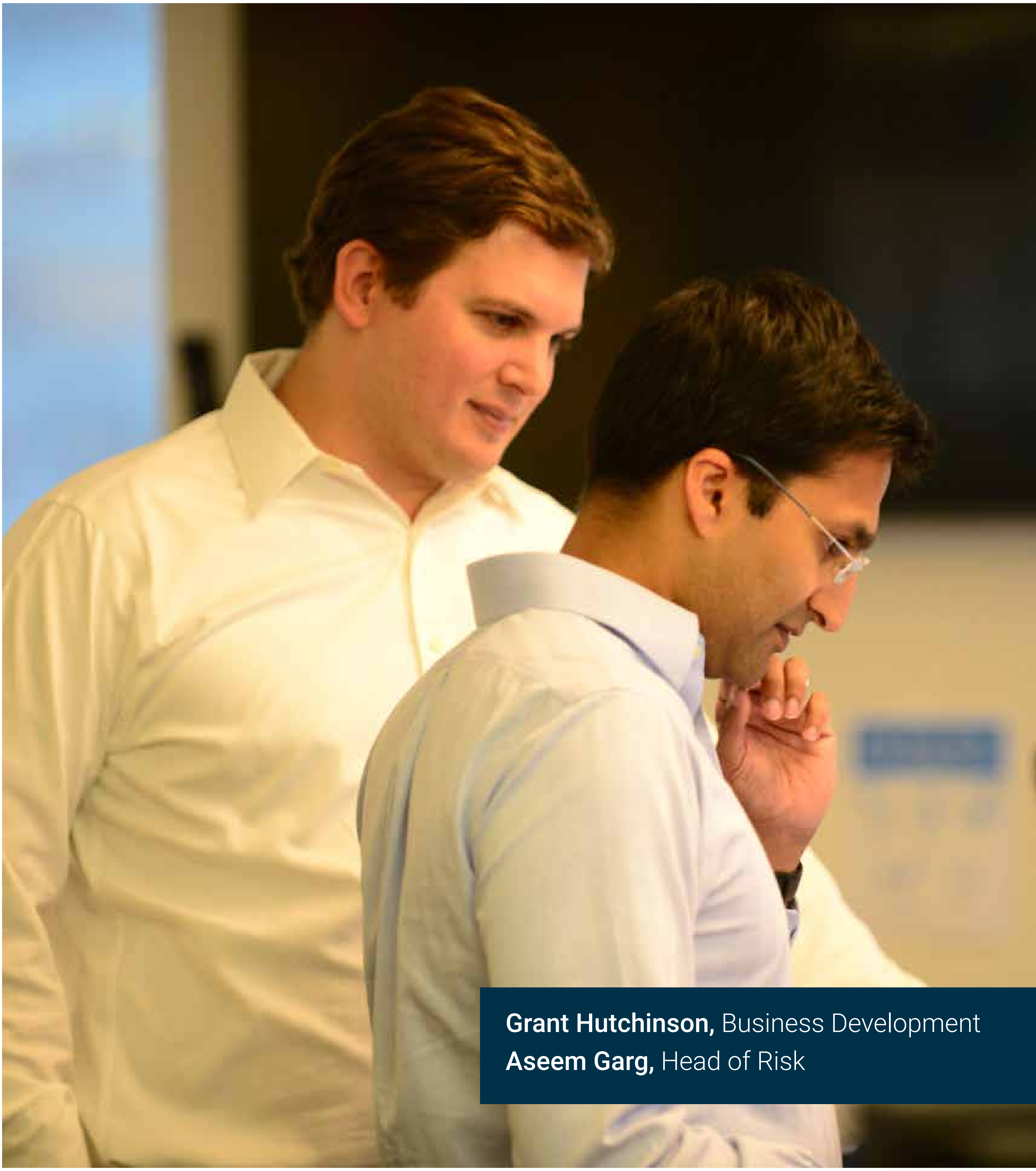
(4) Please see Note 2 for Page 6.

(5) H1 2020 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 26 emerging markets countries. With over 2,700 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



Grant Hutchinson, Business Development
Aseem Garg, Head of Risk

Executive Summary

During the first half of 2020, Tetragon delivered an investment return on equity (RoE) of -2.9% and a NAV per share total return of -1.9%. Financial markets were largely driven by the effects of COVID-19 in the first half of the year; the FTSE All-Share index was down -17.4% in local currency (-22.9% in USD), the MSCI ACWI was down -6.0%, the S&P 500 was down -3.1%, and interest rates continued to fall. In fact, the S&P 500 produced two of its six worst trading days of all times. Perhaps a better measure of the uncertainty around the effects of COVID-19 on financial markets were the historic levels of volatility in the first half. Only 2008 and the early 1930s produced similar levels of daily volatility. Against this backdrop, we are pleased to have preserved Tetragon's capital.

Many market participants have written extensively on this health crisis and its impacts on financial markets, but we do believe that it is useful to share a few key observations here. Although equity markets have recovered significantly from the lows of March, most of the recovery in the markets has been led by a handful of stocks. In some ways, this is best evidenced by the fact that the Nasdaq Index recently hit all time highs, while small and midcap stocks in the U.S. are still down between 9-13%.(1) One of the most unusual attributes in this crisis versus others is that many market leaders are actually benefitting from the pandemic.

We also think it is worth reiterating the observations we made on valuations at the end of 2019. That is, with U.S. Treasuries trading near all-time low yields and 90% of developed market debt yielding less than one percent, the market might not be as expensive as it appears relative to interest rates. Furthermore, as previously mentioned, less-liquid and less-researched situations – in both public and private markets – have not recovered to the extent that broad indices would suggest to the casual market participant. As a result, we continue to believe that interesting investment opportunities exist for Tetragon.

During the first half of the year, three of our investment categories made money while three lost money. Private equity and venture capital produced the largest gain in the first half.

During the first half of the year, three of our investment categories made money while three lost money. Private equity and venture capital produced the largest gain in the first half. Within this category, the fund's investment in Hawke's Point(2) Fund 1 generated over $30 million of gains. Banyan Square Partners Fund 1 generated a small loss from a COVID-19 affected private equity investment.

Tetragon's private equity investments in asset managers (TFG Asset Management) generated over $14 million of gains in the first half of the year. Gains at Equitix(3) were offset by small losses at most of the other asset managers, primarily due to the discount rates used to value these businesses. We believe that each of the TFG Asset Management businesses are well situated in this crisis. During the first half of the year, Equitix closed on €580 million of capital for its European Fund 1 and has so far raised approximately £500 million for its Fund VI and associated managed accounts. The Rakiza(4) joint venture with Oman Infrastructure Investment Management had its first close at approximately $400 million. Similarly, BentallGreenOak(5) exited the first half of 2020 with over $5.5 billion of capital to invest, putting the business in a strong position to invest into attractive assets at dislocated prices. Despite a particularly difficult period for CLO managers, LCM[6] expects to pay the equity holders of its CLOs and to collect all management fees. Record convertible issuance and the performance of the Polygon[7] Convertible Opportunity Fund in the first half of the year have benefitted Tetragon's investment in the strategy and the manager. Finally, during the first half of the year Tetragon Credit Partners[8] launched an open-ended hedge fund to take advantage of dislocations in CLO debt.

Tetragon's balance sheet investments in debt and equity generated small gains during the first half. Equity positions in technology, biotechnology, and financial services produced over $9 million. These gains were offset by small losses in credit positions.

The company's allocations to hedge funds, bank loans, and real estate all lost money during the first half. Tetragon's allocation to the European Equity Opportunity Fund (as well as the long-biased share class) was down roughly $47 million. These funds lost money on a mark-to-market basis in the first quarter and recovered some of those losses in the second quarter. The Polygon Convertible Opportunity Fund was up a small amount in the first half. The company's allocations to bank loans generated roughly $42 million of losses in the first half. Finally, real estate investments produced a loss of $13.6 million. Within real estate, European and Asian investments were positive while North American investments were negative.

During the first half of the year, Tetragon modified its Dividend and Capital Return Policy to remove any specific dividend target payout ratio referenced to normalised earnings. During the second quarter, for example, the manager took advantage of the fund's widened discount to NAV to repurchase $25 million of shares which was accretive to NAV by 1.8%. The Company also returned $26.7 million to shareholders in the form of dividends.

In addition to the macro-economic complexity we wrote about at the end of 2019, the COVID-19 pandemic has added another layer of complexity to the current investing environment. We are mindful of the potential for both right tail and left tail outcomes. On the one hand, there are number of promising vaccines and some emerging therapeutic options while on the other hand the economic and social costs of the COVID-19 pandemic are both high and unpredictable. We are pleased to have announced, especially against this backdrop, that we have increased the size and duration of Tetragon's revolving loan facility while also lowering its annual cost. As previously announced, Tetragon now has a $250 million facility in place with a ten-year duration.

We have also made a number of new hires across the business during the first half, with some employees starting their roles remotely.

It goes without saying that we are investing in highly uncertain times. That said, we believe that Tetragon's ample liquidity and the longer-term nature of its capital should enable the manager to protect and grow value.

With Regards,

The Board of Directors

31 July 2020

Notes:

(1) Total returns from 31 December 2019 – 30 June 2020 for the Russell 2000 index is -13.0% and -9.1% for the Russell Midcap Index.

(2) 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.

(3) Equitix Holdings Limited, an integrated core infrastructure asset management and primary project platform referred to in this report as "Equitix". Tetragon owns 75% of the business.

(4) Rakiza is a joint venture of Equitix and Oman Infrastructure Investment Management (OIM).

(5) 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.

(6) 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.

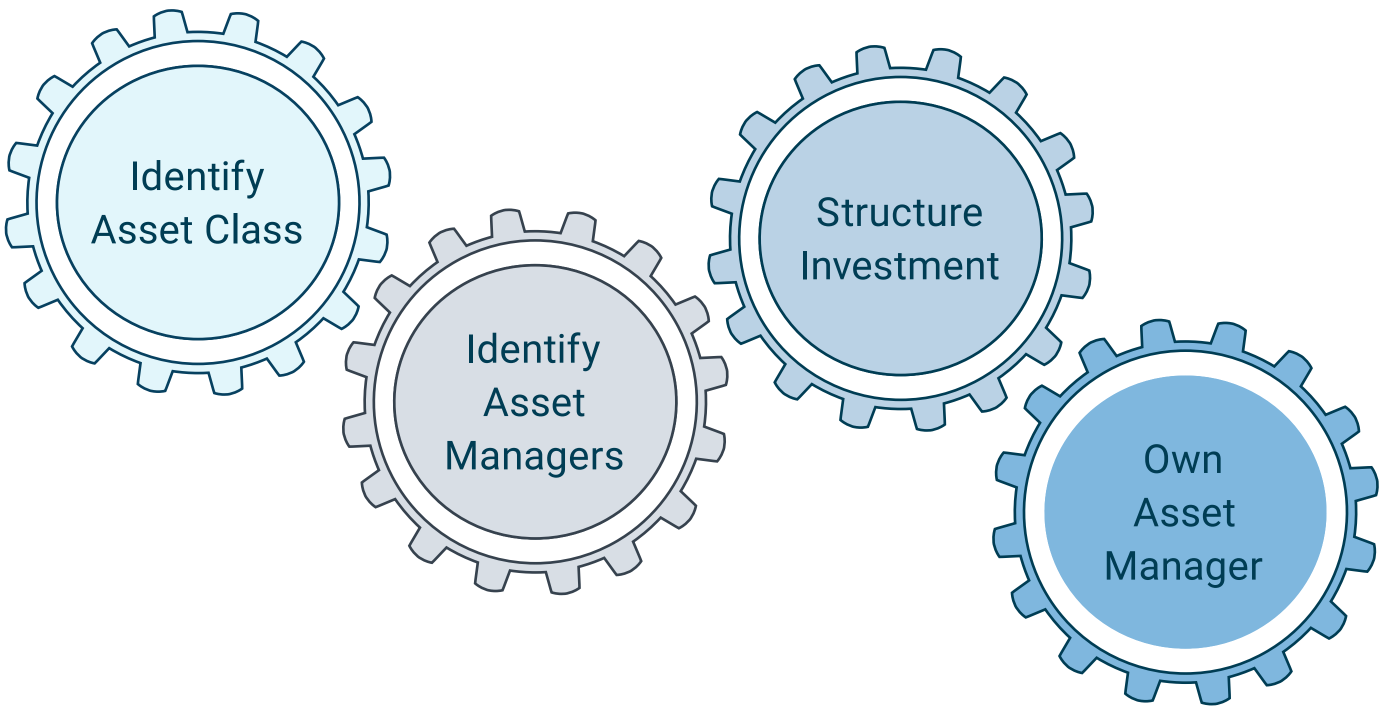
(7) Polygon Global Partners LP and Polygon Global Partners LLP (and certain of their affiliates), managers of open-ended hedge fund and private equity vehicles across a number of strategies that are part of TFG Asset Management, referred to in this report as "Polygon". Polygon Global Partners LLP is authorised and regulated by the United Kingdom Financial Conduct Authority. Tetragon owns 100% of the business.

(8) Tetragon Credit Partners is the holding company of the general partner entities for the TCI II, TCI III and Tetragon Credit Partners Opportunity Fund investment vehicles. Tetragon owns 100% of the business.

Tetragon was nominated for the 2018 and 2017 Investment Company of the Year Award in the "Flexible" category. There were four other nominees for these awards in 2018, and five other nominees in 2017. The Investment Company of the Year Award is organised by *Investment Week* magazine, a publication of Incisive Media, in association with the AIC (Association of Investment Companies). Investment companies are nominated by the award organisers using performance data provided by the AIC, using Morningstar Data, and FE Limited. Shortlists are constructed using a mixture of AIC data/research as well as from the submissions made by managers in the sector categories. As with the sector categories, winners are decided during the qualitative judging process. Submission for consideration for this category is by invitation only. Full details of the award methodology are available at www.investmentcompanyawards.com/static/methodology.

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

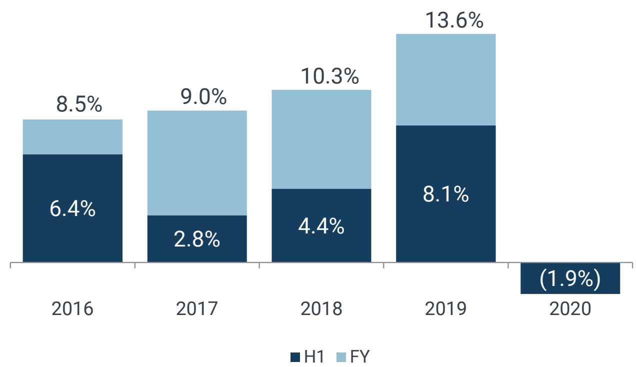
Tetragon focuses on the following key metrics when assessing how value is being created for, and delivered to, Tetragon shareholders:

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

Fully Diluted NAV Per Share

Fully Diluted NAV per share (NAV per share) was \$24.00 at 30 June 2020. NAV per share total return was -1.9% for H1 2020.

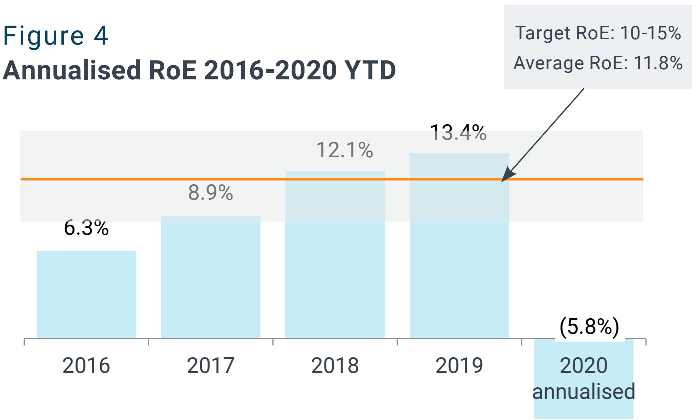
Figure 3
NAV Per Share Total Return 2016-2020 YTD



Investment Returns/Return on Equity[1]

Annualised RoE for H1 2020 was -5.8%. Earnings Per Share (EPS) for H1 2020 was -\$0.74.

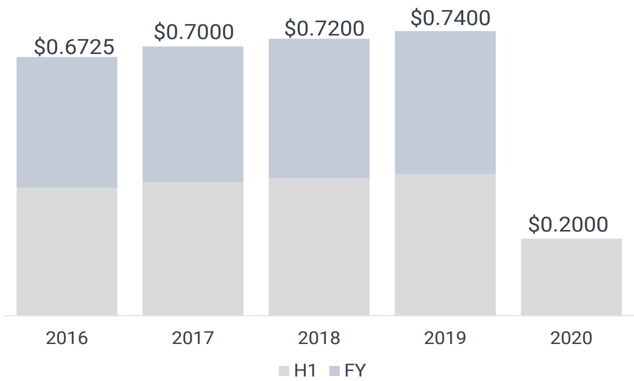
Figure 4
Annualised RoE 2016-2020 YTD



Dividends Per Share (DPS)

Tetragon declared a Q2 2020 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 \$7.1175.

Figure 5
DPS Comparison 2016-2020 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.

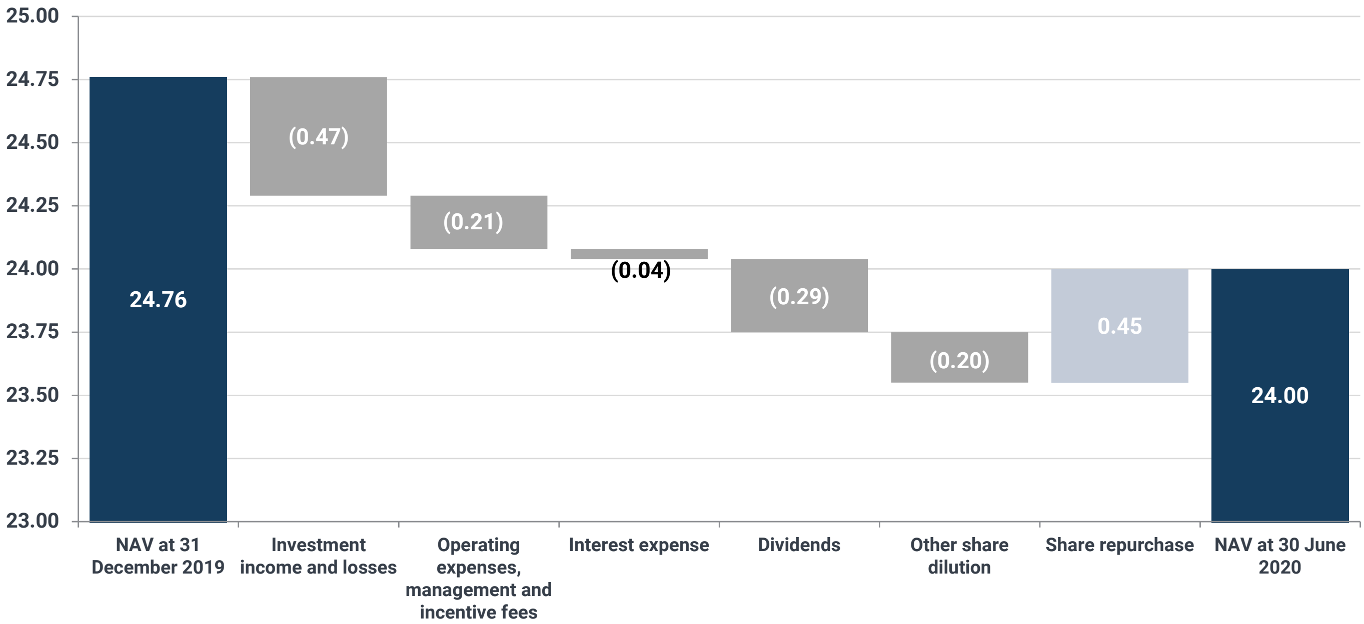
Investment Review

NAV Per Share

Tetragon's Fully Diluted NAV Per Share decreased from $24.76 per share as at 31 December 2019 to $24.00 per share as at 30 June 2020. Figure 6 below shows the contributions to that performance.

Figure 6

NAV Per Share Progression 31 December 2019 - 30 June 2020 (USD)(i)



(i) Progression from 31 December 2019 to 30 June 2020 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 2019 and 30 June 2020, 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 2019	Additions[i]	Disposals/ Receipts[i]	Gains/ Losses	NAV at 30 Jun 2020
Private equity in asset management companies	747.5	2.7	(61.0)	14.1	703.3
Event-driven equities, convertible bonds and quantitative strategies	532.0	50.4	(49.6)	(50.9)	481.9
Bank loans	339.9	19.1	(24.6)	(42.2)	292.2
Real estate	206.9	5.3	(46.8)	(13.6)	151.8
Private equity and venture capital	289.8	6.8	(2.1)	39.3	333.8
Other equities and credit[ii]	214.6	8.9	(38.5)	7.9	192.9
Net cash[iii]	55.4	49.0	-	1.1	105.5
Total	**2,386.1**	**142.2**	**(222.6)**	**(44.3)**	**2,261.4**

(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.

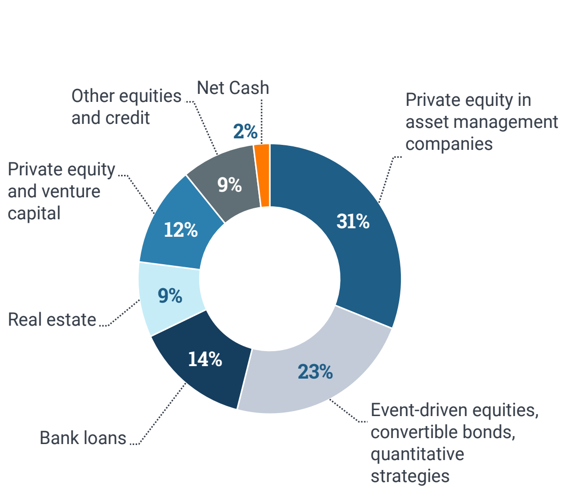
(ii) Assets characterised as "other equities & credit" consist of investment assets held directly on the balance sheet. For certain contracts for difference (CFD), gross value or required margin is used. Under IFRS, these CFDs are held at fair value which is the unrealised gain or loss at the reporting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

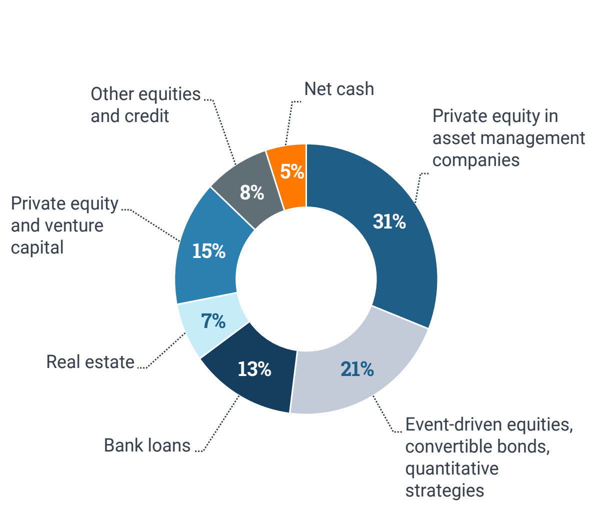
(iii) Net cash consists of: (1) cash held directly by Tetragon, (2) excess margin held by brokers associated with assets held directly by Tetragon, and (3) cash held in certain designated accounts related to Tetragon's investments, some of which may only be used for designated purposes without incurring significant tax and transfer costs, and (4) net of other current assets and liabilities.

Net Asset Composition Summary

Net Asset Breakdown at 31 December 2019 and 30 June 2020

Figure 8





Top 10 Holdings by Value as of 30 June 2020

Figure 9

	Holding	Asset Class	Value ($millions)	% of NAV
1	Equitix	Private equity in asset management company	282.2	12.5%
2	Polygon European Equity Opportunity Fund Absolute Return	Event-driven equities	245.6	10.9%
3	LCM	Private equity in asset management company	180.6	8.0%
4	BentallGreenOak	Private equity in asset management company	176.0	7.8%
5	Ripple Labs Inc. - Series C Preferred Stock	Private equity and venture capital	162.3	7.2%
6	Hawke's Point Fund 1	Private equity and venture capital	116.6	5.2%
7	Polygon European Equity Opportunity Fund Long Bias	Event-driven equities	108.2	4.8%
8	Polygon Convertible Opportunity Fund	Convertible bonds	104.6	4.6%
9	TCI III	Bank loans	76.5	3.4%
10	TCI II	Bank loans	50.4	2.2%
	Total			**66.6%**

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 the first half of 2020; more detailed commentary for each asset class follows. All figures are in millions of U.S. dollars.

Asset Class	NAV at 31 Dec 2019	Additions(i)	Disposals/ Receipts(i)	Gains/ Losses	NAV at 30 Jun 2020	% of NAV
Private equity in asset management companies						
Equitix	301.1	-	(52.1)	33.2	282.2	12.5%
BentallGreenOak	190.8	2.7	(8.9)	(8.6)	176.0	7.8%
LCM	186.0	-	-	(5.4)	180.6	8.0%
Polygon	48.1	-	-	(2.4)	45.7	2.0%
Tetragon Credit Partners	19.7	-	-	(2.7)	17.0	0.8%
Hawke's Point	1.8	-	-	-	1.8	0.1%
Banyan Square Partners(ii)	-	-	-	-	-	0.0%
Event-driven equities						
Polygon European Equity Opportunity Fund Absolute Return	258.7	18.4	(0.4)	(31.1)	245.6	10.9%
Polygon European Equity Opportunity Fund Long Bias	119.0	12.0	(6.8)	(16.0)	108.2	4.8%
Polygon Global Equities Fund	20.9	-	-	0.4	21.3	0.9%
Convertible bonds						
Polygon Convertible Opportunity Fund	81.7	20.0	-	2.9	104.6	4.6%
Quantitative strategies						
QT Fund Ltd	51.7	-	(42.4)	(7.1)	2.2	0.1%
Bank Loans						
U.S. CLOs (LCM)	190.5	-	(17.5)	(28.2)	144.8	6.4%
TCI III	70.4	14.1	(3.0)	(5.0)	76.5	3.4%
TCI II	59.0	-	(2.4)	(6.2)	50.4	2.2%
U.S. CLOs (non-LCM)	20.0	-	(1.7)	(2.9)	15.4	0.7%
Tetragon Credit Partners Opportunity Fund	-	5.0	-	0.1	5.1	0.2%
Real estate						
BentallGreenOak Europe funds & co-investments	69.0	0.6	(37.2)	11.6	44.0	1.9%
BentallGreenOak U.S. funds & co-investments	64.0	2.5	-	(23.8)	42.7	1.9%
BentallGreenOak Asia funds & co-investments	29.9	-	(8.1)	2.1	23.9	1.1%
BentallGreenOak debt funds	5.2	1.7	(1.5)	0.1	5.5	0.2%
Other real estate	38.8	0.5	-	(3.6)	35.7	1.6%
Private equity and venture capital						
Hawke's Point Fund 1	81.1	2.5	-	33.0	116.6	5.2%
Banyan Square Partners Fund 1	15.0	-	-	(6.2)	8.8	0.4%
Other funds and co-investments	43.1	4.3	(1.5)	0.2	46.1	2.0%
Direct	150.6	-	(0.6)	12.3	162.3	7.2%
Other equities and credit(iii)						
Other equities	185.5	8.9	(27.8)	9.2	175.8	7.8%
Other credit	29.1	-	(10.7)	(1.3)	17.1	0.8%
Cash						
Net cash(iv)	55.4	49.0	-	1.1	105.5	4.7%
Total	**2,386.1**	**142.2**	**(222.6)**	**(44.3)**	**2,261.4**	**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) Banyan Square Partners 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) net of other current assets and liabilities.

Detailed Investment Review (continued)

Private equity investments in asset management companies

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 2020, TFG Asset Management comprised LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners and Banyan Square Partners. TFG Asset Management recorded an investment gain of $14.1 million during H1 2020.

- Equitix: This investment was the most significant contributor during H1 2020 with gains of $33.2 million. This was primarily driven by a combination of investment performance, as well as its successful capital raising and capital deployment. During H1 2020, Euro Fund I reached a final close at €580 million; Fund VI was launched along with associated managed accounts raising approximately £500 million of capital and anticipated to raise further capital by Q3 2020; and the Rakiza joint venture with Oman Infrastructure Investment Management had its first close at approximately $400 million. This performance was partially offset by an increase of 0.50% in the discount rate applied in the discounted cash flow model. During H1 2020, Equitix repaid £25.7 million of loan notes (including accrued interest) to Tetragon.
- BentallGreenOak: This investment is valued using the present value of the various cash flow elements of the GreenOak/Bentall Kennedy merger deal, comprised of fixed quarterly distributions, variable distributions, carried interest from funds and a put/call option in 2026/27. During H1 2020, this investment made a loss of $8.6 million. This reflects an increase in the discount rate applied to the carried interest (30% in June 2020 vs. 25% in December 2019) and put/call option (12% in June 2020 vs. 11.25% in December 2019) due to the prevailing uncertainty in the COVID-19 environment.
- LCM: TFG Asset Management's investment in LCM contributed $5.4 million of loss in H1 2020, primarily reflecting a 1% higher discount rate used in the discounted cash flow model. The AUM of LCM slightly decreased to $9.0 billion in June 2020 from $9.1 billion in December 2019.
- Polygon: The investment in Polygon recorded a loss of $2.4 million, primarily reflecting a 0.75% higher discount rate.
- Tetragon Credit Partners: The value of Tetragon Credit Partners decreased by $2.7 million in H1 2020, mainly due to a decrease in the projected carry. The Tetragon Credit Partners Opportunity Fund, an open-ended fund investing primarily in CLO debt securities, launched on 1 May 2020. In addition, Tetragon Credit Partners' TCI III vehicle deployed the remaining 17% of its uninvested capital in during H1 2020.
- Hawke's Point: The NAV of Hawke's Point remains small with AUM of approximately $120 million at the end of H1 2020. The valuation of this business is unchanged from the end of 2019.
- Banyan Square Partners: This business was founded by TFG Asset Management in 2019. Banyan Square Partners is an investment management business focused on providing non-control structured and common equity solutions to financial sponsors. Initially, Banyan Square Partners will be funded wholly by Tetragon's balance sheet. Tetragon's investment in Banyan Square Partners has not yet been valued by a third-party valuation specialist.

Please see Note 4 in the 30 June 2020 Tetragon Financial Group 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.

Detailed Investment Review (continued)

Event-driven equities, convertible bonds and quantitative strategies

Tetragon invests in event-driven equities, convertible bonds and quantitative strategies through hedge funds. At 30 June 2020, these investments are primarily through hedge funds managed by Polygon, a subsidiary 100% owned by TFG Asset Management. Investments in these funds generated a loss of $50.9 million during H1 2020.

Event-driven Equities

- **Polygon European Equity Opportunity Fund:** Tetragon's investments in H1 2020 recorded a loss of $47.1 million. Amid pandemic-related turmoil in global equity markets, the fund experienced mark-to-market losses, particularly in the first quarter, with some improvement in performance seen in the second quarter. Year to date through 30 June, the fund's Absolute Return class had net performance of -12.2% and the Long-Bias share class was -20.0%. The manager of this fund believes compelling dislocation and reversion opportunity remains in the European equity market, primarily among non-index, midcap companies which comprise much of the portfolio. The manager has focused on taking advantage of areas where it believes dislocation between short-term pricing and long-term fundamentals has been most pronounced, creating compelling investment opportunities as a result. Tetragon increased its investment by $30.0 million.
- **Polygon Global Equities Fund:** Tetragon's investment was slightly positive (+$0.4 million) during H1 2020 and this investment remains relatively small.

Convertible Bonds

- **Polygon Convertible Opportunity Fund:** Tetragon's investment generated a gain of $2.9 million during the first half. Net performance in the fund was +1.6% for its flagship share class, amid a backdrop of record global convertible bond issuance. The manager used the market dislocation as an opportunity to add to high-conviction existing positions and to build new positions in distressed opportunities at what it saw as attractive levels. Tetragon increased its investment by $20 million.

Quantitative Strategies

- **QT Fund Ltd:** As mentioned in the annual report, this position was largely redeemed during the first half; Tetragon received $42.4 million during the period. The remaining $2.2 million is expected to be returned during Q3 2020

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 loss during H1 2020 in the context of weakening U.S. corporate credit fundamentals, asset price declines and elevated volatility as a result of the pandemic. Tetragon made new U.S. CLO investments indirectly via the Tetragon Credit Partners platform. 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 a loss of $28.2 million during H1 2020, reflecting mark-to-market valuation declines which were primarily a result of structural and credit quality erosion among certain transactions as well as a recalibration of certain model assumptions and discount rates used to value the positions. During H1 2020, Tetragon's investment in the equity tranches of LCM-managed CLOs made $17.5 million in cash distributions. The fair value of this segment decreased by 24.0% vs. year-end 2019 as Tetragon did not directly make any new LCM CLO investments, existing investments continued to naturally amortise, and as the valuation of these positions declined as a result of the valuation changes noted above. All LCM CLO transactions were compliant with their junior-most overcollateralisation (O/C) tests as of the end of June 2020.

  During H1 2020, one LCM-managed transaction (LCM XXIII) breached its interest diversion test with respect to the April payment date, resulting in a diversion of 50% of the interest proceeds otherwise distributable to the equity tranche into the acquisition of additional assets for the transaction to shore-up asset coverage.[1]

(1) Based on the most recent trustee reports available as of 30 June 2020. 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.

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

- **U.S. CLOs (non-LCM):** The non-LCM-managed CLO segment posted a loss of $2.9 during H1 2020, reflecting mark-to-market valuation declines which were primarily a result of structural and credit quality erosion of the transactions as well as a recalibration of certain model assumptions and discount rates used to value the positions. Investments in this segment made $1.7 million in cash distributions during H1 2020. The fair value of this segment continued to decline, ending H1 2020 at $15.4 million, as Tetragon did not add any direct non-LCM-managed CLO investments, as the existing deals continued to naturally amortise and as the valuation of these positions declined as a result of the valuation changes noted above. As of the end of June 2020, all non-LCM CLOs were compliant with their junior-most O/C tests and had not experienced any O/C test or interest diversion test breaches during H1 2020.(2)

  As with LCM CLOs, we currently expect to make most of our new issue non-LCM equity investments indirectly via the Tetragon Credit Partners platform.

- **TCI II(3) and TCI III(4):** TCI II is the CLO investment vehicle established by Tetragon Credit Partners, a 100% owned subsidiary of TFG Asset Management. As of 30 June 2020, Tetragon's commitment to TCI II was $70.0 million, which was fully funded. During H1 2020, Tetragon's investment in TCI II made $3.0 million in cash distributions and generated a $5.0 million loss reflecting mark-to-market valuation declines which were primarily a result of structural and credit quality erosion of the relevant transactions as well as a as result of a recalibration of certain model assumptions and discount rates used to value the positions. During Q1 2020 the team closed on the refinancing of all of the debt tranches of a CLO held by TCI II (Newark BSL CLO 1), which resulted in a reduction of the interest costs of the debt of approximately 50 bps. All other CLO performance factors being equal, this savings is expected to increase the annual coupons payable to the equity tranche by 4.6%.

  As of 30 June 2020, Tetragon's commitment to TCI III was $85.9 million, which was fully funded by the end of Q1 2020. As of 30 June 2020, TCI III had made 14 investments in U.S. CLO equity positions.

  As of the end of June 2020, all CLOs held by TCI II and TCI III were compliant with their junior-most O/C tests.(5) During H1 2020, one LCM-managed transaction held by TCI II (LCM XXI) breached its interest diversion test with respect to the April payment date, resulting in a diversion of 50% of the interest proceeds otherwise distributable to the equity tranche into the acquisition of additional assets for the transaction to shore-up asset coverage.(6)

- **Tetragon Credit Partners Opportunity Fund:** On 1 May 2020, Tetragon Credit Partners launched an open-ended fund to seek to monetise dislocation opportunities in U.S. CLO mezzanine tranches. Through the end of June 2020, the fund generated a gain of $0.1 million for Tetragon.

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.

- **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. In H1 2020, these investments generated gains of $11.6 million, primarily driven by realised gains following the disposal of assets in Spain and Italy.

(2) Based on the most recent trustee reports available as of 30 June 2020.
(3) Tetragon Credit Income II L.P.
(4) Tetragon Credit Income III L.P.
(5) Based on the most recent trustee reports available as of 30 June 2020.
(6) Based on the most recent trustee reports available as of 30 June 2020.

Detailed Investment Review (continued)

- **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. In H1 2020, these investments generated a net loss of $23.8 million for Tetragon, primarily driven by revaluation in a property held in US Fund II and a co-investment vehicle.

- **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. During H1 2020, these investments contributed a $2.1 million gain.

- **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; $0.1 million of gains were generated in H1 2020.

- **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 the first half of 2020, the farmlands were revalued by an independent valuation specialist, with a reduction in the current market value of $3.6 million reflecting market conditions in Paraguay.

Private equity and venture capital

Tetragon's private equity and venture capital investments comprise several types of investments: (1) Tetragon's Hawke's Point investment; (2) Tetragon's Banyan Square Partners investment; (3) private equity investments with third-party managers; and (4) direct private equity investments, including venture capital investments.

- **Hawke's Point:** Tetragon's investment into mining finance via a vehicle managed by Hawke's Point generated $33.0 million of net income in H1 2020, driven by substantial project development and corporate progress in two Australian gold projects in which Hawke's Point is the cornerstone investor. Both projects are anticipated to come online in calendar year 2021. Hawke's Point continues to actively seek and progress new opportunities in what it believes to be a favourable market environment.

- **Banyan Square Partners:** The Banyan Square Partners investment had an unrealised loss of $6.2 million in H1 2020 against a challenging macro backdrop.

- **Other funds and co-investments:** At 30 June 2020, Tetragon had a 2% allocation to investments in private equity funds and co-investment vehicles in Europe and North America. This category generated a gain of $0.2 million in H1 2020.

- **Direct:** This category currently holds the investment in Ripple Labs. During H1 2020, it generated gains of $12.3 million.

Other equities and credit

Occasionally, Tetragon will make 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 gains of $9.2 million during the first half; these investments comprised European and U.S.-listed public equities in technology, biotechnology, and financial services sectors.

- **Other credit:** This segment generated a loss of $1.3 million during H1 2020, driven by corporate bonds.

Detailed Investment Review (continued)

Cash

Tetragon's net cash balance, which is cash adjusted for known accruals and liabilities, was $105.5 million at 30 June 2020. As at 30 June 2020, Tetragon had a $150.0 million revolving credit facility in place which was fully drawn. This liability has been incorporated into the net cash balance calculation. On 16 July 2020, Tetragon obtained a 10-year $250 million revolving credit facility, replacing the existing facility.

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 2020, Tetragon used $93.2 million of cash to make investments, $37.1[7] million to repurchase its shares and $18.7 million to pay dividends. $222.8 million of cash was received as distributions and proceeds from the sale of investments. Future cash commitments are approximately $206.7 million, comprising hard investment commitments (BentallGreenOak funds $65.6 million and private equity funds $26.3 million) and soft investment commitments (Banyan Square Partners fund $85.0 million and the Hawke's Point fund $29.8 million).

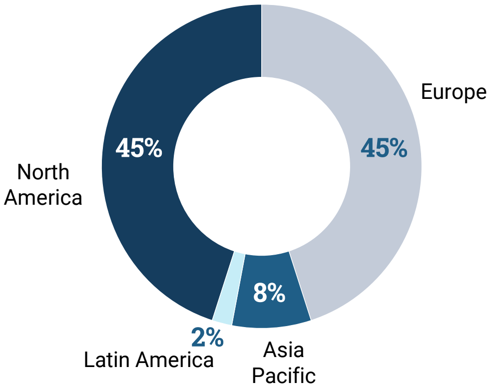
(7) $37.1 million includes $25.1 million of shares purchased through the tender offer in June 2020 and $12.0 million of shares purchased from a subsidiary to facilitate the payment of taxes on equity-based employee share awards.

Further Portfolio Metrics

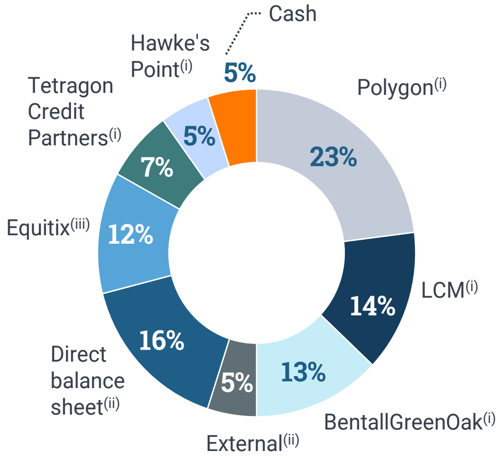
Exposures at 30 June 2020

Figure 11

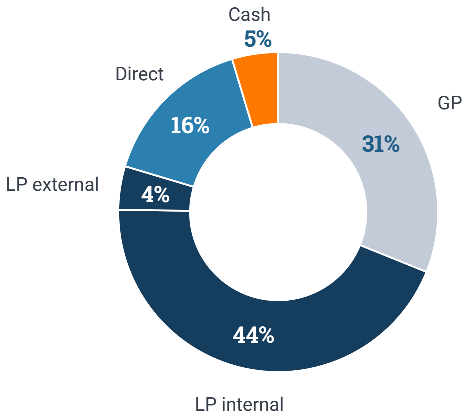
By Geography[(1)]



By Exposure[(2)]



By Investment



Tetragon's investments comprise:

- GP - private equity in asset management companies
- LP internal - investments in funds/accounts on the TFG Asset Management platform
- LP external - investments in external funds/accounts
- Direct - direct balance sheet investments
- Cash

Currency Exposure:
Tetragon is a U.S. dollar-based fund and reports all of its metrics in U.S. dollars. All investments denominated in other currencies are hedged to U.S. dollars.

(1) Assumptions for "By Geography":

- Event-driven equities, convertible bonds, quantitative strategies, 'private equity and venture capital' and 'other equities and credit' investments are based on the geographies of the underlying portfolio assets.
- U.S. CLOs, TCI II, TCI III and Tetragon Credit Partners Opportunity Fund are 100% North America.
- BentallGreenOak (TFG Asset Management) treated as 20% Europe, 67% North America, 13% Asia.
- Polygon (TFG Asset Management) treated as 80% Europe, 20% North America.
- LCM (TFG Asset Management) treated as 100% North America.
- Equitix (TFG Asset Management) treated as 100% Europe.
- Tetragon Credit Partners (TFG Asset Management) treated as 100% North America.

(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

Business Development
Team meeting

H1 2020 Financial Review

Financial Highlights

Figure 12

Tetragon Financial Group Financial Highlights Through H1 2018 - H1 2020	H1 2020	H1 2019	H1 2018
Reported GAAP Net income ($MM)	($74.6)	$145.7	$104.3
Fair Value Net income ($MM)	($68.9)	$145.7	$104.3
Reported GAAP EPS	($0.80)	$1.64	$1.15
Fair Value EPS	($0.74)	$1.64	$1.15
Return on equity	(2.9%)	6.7%	5.2%
Net Assets ($MM)	$2,261.4	$2,262.5	$2,074.9
GAAP number of shares outstanding (MM)	90.6	88.8	91.2
NAV per share	$24.97	$25.47	$22.76
Fully diluted shares outstanding (MM)	94.2	94.5	95.9
Fully diluted NAV per share	$24.00	$23.94	$21.64
NAV per share total return	(1.9%)	8.1%	4.4%
DPS	$0.2000	$0.3675	$0.3575

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

- **Fair Value Net Income (-$68.9 million):** Please see Figure 13 for more details and a breakdown of the Fair Value Net Income.
- **Return on Equity (-2.9%):** Fair Value Net Income (-$68.9 million) divided by Net Assets at the start of the year ($2,386.1 million).
- **Fully Diluted Shares Outstanding (94.2 million):** Adjusts the IFRS shares outstanding (90.6 million) for various dilutive factors (3.6 million shares). Please see Figure 21 for more details.
- **Fair Value EPS (-$0.74):** Calculated as Fair Value Net Income (-$68.9 million) divided by the time-weighted average IFRS or GAAP shares during the period (92.8 million).
- **Fully Diluted NAV Per Share ($24.00):** Calculated as Net Assets ($2,261.4 million) divided by Fully Diluted Shares Outstanding (94.2 million).

Pro Forma Statement of Comprehensive Income

Figure 13

Tetragon Financial Group Pro Forma Statement of Comprehensive Income H1 2019 - H1 2020	H1 2020 ($millions)	H1 2019 ($millions)
Net (loss) / gain on financial assets at fair value through profit or loss	(77.2)	187.7
Net gain on derivative financial assets and liabilities	31.6	5.5
Other income	1.1	4.0
Investment income	**(44.5)**	**197.2**
Management and incentive fees	(17.2)	(45.8)
Other operating and administrative expenses	(3.5)	(3.8)
Interest expense	(3.7)	(1.9)
Total operating expenses	**(24.4)**	**(51.5)**
Fair Value Net income	**(68.9)**	**145.7**

For 2020, 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. This adjustment is consistent with how Fair Value Net Income has been determined in prior periods.

During the period, no incentive fee was expensed or remains outstanding at 30 June 2020.

Pro Forma Statement of Financial Position

Figure 14

Tetragon Financial Group
Pro Forma Statement of Financial Position as at 31 December 2019 and 30 June 2020

	30 Jun 2020 ($millions)	31 Dec 2019 ($millions)
ASSETS		
Investments	2,127.6	2,416.3
Derivative financial assets	4.7	11.4
Other receivables	0.4	1.0
Amounts due from brokers	32.0	47.1
Cash and cash equivalents	253.1	134.3
Total assets	**2,417.8**	**2,610.1**
LIABILITIES		
Loans and borrowings	(150.0)	(150.0)
Derivative financial liabilities	(4.4)	(37.2)
Other payables and accrued expenses	(2.0)	(36.8)
Total liabilities	**(156.4)**	**(224.0)**
NET ASSETS	**2,261.4**	**2,386.1**

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 $1.8 million (2019: $0.8 million) and decreasing investments by $1.8 million (2019: $0.8 million). This treatment is consistent with how Tetragon has reported these investments in prior periods.

Other Information

Antonis Giannopoulos
Convertibles

TFG Asset Management

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 2020, TFG Asset Management comprised LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners and Banyan Square Partners. TFG Asset Management has approximately $27.9 billion of AUM(1) and approximately 350 employees globally (excluding BentallGreenOak). Each of the asset managers on the platform is privately held.

Figure 15

TFG Asset Management at a glance

	LCM	BentallGreenOak	POLYGON	equitix
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 2020 ($Bn)	$9.0	$6.3	$1.4	$7.7
Percentage Tetragon Ownership	100%	13%	100%	75%
Valuation at 30 Jun 2020 ($m)	$180.6	$176.0	$45.7	$282.2
Valuation at 31 Dec 2019 ($m)	$186.0	$190.8	$48.1	$301.1
Change during period	-2.9%	-7.8%	-5.0%	-6.3%
Products	19 CLOs	Real estate investment strategies including Core, Core Plus and Value Added equity; and senior and mezzanine real estate debt	Four hedge funds	Nine funds plus managed accounts
Average fund duration	10-12 years(2)	7-10 years	Quarterly liquidity	25 years
Valuation Methodology(3)	DCF and market multiples	DCF (sum-of-parts)	DCF	DCF, debt at par + accrued interest
Significant unobservable inputs(4)	Discount rate 12.5%, P/AUM multiple 2.63%, DLOL 15%	Discount rate ranges from 2.6% to 30% for different cash flows with a base discount rate of 12%, DLOL 15%	Discount rate 13%, DLOL 20%	Discount rate 10%, DLOL 15%

(1) Includes AUM of LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners and TCICM, as calculated by the applicable fund administrators at 30 June 2020 (AUM of Tetragon Credit Partners represents committed capital). 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 2020. Includes, where relevant, investments by Tetragon Financial Group Limited. The AUM for BentallGreenOak represents Tetragon's *pro rata* share (12.86%) of BentallGreenOak AUM at 30 June 2020 ($49.0 billion).

(2) 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.

(3) DCF stands for "Discounted Cash Flow". Please see Note 4 of the 30 June 2020 Unaudited Condensed Financial Statements for more information.

(4) DLOL stands for "Discount for Lack Of Liquidity". Please see Note 4 of the 30 June 2020 Unaudited Condensed Financial Statements for more details on significant unobservable inputs.

Offices
London | New York

350
Employees
excluding BentallGreenOak

Global
Operating Platform

Figure 15 (continued)

TFG Asset Management at a glance

	HAWKE'S POINT MINING FINANCE	TETRAGON CREDIT PARTNERS	BANYAN SQUARE
Established	2014	2015	2019
Joined Tetragon	2014	2015	2019
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.
AUM at 30 Jun 2020 ($Bn)	$0.10	$0.8	$0.0
Percentage Tetragon Ownership	100%	100%	100%
Valuation at 30 Jun 2020($m)	$1.8	$17.0	Not applicable(5)
Valuation at 31 Dec 2019 ($m)	$1.8	$19.7	Not applicable(5)
Change during period	0.0%	-13.7%	Not applicable
Products	One private equity fund	Two private equity vehicles and one hedge fund	One private equity fund
Average fund duration	Not applicable	10 years for PE vehicles; quarterly for hedge fund	Not applicable
Valuation Methodology	Replacement cost	DCF	Not applicable(5)
Significant unobservable inputs	Replacement cost	Discount rate 11.5%, DLOL 15%	Not applicable(5)

$27.9B
TOTAL ASSETS UNDER MANAGEMENT(6)
30 June 2020

$703.3m
TOTAL VALUATION
30 June 2020

(5.9)%
CHANGE DURING PERIOD
30 June 2020

(5) Banyan Square Partners has not yet been valued by a third-party valuation specialist.

(6) Please see Note 1 on page 32.

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 2020 totalled $27.9 billion.(i)

Figure 16(i)

TFG Asset Management AUM by Business
at 30 June 2020 ($billions)

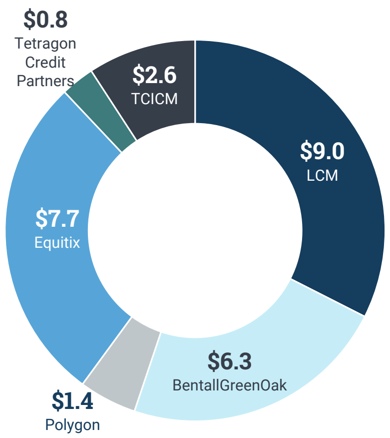


Figure 17(i)

TFG Asset Management AUM
at 31 December 2016 - 30 June 2020 ($billions)

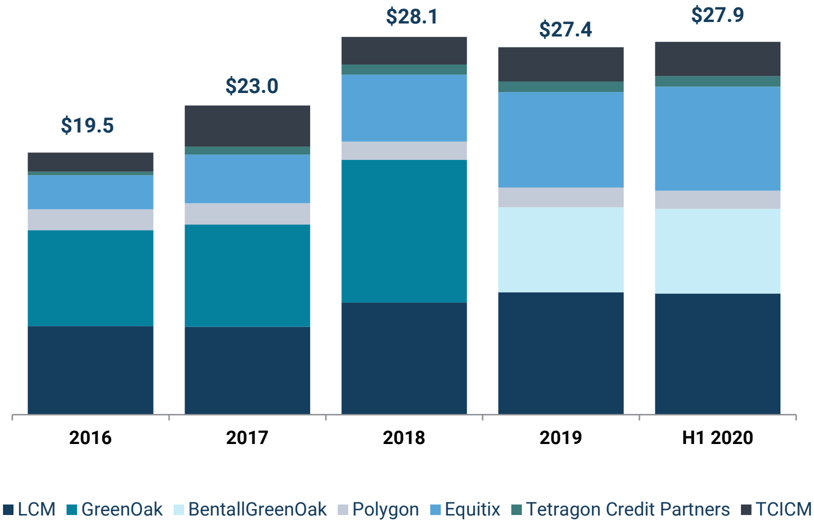


Figure 18

Tetragon Financial Group
TFG Asset Management Pro Forma Statement of Operations(ii)

	H1 2020 ($millions)	H1 2019 ($millions)	H1 2018 ($millions)
Management fee income	65.4	48.7	41.1
Performance and success fees(iii)	22.2	16.2	3.7
Other fee income	7.7	7.9	5.2
Distributions from BentallGreenOak	9.2	3.6	8.1
Interest income	1.8	1.6	1.6
Total income	**106.3**	**78.0**	**59.7**
Operating, employee and administrative expenses	(61.1)	(49.5)	(40.4)
Minority interest	(7.4)	(3.4)	(2.0)
Net income - "EBITDA equivalent"	**37.8**	**25.1**	**17.3**

(i) Please see Note 1 on page 32.

(ii) This table includes the income and expenses attributable to TFG Asset Management's majority owned businesses, Polygon, LCM, Equitix, Hawke's Point, Tetragon Credit Partners and Banyan Square Partners during that period. Although TFG Asset Management currently has an 85% effective economic share of its business, 100% of Equitix's income and expenses are reflected above; 15% of Equitix's income and expenses are reversed out through the minority interest line, being the proportion not attributable to Tetragon. 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.

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 2020, this included $4.6 million (H1 2019: $4.1 million) of management fees and $0.9 million (H1 2019: $2.2 million) of performance and success fees. BentallGreenOak's contribution has been captured by including the distributions that it has made to Tetragon.

- **EBITDA:** In H1 2020, TFG Asset Management's EBITDA was $37.8 million, 51% higher from H1 2019. Higher management fees, performance and success fees and increased distributions from BentallGreenOak were all key drivers for the increase.
- **Management fee income:** Management fee income continued to grow, increasing by $16.7 million or 34% against the same period last year, with the majority of the uplift due to an increase in Equitix management fee income as AUM continued to grow.
- **Performance and success fees:** Overall, this category was up $6.0 million on H1 2019, with an increase in primary income from Equitix being the key driver.
- **Other fee income:** The majority of this bucket comes from income generated by Equitix on management services contracts, which is known as the EMS business, but also including certain cost recoveries from Tetragon relating to seeded Polygon hedge funds as well as third-party fee income relating to certain U.S. CLO 1.0 transactions.
- **Distributions from BentallGreenOak:** Distributions from BentallGreenOak reflect (i) distributions from ongoing operations and (ii) distributions from carried interest. Up to June 2019, carried interest made up nearly 80% of these distributions. Following the BentallGreenOak merger, carried interest distributions are supplemented by the fixed and variable payments agreed as part of that deal. For H1 2020, fixed payments contributed $7.0 million with carried interest accounting for the remainder.
- **Operating expenses:** Operating expenses increased by $11.6 million against H1 2019, however on a *pro rata* basis are broadly consistent with the full year 2019 ($124.3 million).

Share Repurchases & Distributions

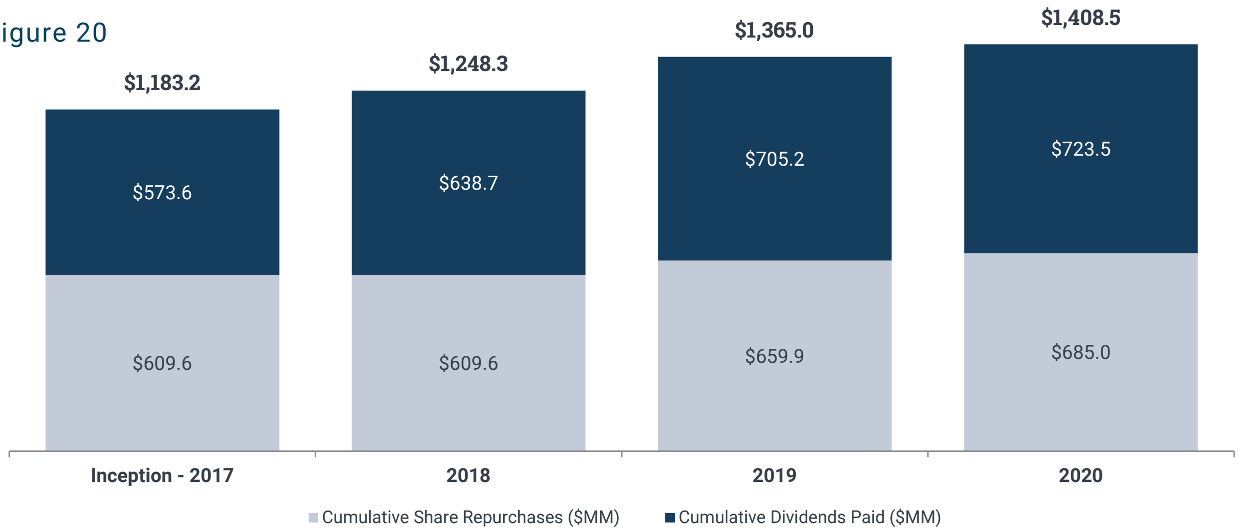
Tetragon Share Repurchase and Dividend History[1]

Figure 19

Tetragon Financial Group Share Repurchase and Dividend History ($millions)				
Year	**Amount repurchased**	**Cumulative amount repurchased**	**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	$25.1	$685.0	$18.4	$723.5
TOTAL	**$685.0**		**$723.5**	

The below graph shows cumulative historical share repurchases and dividends distributed by Tetragon from inception to 30 June 2020 in millions of U.S. dollars.

Figure 20



(1) Tetragon has engaged, and may continue to engage, in share repurchases in the market from time to time. Such purchases may, at appropriate price levels below NAV, represent an attractive use of Tetragon's excess cash and an efficient means to return such cash to shareholders. Any decision to engage in share repurchases will be made by the investment manager, upon consideration of relevant factors, and will be subject to, among other things, applicable law and profits at the time. Tetragon also continues to explore other methods of improving the liquidity of its shares. 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 2020 (millions)
Legal Shares Issued and Outstanding	**139.7**
Less: Shares Held in Treasury	38.1
Less: Total Escrow Shares[1.i]	11.0
IFRS Shares Outstanding	**90.6**
Add: Dilution for equity-based awards[1.ii]	3.6
Fully Diluted Shares Outstanding	**94.2**

Shareholdings

Persons affiliated with Tetragon maintain significant interests in Tetragon shares. For example, as of 30 June 2020, 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 2020**
Mr. Reade Griffith[2.i]	16,731,657
Mr. Paddy Dear	4,868,652
Mr. David O'Leary	6,922
Other Tetragon/Polygon Employees	5,916,228
Equity-based awards[2.ii]	3,737,782

(1)(i) The Total Escrow Shares of 11.0 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 3.6 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 2.5 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

Tetragon's CLO Portfolio Details at 30 June 2020

All deals are U.S. CLOs.

Figure 23

Transaction[i]	Status[ii]	Primary or Secondary Investment[iii]	Original Invest. Cost ($m USD)[iv]	Deal Closing Date	Year of Maturity	End of Reinv. Period	Wtd Avg Spread (bps)[v]	Original Cost of Funds (bps)[vi]	Current Cost of Funds (bps)[vii]	Current Jr-most O/C Cushion[viii]	Jr-Most O/C Cushion at Close[ix]	Annualised (Loss) Gain of Cushion[x]	IRR[xi]	ITD Cash Received as % of Cost[xii]
Transaction 65	Called	Primary	26.9	2006	2021	2013	NA	47	NA	NA	5.0%	NA	16.2%	233.7%
Transaction 83	Outstanding	Primary	20.8	2013	2029	2021	331	193	183	1.3%	6.2%	(0.7%)	11.5%	110.3%
Transaction 84	Outstanding	Primary	24.6	2013	2027	2021	328	183	179	1.0%	4.0%	(0.4%)	17.3%	133.1%
Transaction 87	Called	Primary	23.0	2013	2026	2018	NA	199	NA	NA	4.0%	NA	(1.8%)	93.3%
Transaction 85	Outstanding	Primary	1.0	2013	2031	2023	334	170	162	2.9%	5.0%	(0.3%)	10.1%	104.3%
Transaction 101	Outstanding	Primary	0.2	2018	2031	2023	334	163	162	2.9%	4.9%	(0.3%)	11.8%	33.1%
Transaction 88	Outstanding	Primary	30.1	2014	2030	2022	319	199	179	0.8%	4.0%	(0.5%)	11.5%	100.3%
Transaction 96	Outstanding	Secondary	2.7	2017	2030	2022	319	199	179	0.8%	3.0%	(0.3%)	3.3%	37.1%
Transaction 97	Outstanding	Primary	9.9	2017	2030	2022	319	178	179	0.8%	3.9%	(0.5%)	6.1%	40.8%
Transaction 89	Outstanding	Primary	33.6	2014	2031	2023	320	195	167	2.3%	4.0%	(0.3%)	13.4%	102.1%
Transaction 94	Outstanding	Secondary	6.6	2016	2031	2023	320	195	167	2.3%	3.3%	(0.2%)	15.3%	73.4%
Transaction 104	Outstanding	Primary	9.8	2018	2031	2023	320	166	167	2.3%	4.5%	(0.4%)	13.6%	23.2%
Transaction 90	Outstanding	Primary	20.7	2014	2031	2023	330	203	159	2.0%	4.0%	(0.3%)	12.1%	90.0%
Transaction 103	Outstanding	Primary	5.6	2018	2031	2023	330	159	159	2.0%	4.5%	(0.4%)	15.9%	30.0%
Transaction 91	Outstanding	Primary	27.8	2015	2031	2023	320	215	148	2.1%	4.0%	(0.4%)	11.7%	84.9%
Transaction 93	Outstanding	Secondary	6.1	2016	2031	2023	320	215	148	2.1%	3.6%	(0.3%)	15.8%	77.7%
Transaction 102	Outstanding	Primary	5.0	2018	2031	2023	320	148	148	2.1%	4.5%	(0.4%)	17.9%	43.8%
Transaction 92	Outstanding	Primary	34.6	2015	2027	2020	319	199	181	0.3%	4.0%	(0.7%)	7.1%	80.1%
Transaction 95	Outstanding	Primary	2.6	2016	2029	2022	333	194	162	0.8%	4.4%	(1.0%)	6.2%	43.4%
Transaction 98	Outstanding	Primary	33.2	2017	2030	2022	320	178	178	1.8%	4.5%	(0.8%)	7.4%	48.5%
Transaction 100	Outstanding	Primary	2.6	2018	2031	2023	342	111	111	5.5%	7.8%	(1.0%)	24.7%	55.6%
Transaction 99	Outstanding	Primary	8.3	2017	2030	2022	353	164	164	4.4%	4.5%	(0.0%)	10.0%	35.2%
Total CLO Portfolio:			335.7				323	180	170	1.6%	4.3%	(0.5%)	10.9%	94.7%

Notes

(i) 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.

(ii) "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.

(iii) "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.

(iv) The USD investment cost reflects a USD-EUR exchange rate fixed at a single historical rate to avoid the impact of skewed weightings and FX volatility over time. As such, the investment costs of any European CLOs that may be shown in this table may not be comparable to the investments costs as shown in Tetragon's financial statements.

(v) Par weighted average spread over LIBOR or EURIBOR (as appropriate) of the underlying loan assets in each CLO's portfolio.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) 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).

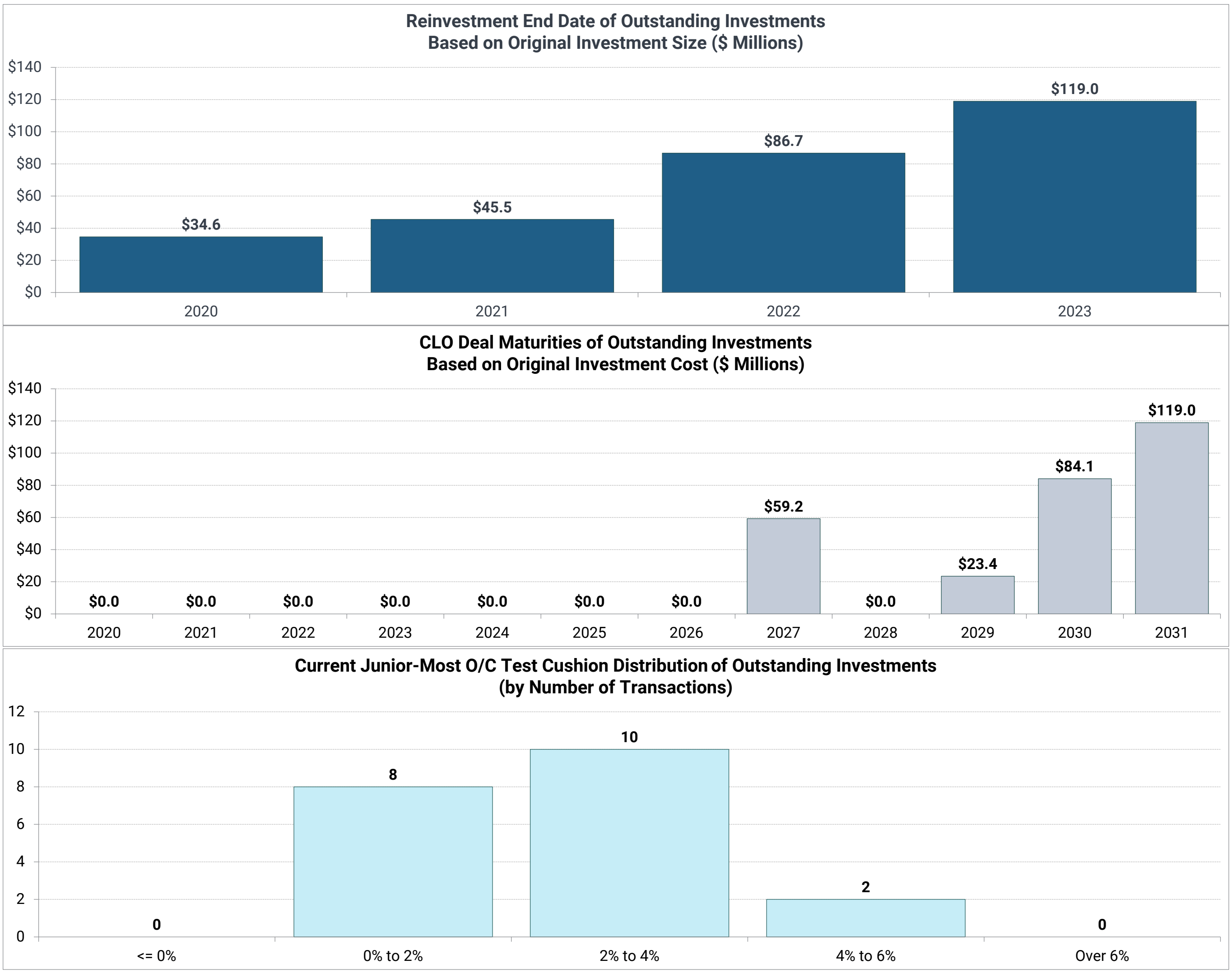
(x) Calculated by annualizing the change from the expected closing date junior-most O/C cushion to the current junior-most O/C cushion.

(xi) 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.

(xii) 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 report (Semi-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). This report has not been audited or reviewed.

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

(Statement pursuant to Section 5:25d(2)(c) of the FMSA).

The directors of Tetragon confirm that the Tetragon management review for the six month period ended 30 June 2020 is included in the above report.

To the knowledge of the directors: (i) this contains a fair review of the information required by 5:25d(2)(c)(2) of the FMSA and (ii) the financial statements in the accompanying unaudited interim report for the six month period ended 30 June 2020 for Tetragon have been prepared in accordance with applicable laws and in conformity with IFRS as adopted by the European Union and contain a fair review of that period.

Deron J. Haley (Independent Director)

Steven Hart (Independent Director)

David O'Leary (Independent Director)

Reade Griffith (Director)

Paddy Dear (Director)

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).

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. 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).

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, as well as the July 2020 payment, 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 2020, approximately 3.6 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.

Shareholder Information

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

Investment Manager
Tetragon Financial Management LP
399 Park Avenue, 22nd Floor
New York, NY 10022
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

Investor Relations
Yuko Thomas
ir@tetragoninv.com

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

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

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

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

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

Legal Advisor (as to Dutch law)
De Brauw Blackstone Westbroek N.V.
Claude Debussylaan 80
1082 MD Amsterdam
The Netherlands

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

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

(1) TMF Group acquired State Street (Guernsey) Limited in October 2019.

Financial Statements

Paul Heneker
Technology

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.

UNAUDITED CONDENSED FINANCIAL STATEMENTS

TETRAGON FINANCIAL GROUP LIMITED

FOR THE PERIOD ENDED 30 JUNE 2020

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the period ended 30 June 2020

CONTENTS

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	30 Jun 2020 US$ MM	31 Dec 2019 US$ MM
Assets			
Non-derivative financial assets at fair value through profit or loss	4	2,129.4	2,417.1
Derivative financial assets	4	4.7	11.4
Other receivables and prepayments		0.4	1.0
Amounts due from brokers		32.0	47.1
Cash and cash equivalents		251.3	133.5
Total assets		2,417.8	2,610.1
Liabilities			
Loans and borrowings		150.0	150.0
Derivative financial liabilities	4	4.4	37.2
Other payables and accrued expenses		2.0	36.8
Total liabilities		156.4	224.0
Net assets		2,261.4	2,386.1
Equity			
Share capital		0.1	0.1
Other equity		816.9	830.9
Share-based compensation reserve		47.7	57.1
Retained earnings		1,396.7	1,498.0
		2,261.4	2,386.1
Shares outstanding		Millions	Millions
Number of shares	6	90.6	92.2
Net Asset Value per share		US$ 24.97	US$ 25.88

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

Signed on behalf of the Board of Directors by:

David O'Leary
Director

Steven Hart
Director

Date: 29 July 2020

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2020

	Note	Period ended 30 Jun 2020 US$ MM	Period ended 30 Jun 2019 US$ MM
Net (loss)/gain on non-derivative financial assets at fair value through profit or loss		(77.0)	187.8
Net gain on derivative financial assets and liabilities		31.6	5.4
Interest income		1.1	4.0
Total (loss)/revenue		(44.3)	197.2
Management fee		(17.2)	(16.5)
Incentive fee	5	-	(29.3)
Legal and professional fees		(2.2)	(2.2)
Share based employee compensation		(5.7)	-
Audit fees		(0.3)	(0.3)
Other operating and administrative expenses		(1.2)	(1.3)
Operating expenses		(26.6)	(49.6)
Operating (loss)/gain before finance costs		(70.9)	147.6
Finance costs		(3.7)	(1.9)
(Loss)/gain and total comprehensive (loss) / income for the period		(74.6)	104.3
Earnings per share			
Basic	10	US$ (0.80)	US$ 1.64
Diluted	10	US$ (0.72)	US$ 1.49
Weighted average shares outstanding		Millions	Millions
Basic	10	92.8	89.0
Diluted	10	103.8	97.8

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

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2020

	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 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
As at 1 January 2019	0.1	829.7	1,280.6	79.0	2,189.4
Profit and total comprehensive income for the period	-	-	145.7	-	145.7
Transactions with owners recognised directly in equity					
Cash dividends	-	-	(22.3)	-	(22.3)
Stock dividends	-	9.9	(9.9)	-	-
Purchase of treasury shares	-	(50.3)	-	-	(50.3)
As at 30 June 2019	0.1	789.3	1,394.1	79.0	2,262.5

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

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF CASH FLOWS
For the period ended 30 June 2020

	Period ended 30 Jun 2020 US$ MM	Period ended 30 Jun 2019 US$ MM
Operating activities		
(Loss)/profit for the period	(74.6)	145.7
Adjustments for:		
Losses/(gains) on investments and derivatives	44.3	(187.8)
Share based compensation	5.7	-
Interest income	(1.1)	(4.0)
Finance costs	3.7	1.9
Operating cash flows before movements in working capital	(22.0)	(44.2)
Increase in receivables	-	(2.9)
Decrease in payables	(34.7)	(15.3)
Decrease/(increase) in amounts due from brokers	15.1	(9.6)
Cash flows from operations	(41.6)	(72.0)
Proceeds from sale / prepayment / maturity of investments	350.1	226.4
Net proceeds on derivative financial instruments	5.4	0.1
Purchase of investments	(137.7)	(195.6)
Cash interest received	1.1	4.0
Net cash generated from/(used in) operating activities	218.9	(37.1)
Financing activities		
Finance costs paid	(3.7)	(1.9)
Purchase of treasury shares	(37.1)	(50.3)
Dividends paid to shareholders*	(18.7)	(22.3)
Net cash used in financing activities	(59.5)	(74.5)
Net increase/(decrease) in cash and cash equivalents	117.8	(111.6)
Cash and cash equivalents at beginning of period	133.5	269.8
Cash and cash equivalents at end of period**	251.3	158.2

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

* The gross dividend payable to shareholders was US$ 26.7 million (30 June 2019: US$ 32.2 million) with a value equivalent to US$ 8.0 million (30 June 2019: US$ 9.9 million) elected to be taken by the dividend recipient in shares rather than cash.

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 Basis of Preparation

Basis of Preparation

The unaudited condensed financial statements for the period ended 30 June 2020 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 2019.

The unaudited condensed financial statements do not contain all of the information and disclosures required in a full set of annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 31 December 2019, 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*, the Fund is an investment entity and, as such, does not consolidate the entities it controls where they are deemed to be subsidiaries. Instead, interests in subsidiaries are classified as fair value through profit or loss ("FVTPL"). Investments in associates are also classified as FVTPL.

The Directors have considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility and reduced asset prices in global equity and bonds markets. The main risks resulting from COVID-19 for the Fund is in respect of the impact on the valuation of investments and short-term liquidity. Given the nature of Fund's capital and the Fund having positive cash balance after deducting the liabilities, commitments and expenses over the next 12 months, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these financial statements and, after due consideration, the Directors consider that the Fund is able to continue for the foreseeable future and at least twelve months from the date of this report.

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 financial statements for the year ended 31 December 2019, 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 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.

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as at 30 June 2020:

Non-derivative financial assets at FVTPL	Level 1 US$ MM	Level 2 US$ MM	Level 3 US$ MM	Total Fair Value US$ MM
Investment funds and vehicles	-	603.9	334.0	937.9
TFG Asset Management	-	-	703.3	703.3
Unlisted stock	-	-	162.3	162.3
CLO equity tranches	-	-	161.5	161.5
Listed stock	147.3	-	-	147.3
Corporate bonds	-	17.1	-	17.1
Total non-derivative financial assets at FVTPL	147.3	621.0	1,361.1	2,129.4
Derivative financial assets				
Contracts for difference (asset)	-	0.3	-	0.3
Forward foreign exchange contracts (asset)	-	4.4	-	4.4
Total derivative financial assets	-	4.7	-	4.7
Derivative financial liabilities				
Contracts for difference (liability)	-	(2.0)	-	(2.0)
Forward foreign exchange contracts (liability)	-	(2.4)	-	(2.4)
Total derivative financial liabilities	-	(4.4)	-	(4.4)

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

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as of 31 December 2019:

Non-derivative financial assets at FVTPL	Level 1 US$ MM	Level 2 US$ MM	Level 3 US$ MM	Total Fair Value US$ MM
Investment funds and vehicles	-	612.8	394.5	1,007.3
TFG Asset Management	-	-	747.5	747.5
CLO equity tranches	-	-	210.9	210.9
Unlisted stock	-	5.4	273.0	278.4
Listed stock	149.3	-	-	149.3
Corporate bonds	-	23.7	-	23.7
Total non-derivative financial assets at FVTPL	149.3	641.9	1,625.9	2,417.1
Derivative financial assets				
Contracts for difference (asset)	-	11.2	-	11.2
Forward foreign exchange contracts (asset)	-	0.2	-	0.2
Total derivative financial assets	-	11.4	-	11.4
Derivative financial liabilities				
Contracts for difference (liability)	-	(1.3)	(14.3)	(15.6)
Forward foreign exchange contracts (liability)	-	(21.6)	-	(21.6)
Total derivative financial liabilities	-	(22.9)	(14.3)	(37.2)

Transfers between levels

During the year ended 31 December 2019, an unlisted stock held at Level 3 of US$ 25.8 million at 31 December 2019 was transferred to Level 1 following its listing, and then remained quoted on an active market. An investment included in 'Investment funds and vehicles', held at Level 3 of US$ 81.1 million at 31 December 2019, was transferred to Level 2 as the underlying Level 3 assets in the fund moved from Level 3 to Level 1. There were no transfers between levels during the period ended 30 June 2020.

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 brokers, cash and cash equivalents, loans and borrowings, and other payables.

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 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 start of period	210.9	273.0	394.5	747.5	1,625.9
Additions	-	-	23.7	2.7	26.4
Proceeds	(18.3)	(123.0)	(51.1)	(41.1)	(233.5)
Realised gains/(losses) through profit or loss	-	83.0	15.9	15.0	113.9
Unrealised gains/(losses) through profit or loss	(31.1)	(70.7)	(49.0)	(20.8)	(171.6)
Balance at end of period	161.5	162.3	334.0	703.3	1,361.1

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 2019.

	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 start of year	257.1	96.1	361.9	662.1	1,377.2
Additions	-	157.7	159.2	9.5	326.4
Proceeds	(71.9)	(35.7)	(120.2)	(89.1)	(316.9)
Realised gains/(losses) through profit or loss	60.3	2.9	45.0	48.7	156.9
Unrealised gains/(losses) through profit or loss	(34.6)	77.8	29.7	116.3	189.2
Transfer between categories	-	(25.8)	(81.1)	-	(106.9)
Balance at end of year	210.9	273.0	394.5	747.5	1,625.9

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.

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 2020, 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")	5% up to 30 June 2021, 2.39% thereafter (31 December 2019: 2.38%), which is 1.0x of the original Weighted Average Rating Factor ("WARF") derived base-case default rate for the life of the transaction.
Recovery Rate	60% up to 30 June 2021, 70% thereafter (31 December 2019: 74%).
Prepayment Rate	7.5% up to 30 June 2021, 20% p.a. thereafter (31 December 2019: 20%), the original base-case prepayment rate with a 0% prepayment rate on bonds throughout the life of the transaction.
Reinvestment Price and Spread	Assumed reinvestment price is par for the life of the transaction, with an effective spread over LIBOR of 400 bps up to 30 June 2021, 347 bps thereafter (31 December 2019: 345 bps) 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 2020, a discount rate of 13% for U.S. 1.0 deals (31 December 2019: 10%) has been utilised. At 30 June 2020, for U.S. 2.0 deals the discount rate applied is 13% (31 December 2019: 11%).

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

Valuation techniques (continued)

CLO equity tranches (continued)

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 2020 US$ MM	31 Dec 2019 US$ MM
-1% discount rate	5.0	5.5
+1% discount rate	(4.7)	(5.0)

Private equity in asset management companies

The Fund holds majority and minority private equity stakes in asset management companies that are part of TFG Asset Management. The valuation calculation for these investments was prepared by a third-party valuation specialist engaged by the Fund's Audit Committee. LCM is valued using combination of DCF Approach and quoted market multiples ("Market Multiple Approach") based on comparable companies to determine an appropriate valuation range. Equitix, Polygon and TCIP are valued using the 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 2020, 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, 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 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, 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 EBITDA, to perform this analysis.

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 third party valuation specialists in valuing various investments within TFG Asset Management.

30 June 2020

Investment	Fair Value US$ MM	Valuation methodology	Significant unobservable inputs
Equitix	282.2	DCF, Debt at par + accrued interest	Discount rate 10%, DLOL 15%
LCM	180.6	DCF and Market Multiples	Discount rate 12.5%, P/AUM multiple 2.63%, DLOL 15%
BentallGreenOak	176.0	DCF (sum-of-the-parts)	Discount rate ranges from 2.6% to 30% for different types of cash flows with a base discount rate of 12%, DLOL 15%
Polygon	45.7	DCF	Discount rate 13%, DLOL 20%
Tetragon Credit Partners	17.0	DCF	Discount rate 11.5%, DLOL 15%
Hawke's Point	1.8	Replacement cost	

31 December 2019

Investment	Fair Value US$ MM	Valuation methodology	Significant unobservable inputs
Equitix	301.1	DCF, Debt at par + accrued interest	Discount rate 9.50%, DLOL 15%
BentallGreenOak	190.8	DCF (sum-of-the-parts)	Discount rate ranges from 3.5% to 25% for different types of cash flows with a base discount rate of 11.25%, DLOL 15%
LCM	186.0	DCF and Market Multiples	Discount rate 11.50%, P/AUM multiple 2.7%, DLOL 15%
Polygon	48.1	DCF	Discount rate 12.25%, DLOL 20%
Tetragon Credit Partners	19.7	DCF	Discount rate 11.50%, DLOL 15%
Hawke's Point	1.8	Replacement cost	

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 the investments listed above, changing one or more of the assumptions to a reasonably possible alternative would have the following effects on the net assets and profits:

30 June 2020

Investment	Favorable	Unfavorable
Equitix	US$ 28.3 MM Discount rate 9%	(US$ 37.3 MM) Discount rate 11%
BentallGreenOak	US$ 4.2 MM Discount rate 11%	(US$ 3.9 MM) Discount rate 13%
LCM	US$ 22.7 MM Discount rate 11.5%, P/AUM multiple 3.0%	(US$ 22.7 MM) Discount rate 13.5%, P/AUM multiple 2.2%
Polygon	US$ 4.7 MM Discount rate 12%	(US$ 4.7 MM) Discount rate 14%
Tetragon Credit Partners	US$ 0.6 MM Discount factor 10.5%	(US$ 0.8 MM) Discount factor 12.5%

31 December 2019

Investment	Favorable	Unfavorable
Equitix	US$ 43.2 MM Discount rate 8.50%	(US$ 33.4 MM) Discount rate 10.50%
BentallGreenOak	US$ 4.8 MM Discount rate 10.25%	(US$ 4.5 MM) Discount rate 12.25%
LCM	US$ 23.7 MM Discount rate 10.5%, P/AUM multiple 3.0%	(US$ 23.7 MM) Discount rate 12.5%, P/AUM multiple 2.3%
Polygon	US$ 5.1 MM Discount rate 11.25%	(US$ 5.1 MM) Discount rate 13.25%
Tetragon Credit Partners	US$ 0.9 MM Discount factor 10.5%	(US$ 0.8 MM) Discount factor 12.5%

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

Valuation techniques (continued)

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 by an independent third-party valuation agent.

Sensitivity analysis:

A 1% increase in net asset value ("NAV") of the funds included in level 3 will increase net assets and profits of the Fund by US$ 3.3 million (31 December 2019: US$ 3.9 million). A decrease in net asset value of the funds will have an equal and opposite effect.

Unlisted stock

The level 3 unlisted stock has been valued using the transaction price from the last financing round.

Sensitivity analysis:

A 1% increase in the value of unlisted stock included in level 3 will increase net assets and profits of the Fund by US$ 1.6 million (31 December 2019: US$ 2.7 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.

Forward currency contracts and currency options

Forward currency 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 contract at initial recognition is the transaction price. The currency options are recognised initially at the amount of premium paid or received.

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

Valuation techniques (continued)

Contracts for difference

The Fund enters into contracts for difference ("CFD") arrangements with financial institutions. CFDs are typically traded on the 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 Incentive Fee

There was no incentive fee for the period ended 30 June 2020 (30 June 2019: US$ 29.3 million). As at 30 June 2020, none was outstanding (31 December 2019: US$ 34.0 million).

Note 6 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 2019	10.0	92.4	38.7	8.6
Stock dividends	-	1.6	(2.2)	0.6
Issued through release of escrow shares	-	2.7	-	(2.7)
Shares transferred to escrow	-	-	(5.6)	5.6
Shares purchased during the year	-	(4.5)	4.5	-
Shares in issue at 31 December 2019	10.0	92.2	35.4	12.1
Stock dividends	-	0.8	(1.1)	0.3
Issued through release of escrow shares	-	1.4	-	(1.4)
Shares purchased during the period	-	(3.8)	3.8	-
Shares in issue at 30 June 2020	10.0	90.6	38.1	11.0

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

Treasury Shares and Share Repurchases

In June 2020, under the terms of a "modified Dutch auction", the Fund accepted for purchase approximately 2.86 million non-voting shares at an aggregate cost of US$ 25.1 million, including applicable fees and expenses of US$ 0.1 million.

In January 2020, the Fund purchased 691,921 of its own shares (31 December 2019: 145,496) for US$ 8.5 million (31 December 2019: US$ 1.8 million) from TFG Asset Management LP using the then-current share price of US$ 12.25 (31 December 2019: US$ 12.35). The Fund also purchased 287,153 of its own shares (31 December 2019: nil) for US$ 3.5 million from Tetragon Financial Management LP.

Note 7 Dividends

	30 Jun 2020 US$ MM	31 Dec 2019 US$ MM
Quarter ended 31 December 2018 of US$ 0.1825 per share	-	16.1
Quarter ended 31 March 2019 of US$ 0.1825 per share	-	16.1
Quarter ended 30 June 2019 of US$ 0.1850 per share	-	16.4
Quarter ended 30 September 2019 of US$ 0.1850 per share	-	16.6
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	-
	26.7	65.2

The second quarter dividend of US$ 0.1000 per share was approved by the Directors on 29 July 2020 and has not been included as a liability in these financial statements.

Note 8 Contingencies and Commitments

The Fund has the following unfunded commitments:	30 Jun 2020 US$ MM	31 Dec 2019 US$ MM
BentallGreenOak investment vehicles	65.6	54.9
Private equity funds	26.3	31.1
TCI III	-	14.1
	91.9	100.1

Note 9 Related-Party Transactions

There were no changes in the transactions or arrangements with related parties as described in the audited financial statements for the year ended 31 December 2019 that would have a material effect on the financial position or performance of the Fund for the period ended 30 June 2020.

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 2020, with interests of 14,189,661, 4,868,652 and 6,922 shares respectively (31 December 2019: 13,810,679, 4,750,294 and 3,752 shares respectively).

During the period ended 30 June 2020, the Fund repurchased shares from TFG Asset Management LP and Tetragon Financial Management LP. Please refer to Note 6 for details for these transactions.

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 US$ 12.25 per share, is US$ 300,000 per Independent Director.

Note 10 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:	Period ended 30 Jun 2020 US$ MM	Period ended 30 Jun 2019 US$ MM
Earnings for the purposes of basic earnings per share being net (loss) / profit attributable to shareholders for the period	(74.6)	145.7
Weighted average number of shares for the purposes of basic earnings per share	92.8	89.0
Effect of dilutive potential shares:		
Share-based employee compensation – equity-based awards	11.0	6.5
Deferred incentive fee shares	-	2.3
Weighted average number of shares for the purposes of diluted earnings per share	103.8	97.8

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

Note 11 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 Fund's investment geographical exposure is as follows

Region	30 Jun 2020	31 Dec 2019
North America	45%	46%
Europe	45%	45%
Asia	8%	7%
Latin America	2%	2%

Note 12 Subsequent Events

In July 2020, Tetragon obtained a 10-year US$ 250 million revolving credit facility, replacing the one in place as at 30 June 2020 for US$ 150 million.

The Directors have evaluated the period up to 29 July 2020, the Directors have concluded that there are no other material events that require disclosure or adjustment to the financial statement.

Note 13 Approval of Financial Statements

The Directors approved and authorised for issue the financial statements on 29 July 2020.