TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

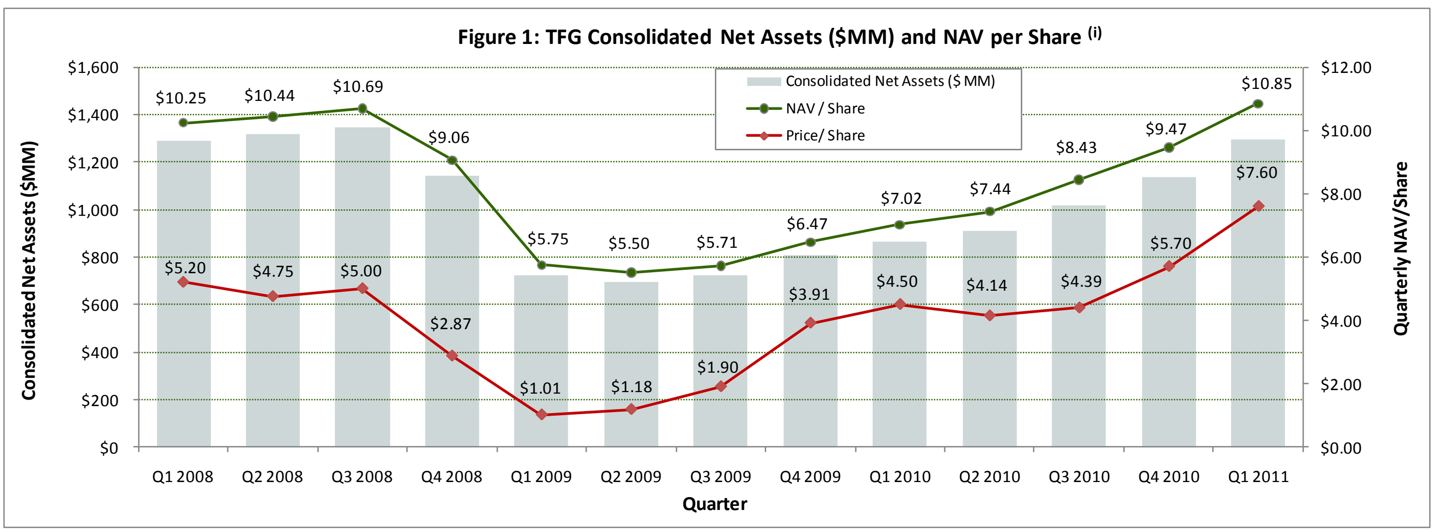
April 28, 2011

Tetragon Financial Group Limited (TFG) is a Guernsey closed-ended investment company traded on Euronext Amsterdam by NYSE Euronext under the ticker symbol "TFG." (1) In this report we provide an update on TFG's results of operations for the period ending March 31, 2011.

❖ **Executive Summary**:

Corporate-Level Results

- Operating Results: TFG's strong portfolio performance continued in the first quarter of 2011. The company produced EPS of $1.47 (Q4 2010: $1.09 EPS), consolidated net income of $175.1 million (Q4 2010: consolidated net income of $132.0 million) and grew consolidated net assets to $1,298.0 million or $10.85 per share (Q4 2010: consolidated net assets of $1,137.5 million or $9.47 per share). A combination of strengthening deal performance which led to increasing future projected cash flows and a reduction in the discount rates we apply to our forward cash flows, to reflect the reduction in observable risk premia for CLO equity, led to a write up in the fair value of TFG's CLO investments. Please refer to pages 10-12 for further information on valuation. Please refer to *Figure 1* below for a historical summary of TFG's Net Assets, NAV per share and share price.



(i) Source: NAV per share based on TFG's financial statements as of the relevant quarter-end date; TFG's closing share price data as per Bloomberg as of the last trading day of each quarter. Please note that the NAV per share reported as of each quarter-end date excludes any shares held in treasury as of that date.

- Cash Receipts and Balances: TFG's CLO investments continued to generate significant cash flows in the quarter. In Q1 2011, the CLO portfolio produced $90.9 million of gross cash from investments (Q4 2010: $78.9 million). The ending cash balance for the first quarter was $147.0 million, up from $140.6 million as of the end of 2010, with approximately $74.8 million earmarked to pay certain short-term liabilities. In addition, TFG held approximately $103.2 million in market value of liquid U.S. leveraged loans as of the end of Q1 2011, up from $97.6 million at the end of the prior quarter.

This Performance Report constitutes TFG's interim management statement as required pursuant to Section 5:25e of the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*, "FMSA"). Pursuant to Section 5:25e and 5:25m of the FMSA, this report is made public by means of a press release and has been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiele Marketen*) and also made available to the public by way of publication on the TFG website (www.tetragoninv.com).

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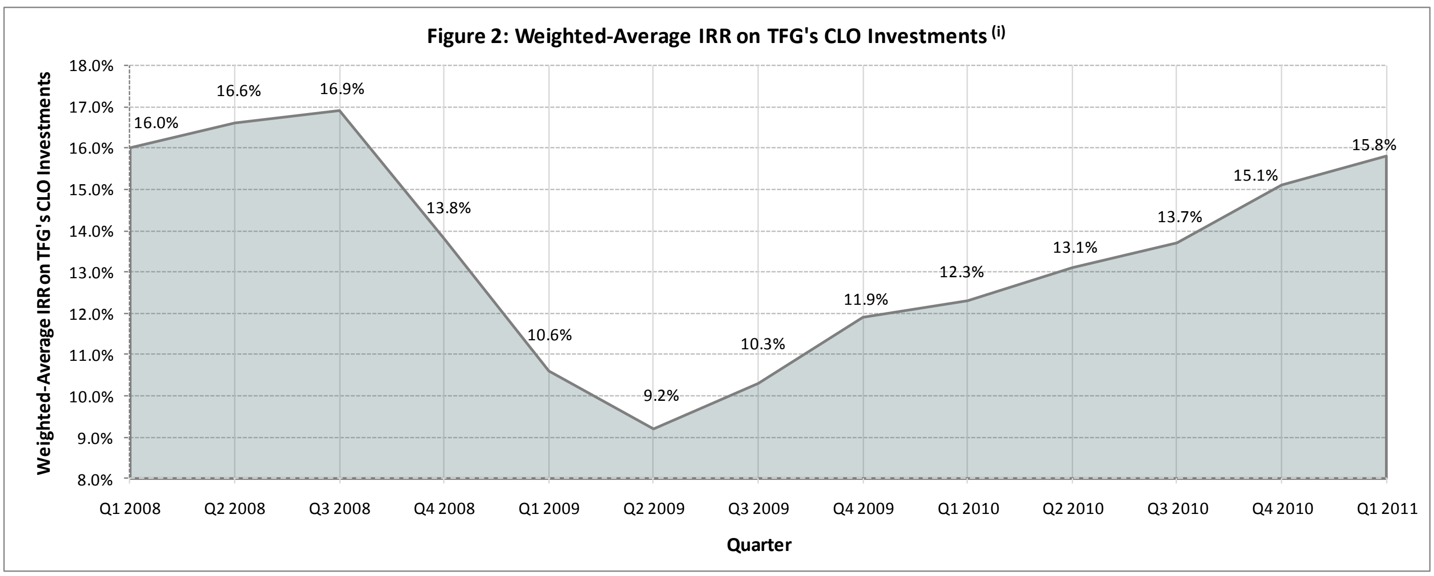
❖ **Executive Summary (continued):**

Investment Portfolio Performance Highlights

- CLO Collateral Performance: TFG's CLO average portfolio metrics continued to outperform market-wide default and CCC-asset holding averages, in the context of improving fundamental credit conditions.

- CLO IRRs: The weighted-average IRR of TFG's CLO portfolio ended Q1 2011 at 15.8%. The weighted-average IRR on a same-investments basis (*i.e.* excluding the effect of any purchases or sales made during the period) was marginally higher (15.83%), up from 15.1% at the end of Q4 2010. This reflected, among other factors, continued gains in the credit quality and excess interest availability among certain of TFG's CLO investments. Please refer to *Figure 2* below for a historical summary of the weighted-average IRR on TFG's CLO investments.



(i) Source: TFG as of the outlined quarter-end date.

- New CLO Investments: During Q1 2011, the company invested approximately $13.8 million in four secondary U.S. CLOs with a total notional value of $15.5 million. All of these investments were additions to CLO deals currently owned in the portfolio.

- Direct Loan Investments: TFG's direct holdings of bank loans increased to a fair value of approximately $103.2 million as of the end of Q4 2010, up from $97.6 million as of the end of the prior quarter, as the company made additional purchases. The direct loan portfolio performed well during this period, experiencing no defaults or downgrades and benefiting from market value gains.

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❖ **Executive Summary (continued):**

Asset Management Platform

- LCM: LCM performance was strong during Q1 2011, with all of LCM Cash Flow CLOs continuing to pay senior and subordinated management fees.(2) As of the end of the first quarter, total loan assets under management were approximately $2.9 billion, down slightly from $3.0 billion at the end of 2010. This incremental decline was largely driven by the amortization of LCM I CLO, which is currently past its reinvestment period.

- GreenOak: GreenOak continues to build its team and execute on its business strategy.

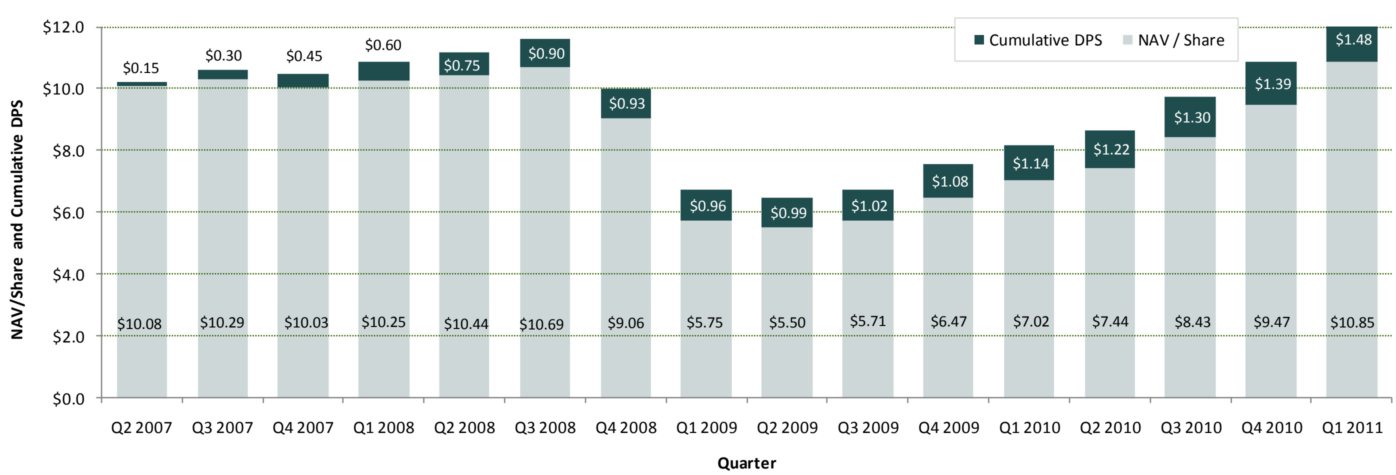
Performance Fee

A performance fee of $55.5 million was accrued in Q1 2011 in accordance with TFG's investment management agreement and based on a "Reference NAV" with respect to Q4 2010. The hurdle rate for the Q2 2011 incentive fee has been reset at 2.9489% (Q1 2011: 2.9507%) as per the process outlined in TFG's 2010 Audited Financial Statements and in accordance with TFG's investment management agreement.(3)

❖ **Corporate-Level Performance Details:**

- **Capital Distributions:** TFG's Board approved a dividend of $0.09 per share with respect to Q1 2011. Since its public listing, TFG has distributed approximately $1.48 per share via quarterly dividends.(4) In addition, TFG's NAV per share, as reported each quarter, among other things, reflects value created for shareholders via the repurchase of shares below NAV. Please refer to *Figure 3* and *Figure 4* below for a historical summary of TFG's NAV per share, dividend distributions, and share buy-back program.

Figure 3: Quarterly TFG NAV per Share and Cumulative Dividends per Share (DPS) ($) (i)



(i) Source: NAV per share and Cumulative DPS as per TFG's financial disclosures for each relevant quarter-end date. The cumulative dividends per share reflect dividends announced but not necessarily paid with respect to each relevant quarter (as well as prior quarters). Please note that the NAV per share reported as of each quarter-end date excludes any shares held in treasury as of that date.

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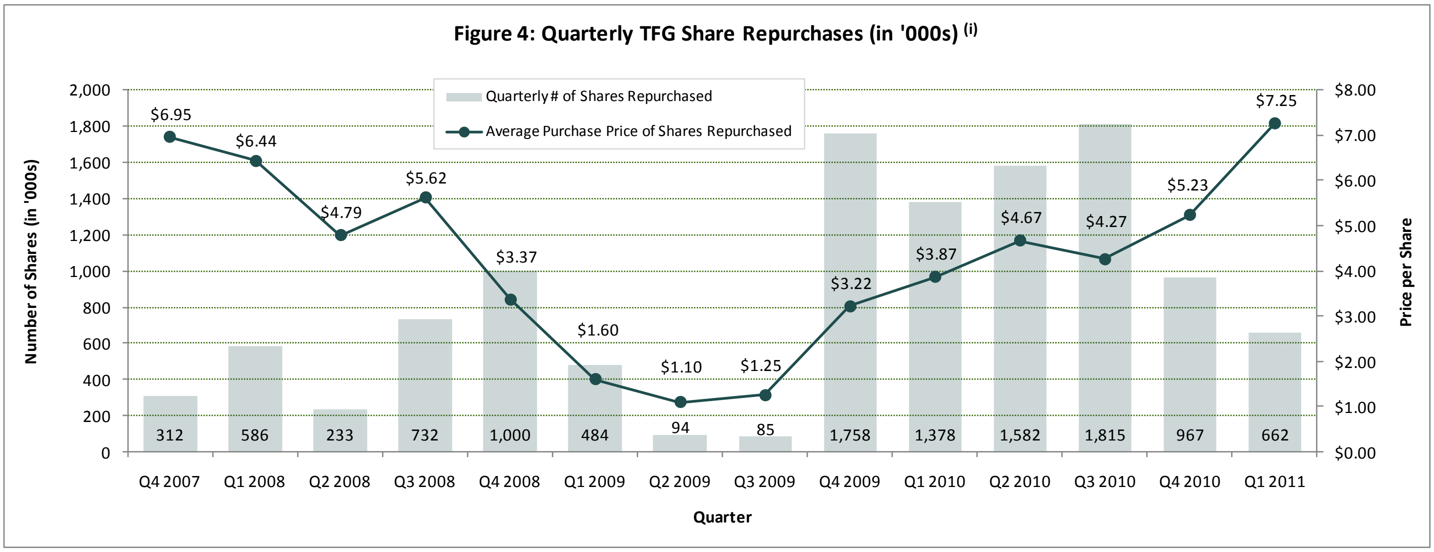
❖ **Corporate-Level Performance Details (continued):**

- **Capital Distributions (continued):**



(i) The Average Purchase Price of Shares Repurchased is a weighted-average using the number of shares repurchased each quarter and including commissions.

❖ **Investment Portfolio Performance Details:**

- **CLO Portfolio Size:** As of the end of Q1 2011, the estimated total fair value of TFG's CLO investment portfolio was approximately $1,098.5 million, up from approximately $932.7 million as of the end of the prior quarter. TFG's total indirect leveraged loan exposure through its CLO portfolio was approximately $17.8 billion as of the end of Q1 2011.(5)

- **CLO Portfolio Composition:** With the addition of four secondary U.S. CLO equity purchases, the CLO portfolio increased to 74 transactions during the first quarter, up from 70 as of the end of Q4 2010. As these investments were additions to deals already owned by TFG, the total number of deals in the portfolio remained unchanged at 66, as did the number of external CLO managers at 28.(6)

- **CLO Collateral Performance:** As of the end of Q1 2011, approximately 98% of TFG's CLO investments were passing their junior-most O/C tests, weighted by fair value.(7) Similarly, 63, or approximately 95%, were passing when weighted by the number of deals. The preceding statistics were identical when calculated on a same-investments basis. As a comparison, at the end of Q4 2010, 98% of TFG's CLO investments were passing their junior-most O/C tests by fair value, and 62, or approximately 94%, were passing based on the number of deals.

  TFG's U.S. CLOs performed well during the quarter with 100% of them by fair value and by number passing their junior-most O/C tests (note that U.S. CLOs represented approximately 86% of the total fair value of TFG's CLO investment portfolio as of March 31, 2011).(8)(9) In comparison, the market-wide average of U.S. CLOs estimated to be passing their junior O/C tests as of the end of Q1 2011 was approximately 93.1% (when measured on a percentage of deals basis).(10) Please refer to *Figure 5* below for a historical summary of TFG's investments' junior O/C test performance.

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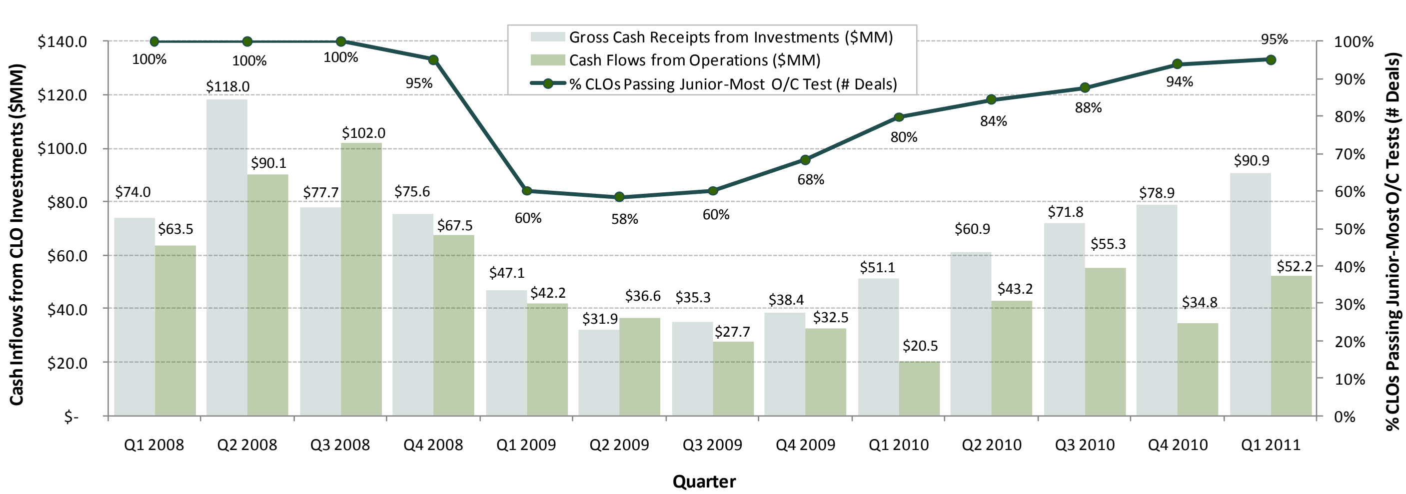
❖ **Investment Portfolio Performance Details (continued):**

Figure 5: TFG's Gross Investment and Operating Cash Flows ($MM) vs. % of CLOs Passing Junior-Most O/C Tests (i)(ii)



(i) The percentage of TFG's CLOs passing their junior-most O/C tests has been calculated as the ratio of the number of deals passing their junior O/C tests to the total number of CLO deals held by TFG as of the applicable quarter-end date.

(ii) Gross Cash Receipts from Investments refer to the actual cash receipts collected during each quarter from TFG's CLO investments. Cash Flows from Operations refer to cash inflows from investments less expenses and net cash settlements on FX and credit hedges.

- **CLO Portfolio Credit Quality:** As of March 31, 2011, the weighted-average percentage of corporate obligors rated Caa1/CCC+ or below in TFG's 74 CLO transactions was 7.6% compared to an approximate 7.8% weighted-average maximum level permitted under the terms of our investments.(11) By comparison, the market-wide median CCC asset holdings of U.S. CLOs was estimated to be approximately 8.3% as of the end of Q1 2011.(12) TFG's weighted-average WARF stood at approximately 2,664 as of the end of Q1 2011. Each of these foregoing statistics represents a weighted-average summary of all of our 74 CLO transactions.(13) Each individual investment's metrics will differ from this average and vary across the portfolio.

TFG Investment Weighted-Average Summary												
	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Caa1/CCC+ or Below Obligors:	7.6%	8.3%	9.6%	10.5%	11.1%	12.0%	12.6%	11.6%	11.4%	7.6%	4.9%	4.4%
WARF:	2,664	2,671	2,658	2,706	2,762	2,809	2,813	2,800	2,758	2,577	2,490	2,472

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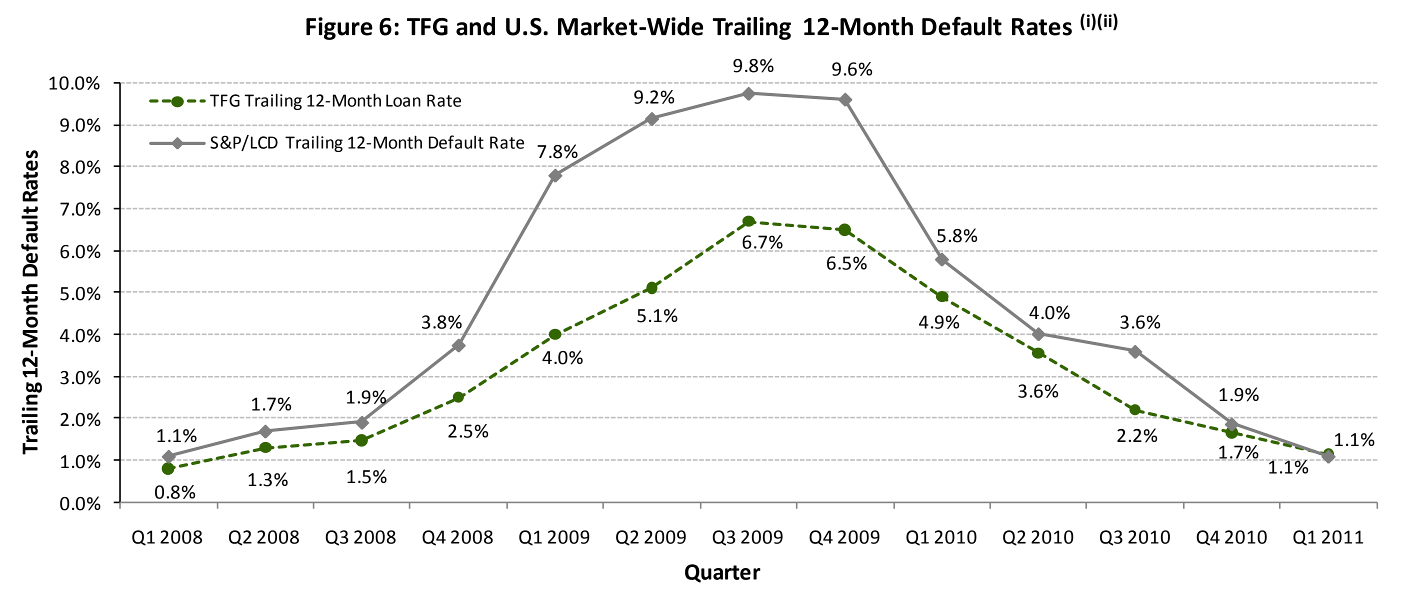
❖ **Investment Portfolio Performance Details (continued):**

- **TFG and Market Default Rates:** TFG's lagging 12-month corporate loan default rate decreased to 1.1% during the fourth quarter from 1.7% at the end of 2010.(14) The lagging 12-month U.S. institutional loan default rate, by comparison, fell to 1.1% by principal amount as of March 31, 2011, down from approximately 1.9% during the prior quarter.(15) Please refer to *Figure 6* below for a historical summary of TFG's CLO investments' default performance.



(i) Source: TFG as of the outlined quarter-end date. The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a "Selective Default" rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's investment portfolio includes approximately 14% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.

(ii) Source: S&P/LCD Quarterly Review as of the outlined quarter-end date.

- **Direct Loan Investments:** As of March 31, 2011, TFG owned liquid U.S. bank loans with an aggregate par amount of approximately $104.6 million and total fair value of $103.2 million. This portfolio continued to perform well during the quarter, benefitting from improvements in credit quality as well as strong technical loan market conditions. No defaults or downgrades were registered in the portfolio. From inception through the end of Q1 2011, the portfolio generated approximately $1.7 million of net realized gains. In addition, the portfolio earned $3.5 million of interest income and discount premium over the same time period.

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- **Asset Management Platform Details:**

  - **LCM Developments**: LCM's operating results and financial performance remained strong throughout Q1 2011, with all senior and subordinated CLO management fees on LCM Cash Flow CLOs current as of March 31, 2011.[16] Taking into account all LCM-managed vehicles, the gross income for Q1 for LCM totaled $3.8 million, compared to an average quarterly income in 2010 of approximately $3.2 million. Pre-tax profit for the entire LCM business, of which TFG owns 75%, reached approximately $1.9 million as of the same period (2010 quarterly average of $1.4 million). TFG continues to leverage and benefit from the LCM team's expertise in the ongoing management of the company's direct loan investment portfolio.

LCM Asset Management Performance Snapshot					
	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Gross Fee Income ($MM)	$3.8	$3.4	$3.0	$2.9	$3.3
Pre-tax Income ($MM)	$1.9	$1.1	$1.4	$1.4	$1.9

- **Loan and CLO Market Developments:**

  - **U.S. leveraged loan default rate continues to decline:** The U.S. lagged 12-month loan default rate fell to 1.1% by principal amount as of March 31, 2011, down from 1.9% in the prior quarter and a high of 10.8% reached in November 2009.[17] This deceleration in the pace and volume of defaults was reflective of strong earnings performance among certain leveraged loan borrowers, as well as gains made in addressing near-term default catalysts during Q1 2011 and prior quarters, via repayments, maturity extensions, bond-for-loan take-outs, and covenant re-sets, among other strategies.

  - **U.S. loan prepayments increase significantly:** During Q1 2011, the U.S. S&P/LSTA Leveraged Loan Index quarterly prepayment rate rose to 17.7% from 9.5% the prior quarter in the context of significant loan re-pricing activity.[18]

  - **Secondary loan market prices rise:** Secondary loan prices continued to rise during Q1 2011, despite the correction in early March, as the U.S. S&P/LSTA Leveraged Loan Index returned 2.43% during the quarter.[19] Positive price momentum during the first two months of the year outweighed the mild 0.01% index loss witnessed in March, on the heels of the Japanese earthquake and renewed concerns about oil and other commodity prices as well as unresolved sovereign credit risks.[20]

  - **Size of "maturity cliff" continues to decline:** During Q1 2011, corporate borrowers continued to reduce the size of the so-called "maturity cliff" via a mix of amendments, pay downs and high-yield bond take-outs. Through March 25, 2011 YTD, issuers removed approximately $37.8 billion of maturities due by the end of 2014, bringing the total to approximately $225 billion.[21] In contrast to developments during prior quarters, 61% of this reduction was accomplished via traditional cash repayments as opposed to amendments, which represent in our view a more credit-favorable resolution to the maturity wall as a true extinguishment of debt vs. a temporary maturity extension.[22]

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❖ **Loan and CLO Market Developments (continued):**

- **Primary loan issuance volumes strong in the U.S., weaker in Europe:** Institutional U.S. loan issuance during the first quarter totaled $137.0 billion, up approximately 96% from Q4 2010.(23) The majority of this volume consisted of re-pricing, refinancing, and recapitalization activity as issuers began to take advantage of strong market conditions to reduce their financing costs. European primary loan issuance, however, remained subdued during this quarter with €11.0 billion of leveraged loans issued in Q1 2011, as compared with €15.0 billion during Q4 2010.(24)

- **U.S. loan re-pricing activity picks up:** U.S. loan issuers reduced spreads on $55.6 billion of institutional loans or approximately 11% of the total outstanding volume during Q1 2011.(25)(26) Amend-to-extend activity, on the other hand, led to spread increases on $8.6 billion of institutional loans.(27) While we think market participants generally anticipate that re-pricing activity will continue in the near-term, as investor demand outweighs "new money" primary supply, it is possible that in the near-term low interest rates will offer a natural buffer from further nominal loan spread declines, as leveraged loan yields are currently near historical tights. (28)

- **O/C ratios improve in both the U.S. and Europe:** During Q1 2011, O/C ratios of U.S. CLOs strengthened on average. According to Morgan Stanley, the median junior O/C test cushion for U.S. CLOs increased to 3.25% as of March 31, 2011, up from 2.89% as of the end of the prior quarter.(29)(30) The median junior O/C test cushion for European CLOs also increased, ending Q1 2011 at 1.32%, up from 0.37% as of the end of Q4 2010.(31)

- **CLO new issuance market remains active:** Global CLO issuance totaled approximately $36.0 billion in Q1 2011, consisting primarily of European balance sheet middle-market CLOs.(32) Arbitrage-driven U.S. CLO issuance reached $1.6 billion as of the end of Q1 2011 versus $3.3 billion issued during all of 2010, representing a meaningful pick-up in the pace of issuance of these types of transactions. Despite the cooling in the capital markets in early to mid-March, we believe that market participants continue to expect that 2011 arbitrage-driven CLO volumes will significantly exceed 2010 levels.

- **CLO secondary prices trend higher, despite a mid-March breather**: Q1 2011 began with a significant rally in secondary CLO debt and equity prices as yields tightened across the ratings spectrum. In mid-March, however, concerns about global GDP growth were renewed on the heels of the earthquake/nuclear crisis in Japan, as well as continued unrest in the Middle East and rising oil prices, leading to a pull-back in secondary CLO prices. During this period, mezzanine note spreads widened the most – by approximately 200-300 bps for BBBs and 400 bps for BBs, while A spreads widened by 200 bps, AAs widened by 100-150 bps, and AAAs widened by 75 bps.(33) Nonetheless, by month-end, prices began to firm-up across the capital structure, with CLO equity prices ending the quarter in positive territory vs. Q4 2010.(34) Similarly, BWIC ("Bid Wanted in Comp") volumes continued to be robust during the quarter, with approximately $9.9 billion trading during Q1 2011 compared with $5.2 billion over the same period one year earlier.(35)

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❖ **Loan and CLO Market Developments (continued):**

- **Securitization regulatory changes:** New securitization risk-retention rules in Europe and the United States, if unchanged and implemented as currently proposed, may alter the collateral manager and investor dynamics of those two CLO markets, potentially leading to further collateral manager consolidation, the "crowding-out" of certain lightly-capitalized managers and CLO equity investors, as well as potentially constraining capital availability to certain corporate borrowers.

  In Europe, Article 122a of the Capital Requirements Directive released by the Committee of European Banking Supervisors ("CEBS") on December 31, 2010 provides that E.U.-regulated credit institutions may have exposure to securitizations as investors, liquidity facility providers or hedge counterparties, only *"if the originator, sponsor or original lender has explicitly disclosed to the credit institution that it will retain, on an ongoing basis, a material net economic interest which, in any event, shall not be less than 5%."* [36] While the European directive has been finalized, we believe significant uncertainty surrounds its effect on the European loan and CLO markets.

  Similarly, in the United States several regulatory agencies released a Joint Notice of Proposed Rulemaking ("NPR") at the end of March 2011 to clarify risk-retention requirements applicable to CLOs pursuant to the provisions of the Dodd-Frank Act. The NPR proposed that CLOs be subject to the same requirements as other types of securitizations and that the CLO manager, viewed as the "sponsor" of the deal, be required to retain 5% of the credit risk of the CLO's assets (un-hedged).[37]

  We anticipate that the NPR will be vigorously debated and critiqued in the United States, potentially with the outcome of a material amendment to its current treatment of CLOs. Although the CEBS is in the early stages of implementation and the NPR remains in the form of proposed legislation, we believe that both CEBS and NPR present a measure of regulatory uncertainty surrounding the CLO market and, in particular, the ability of thinly capitalized CLO managers to operate effectively under such regulatory regimes. We believe such regulatory pressures could lead to, among other things, further CLO manager consolidation.

- **Moody's new CLO rating methodology:** At the end of Q1 2011, Moody's published a request for comment outlining proposed changes to its Binomial Expansion Technique ("BET") modeling framework for global CLOs. The key proposed changes were: (1) the removal of a temporary 30% macro stress to default probabilities to reflect Moody's improved outlook for corporate credit, (2) higher BET liability stress factors, and (3) a 5% increase in recovery rates.[38] Moody's concluded that the net effect of these changes would be upgrades of approximately one notch, on average, on senior tranches and two to three notches, on average, on junior tranches.[39]

  We anticipate that the implementation of these changes may have a positive effect on TFG's CLO investments, since CLO liability upgrades would potentially turn-off "restricted trading conditions" triggered by prior downgrades in certain of the company's CLOs. A restricted trading condition typically prevents CLO managers from reinvesting unscheduled principal payments after the end of the reinvestment period. The ability to continue to reinvest unscheduled principal payments would be expected to be a positive for CLO equity returns, all else being equal, by allowing the CLO manager greater flexibility and slowing the process of structural de-leveraging.

❖ Fair Value Determination for TFG's CLO Investments:

- In accordance with the company's valuation policies as set forth on the company's website, the values of TFG's CLO investments are determined using a third-party cash flow modeling tool. The model contains certain assumption inputs that are reviewed and adjusted as appropriate to factor in historic, current and potential market developments on the performance of TFG's CLO investments. Since this involves modeling, 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, when determining the U.S. GAAP-compliant fair value of TFG's portfolio, the company seeks to derive a value at which market participants could transact in an orderly market and also seeks to benchmark our inputs and resulting outputs to observable market data when available and appropriate. Fundamentally, the valuation process involves two stages. In stage one, future cash flows for each transaction in the CLO portfolio are modeled, using our base case assumptions. In stage two, a discount rate reflecting the perceived level of risk is applied to those future cash flows to generate a fair value for each transaction. Due to elevated market risk premia over the last two years, among other factors, this effective discount rate has typically been higher than the transaction's IRR and therefore, in such instances, has resulted in a fair value which is lower than the transaction's amortized cost. The difference between these two figures, on an aggregate basis across the CLO portfolio, has been characterized as the "ALR Fair Value Adjustment" or "ALR".

❖ Forward-looking Cash Flow Modeling Assumptions Unchanged vs. Q4 2010

- The Investment Manager reviews, and adjusts as appropriate the CLO investment portfolio's future modeling assumptions to factor in historic, current and potential market developments on the performance of TFG's CLO investments.
- At the end of Q4 2010, certain assumptions were recalibrated, focusing in particular on improvements in near-term projections for default rates. As we have moved through Q1 2011, rating agency and investment bank research reports, as well as observable market data continued to indicate that the default environment for U.S. loans would remain benign. Although these data points suggest that TFG's near-term assumptions may potentially be viewed to be at the conservative end of the range, we have continued to hold the assumptions unchanged vs. Q4 2010. The key assumption variables have been summarized on the following page and are discussed below the assumptions table.

❖ Forward-looking Cash Flow Modeling Assumptions Unchanged vs. Q4 2010 (continued)

Variable	Year	Assumptions as of March 31, 2011
CADR		
	2011	1.0x WARF-implied default rate (2.2%)
	2012-2014	1.5x WARF-implied default rate (3.2%)
	Thereafter	1.0x WARF-implied default rate (2.2%)
Recovery Rate		
	Until deal maturity	71%
Prepayment Rate		
	Until deal maturity	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price		
	2011	99%
	Thereafter	100%

- **Constant Annual Default Rate ("CADR"):** The CADR for 2011 is equivalent to 1.0x the WARF-implied default rate or approximately 2.2%. Consensus market expectations continue to be that defaults will remain significantly below their long-term average over the next 9-12 months. That has certainly been the experience during Q1 2011, with the U.S. lagged 12-month loan default rate falling to 1.1% as of March 31, 2011.[40] Beyond 2011 the default assumption remains elevated at 1.5x the WARF-implied default rate for 2012-2014, followed by 1.0x the WARF-implied default rate thereafter, reflecting, among other things, heightened risks in the mid-term as a result of macro-economic uncertainty and the so-called "maturity cliff." As mentioned earlier in the report, progress is being made in tackling near and mid-term maturities and we will continue to monitor our medium-term assumptions in light of these developments.

- **Recovery Rate:** We retain our long-term assumption of an average recovery rate of approximately 71% for the life of each CLO transaction.

- **Prepayment Rate:** Observable loan prepayment rates spiked significantly in the first quarter of 2011, as detailed earlier in the report. However, mindful of the fact that prepayment rates can experience significant volatility, we have maintained our long-term prepayment rate assumption of 20% p.a. on loans and 0% p.a. on bonds, throughout the life of each CLO transaction.

- **Reinvestment Price and Spread:** The reinvestment price assumption is 99% for the remainder of 2011, which generates an effective spread over LIBOR of approximately 288 bps on broadly syndicated U.S. loans, 331 bps on European loans, and 358 bps on middle market loans. From 2012, however, the reinvestment price assumption remains at 100% of par until the maturity of each of our investments.

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❖ Application of Discount Rate to Projected Cash Flows and ALR

- We have noted in the 2010 TFG Annual Report and other reports that over the course of the second half of 2010 and beginning of 2011, certain observable data and research, covering both CLO equity and more senior tranches (including BB and BBB-rated), suggested that the risk premium for CLOs in general and CLO equity in particular had been declining. We have also further observed that if risk premia demonstrated sustainability at these reduced levels (or continued to fall) it was likely that TFG's discount rates applied to projected cash flows would need to be reduced to reflect an appropriate fair value. In fact, the remainder of Q1 2011 witnessed further reductions in CLO risk premia as evidenced by, among other things, the reduction in spreads on originally BB and BBB-rated CLO tranches and further spread compression between such tranches. We have also seen some evidence that CLO equity was trading at yields in the mid to high teens during this period.

- Given the magnitude of these reductions and developments over the past six months, the discount rates applied to TFG's future cash flows have been reduced from 23% to 20% for the stronger deals and from 30% to 25% for the remainder. With approximately 80% of the deals by fair value placing in the stronger category, the weighted-average discount rate across the CLO portfolio was approximately 21% as of the end of Q1 2011, down from approximately 25% at the end of 2010.

- In addition to the level of discount rates, the split of transactions between the two discount rate categories can also change in the context of each deal's actual structural strength measured by actual O/C ratios (discussed earlier in this report) compared to expected O/C ratios for performing transactions. During the course of the quarter, nine deals migrated into the stronger deal category. Overall, the discount rate recalibration as well as the migration of the deals increased the fair value of the TFG CLO portfolio by approximately $90.8 million.

- Through the valuation process described above, as of the end of Q1 2011, the ALR has been reduced to approximately $155.7 million as compared to $258.0 million at the end of Q4 2010.

- The average carrying cost of TFG's U.S. CLOs, which accounted for approximately 86% of the investment portfolio by fair value, was approximately 75% of par as of the end of Q1 2011, up from approximately 67% of par at the end of Q4 2010.

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❖ **Outlook Summary:**

Following a strong Q1 2011, characterized by continued gains in the credit quality, structural strength, and cash flow generation of TFG's CLO and direct loan portfolios, we maintain a positive near-term outlook on the performance of both the company's investments and asset management platform. Nonetheless, whilst we believe that positive developments in both the leveraged loan and CLO markets continue to outweigh the negative, we remain focused on external sources of uncertainty and potential market disruption, which may move the markets off their current positive trajectories. The key developments moderating our generally constructive view relate to potential negative macroeconomic events, including among other factors, inflationary pressures, sovereign credit problems, austerity measures within certain developed economies, and the eventual end of stimulatory monetary and fiscal policies in the United States.

As mentioned earlier in this report, the regulatory regimes and conventions that govern CLOs are currently in a period of transition. Since we are still in the early stages of the formulation and implementation of these new frameworks, we remain cautious in drawing long-term conclusions about their ultimate impact on TFG's operations. Similarly, rating agency actions may be important to future CLO performance. We are mindful of the fact that should trading flexibility remain constrained as a result of limited upgrades triggering so called "restricted trading conditions," many mangers may face skewed incentives with negative performance consequences.[41]

Despite the aforementioned concerns, we anticipate that the overwhelming weight of positive credit and structural performance will result in meaningful upgrades of CLO liabilities by both rating agencies, resulting in the restoration of managers' trading flexibility. Furthermore, we believe that TFG's strong financial position and permanent capital base, may allow the company to weather any adverse regulatory changes more easily than other participants in the CLO market.

We expect to continue to focus on the long-term goal of evolving TFG into a broader financial services firm with ownership interests in multiple operating businesses, capable of pursuing investment opportunities across multiple geographies and asset classes. The company is committed to its current strategy of expanding its asset management platform and thereby, diversifying its income streams. Near-term, we expect to seek to strategically increase our exposure to the leveraged loan asset class, which we continue to find attractive from a risk-reward perspective, by supporting the expansion of LCM's asset management business, investing in new, externally-managed arbitrage cash flow CLOs, or making direct loan investments. We also continue to expect to explore investment opportunities in management companies and asset classes both within and beyond the leveraged loan market.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

❖ Quarterly Investor Call

We will host a conference call for investors on May 5, 2011 at 15:00 GMT/16:00 CET/11:00 EDST to discuss Q1 2011 results and to provide a company update.

The conference call may be accessed by dialing +44 (0)20 7162 0025 and +1 334 323 6201 (a passcode is not required). Participants may also register for the conference call in advance via the following link https://eventreg1.conferencing.com/webportal3/reg.html?Acc=247751&Conf=176930.

A replay of the call will be available for 30 days by dialing +44 (0) 20 7031 4064 and +1 954 334 0342, access code 876111 and as an MP3 recording on the TFG website.

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Expected Upcoming Events	Date
Q1 Ex-Dividend Date	April 29, 2011
Q1 Dividend Record Date	May 3, 2011
Quarterly Investor Call	May 5, 2011
April 2011 Monthly Report	May 20, 2011 (approx)
Q1 Dividend Payment Date	May 24, 2011

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

TETRAGON FINANCIAL GROUP Financial Highlights							
	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Quarterly Average
Net income ($MM)	$175.1	$132.0	$125.0	$55.6	$72.5	$94.7	$109.2
EPS ($)	$1.47	$1.09	$1.03	$0.45	$0.58	$0.76	$0.90
CLO Cash receipts ($MM) [(1)]	$90.9	$78.9	$71.8	$60.9	$51.1	$38.4	$65.3
CLO Cash receipts per share ($)	$0.76	$0.66	$0.59	$0.50	$0.41	$0.31	$0.54
Net cash balance ($MM)	$147.0	$140.6	$187.9	$156.2	$172.6	$174.4	$163.1
Net assets ($MM)	$1,298	$1,138	$1,019	$909	$867	$807	$1,006
Number of shares outstanding (million)	119.6	120.1	120.8	122.2	123.6	124.8	121.9
NAV per share ($)	$10.85	$9.47	$8.43	$7.44	$7.02	$6.47	$8.28
DPS ($)	$0.09	$0.09	$0.08	$0.08	$0.06	$0.06	$0.08
Weighted average IRR on completed transactions (%)	15.8%	15.1%	13.7%	13.1%	12.3%	11.9%	13.6%
Number of CLO transactions [(2)]	74	70	68	68	68	61	68
ALR Fair Value Adjustment ($MM)	($155.7)	($258.0)	($274.7)	($330.7)	($339.5)	($349.0)	($284.6)

[(1)] Gross cash receipts from CLO portfolio.

[(2)] Excludes CDO-squared and ABS CDO transactions written off in October 2007. TFG continues to hold the economic rights to 3 of these written-off transactions.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

TETRAGON FINANCIAL GROUP Quarterly Statement of Operations for the period ended 31 March 2011				
Statement of Operations	**Q1 2011 ($MM)**	**Q4 2010 ($MM)**	**Q3 2010 ($MM)**	**Q2 2010 ($MM)**
Interest income	48.5	46.5	45.8	43.4
CLO management fee income	3.8	3.4	3.0	2.9
Other income	1.4	1.4	0.5	0.3
Investment income	**53.7**	**51.3**	**49.3**	**46.6**
Management and performance fees	(60.0)	(45.6)	(42.7)	(19.8)
Admin/ custody and other fees	(5.6)	(3.5)	(2.7)	(2.6)
Total operating expenses	**(65.6)**	**(49.1)**	**(45.4)**	**(22.4)**
Net investment income	**(11.8)**	**2.2**	**3.9**	**24.2**
Net change in unrealised appreciation/(depreciation) in investments	184.5	128.8	121.3	31.4
Realised gain/(loss) on investments	0.6	0.5	0.3	0.3
Realised and unrealised gains/(losses) from hedging and fx	2.8	1.2	0.2	0.7
Net realised and unrealised gains/(losses) from investments and fx	**188.0**	**130.5**	**121.8**	**32.4**
Income taxes	(1.0)	(0.4)	(0.4)	(0.4)
Noncontrolling interest	(0.5)	(0.3)	(0.3)	(0.6)
Net increase/(decrease) in net assets from operations	**174.7**	**132.0**	**125.0**	**55.6**

TETRAGON FINANCIAL GROUP LIMITED (TFG)
PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

TETRAGON FINANCIAL GROUP Balance Sheet as at 31 March 2011	Mar-11 $MM
Assets	
Investments in securities, at fair value	1,206.8
Intangible assets - CLO management contracts	0.2
Cash and cash equivalents	147.0
Amounts due from brokers	16.1
Amounts receivable on sale of investments	2.3
Other receivables	2.2
Total Assets	**1,374.6**
Liabilities	
Other payables and accrued expenses	60.7
Unrealised loss on forward contracts	9.8
Amounts payable on Share Options	3.6
Income taxes payables	0.7
Total Liabilities	**74.8**
Net Assets Before Noncontrolling Interest	**1,299.8**
Noncontrolling Interest	1.8
Total Equity Attributable to TFG	**1,298.0**

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

TETRAGON FINANCIAL GROUP Statement of Cash Flows as at 31 March 2011	
	Mar-11 **$MM**
Operating Activities	
Operating cash flows before movements in working capital	
after payment of prior quarter incentive fee	51.5
Increase / (decrease) in payables	0.7
Cash flows from operating activities	**52.2**
Investment Activities	
Proceeds on sales of investments	
- Proceeds from the sale of bank loans	17.5
Purchase of investments	
- Purchase of CLO's	(14.0)
- Purchase of bank loans	(39.5)
Maturity and prepayment of investments	16.2
Cash flows from operating and investing activities	**32.4**
Amounts due from broker	(11.8)
Purchase of shares	(4.8)
Dividends paid to shareholders	(9.4)
Cash flows from financing activities	**(26.0)**
Net (decrease) / increase in cash and cash equivalents	6.4
Cash and cash equivalents at beginning of period	140.6
Cash and cash equivalents at end of period	**147.0**

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TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

CLO PORTFOLIO DETAILS
AS OF MARCH 31, 2011

Transaction	Deal Type	Original Invest. Cost ($MM USD)[1]	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps)[2]	Wtd Avg Funding Cost (bps)[3]	Current Jr-Most O/C Cushion[4]	Jr-Most O/C Cushion at Close[5]	Annualized (Loss) Gain of Cushion[6]	IRR[7]	ITD Cash Received as % of Cost[8]
Transaction 1	EUR CLO	37.5	2024	2014	288	55	(2.31%)	3.86%	(1.64%)	6.1%	29.6%
Transaction 2	EUR CLO	29.7	2023	2013	316	52	0.66%	3.60%	(0.67%)	7.3%	35.7%
Transaction 3	EUR CLO	22.2	2022	2012	317	58	4.56%	5.14%	(0.11%)	12.9%	76.3%
Transaction 4	EUR CLO	33.0	2023	2013	324	48	3.75%	5.76%	(0.50%)	13.0%	43.3%
Transaction 5	EUR CLO	36.9	2021	2012	299	60	3.16%	5.74%	(0.70%)	8.0%	25.7%
Transaction 6	EUR CLO	33.3	2022	2012	311	51	(5.20%)	4.70%	(2.03%)	2.3%	49.7%
Transaction 7	EUR CLO	38.5	2023	2013	297	46	(6.31%)	3.64%	(2.48%)	2.7%	31.9%
Transaction 8	EUR CLO	26.9	2021	2011	319	53	1.91%	4.98%	(0.54%)	12.3%	66.8%
Transaction 9	EUR CLO	41.3	2023	2013	322	50	1.48%	6.27%	(1.20%)	7.1%	24.1%
Transaction 10	EUR CLO	27.0	2022	2012	307	50	0.95%	4.54%	(0.77%)	8.2%	31.5%
EUR CLO Subtotal:		**326.3**			**309**	**52**	**(0.01%)**	**4.84%**	**(1.15%)**		**39.1%**
Transaction 11	US CLO	20.5	2018	2012	328	45	5.12%	4.55%	0.12%	18.7%	98.0%
Transaction 12	US CLO	22.8	2019	2013	320	46	5.42%	4.45%	0.22%	18.7%	90.2%
Transaction 13	US CLO	15.2	2018	2012	321	47	6.05%	4.82%	0.26%	18.2%	98.7%
Transaction 14	US CLO	26.0	2021	2014	308	49	4.28%	5.63%	(0.33%)	14.5%	65.5%
Transaction 15	US CLO	28.1	2021	2014	374	52	2.59%	4.21%	(0.43%)	24.8%	103.8%
Transaction 16	US CLO	23.5	2020	2013	385	46	2.68%	4.44%	(0.37%)	18.6%	90.8%
Transaction 17	US CLO	26.0	2021	2014	326	40	3.63%	4.24%	(0.15%)	20.3%	88.7%
Transaction 18	US CLO	16.7	2017	2011	322	45	3.95%	4.77%	(0.15%)	17.5%	115.6%
Transaction 19	US CLO	1.2	2017	2011	322	45	3.95%	4.77%	(0.15%)	21.0%	109.8%
Transaction 20	US CLO	26.6	2020	2012	428	52	2.98%	5.28%	(0.51%)	20.3%	115.0%
Transaction 21	US CLO	20.7	2020	2012	373	53	2.79%	4.76%	(0.42%)	16.5%	91.9%
Transaction 22	US CLO	37.4	2019	2013	414	53	3.19%	5.00%	(0.45%)	18.0%	79.1%
Transaction 23	US CLO	19.9	2021	2013	348	66	3.30%	4.98%	(0.44%)	17.2%	86.4%
Transaction 24	US CLO	16.9	2018	2012	346	46	4.02%	4.17%	(0.03%)	14.7%	68.2%
Transaction 25	US CLO	20.9	2018	2013	355	46	4.74%	4.13%	0.14%	19.9%	92.3%
Transaction 26	US CLO	27.9	2019	2013	340	43	2.52%	4.05%	(0.38%)	15.5%	66.9%
Transaction 27	US CLO	23.9	2021	2014	415	51	8.32%	6.11%	0.52%	29.7%	135.2%
Transaction 28	US CLO	7.6	2021	2014	415	51	8.32%	6.11%	0.52%	34.1%	47.1%
Transaction 29	US CLO	19.1	2018	2011	454	66	3.99%	4.82%	(0.15%)	18.8%	102.6%
Transaction 30	US CLO	12.4	2018	2012	450	67	2.27%	5.16%	(0.60%)	16.3%	75.1%
Transaction 31	US CLO	9.3	2017	2012	351	52	2.63%	5.02%	(0.41%)	15.4%	107.6%
Transaction 32	US CLO	24.0	2021	2014	305	59	3.90%	5.57%	(0.46%)	16.7%	68.6%
Transaction 33	US CLO	16.2	2020	2012	343	56	4.55%	6.99%	(0.48%)	12.9%	78.4%
Transaction 34	US CLO	22.2	2020	2012	337	50	4.56%	6.66%	(0.49%)	15.6%	79.6%
Transaction 35	US CLO	23.6	2018	2012	421	52	2.49%	5.00%	(0.53%)	19.6%	107.7%
Transaction 36	US CLO	28.4	2021	2013	369	46	2.49%	5.18%	(0.66%)	16.1%	78.8%
Transaction 37	US CLO	9.3	2017	2011	305	50	2.17%	4.34%	(0.39%)	14.0%	94.8%
Transaction 38	US CLO	23.7	2021	2013	312	42	2.51%	5.07%	(0.63%)	23.8%	119.4%
Transaction 39	US CLO	7.8	2017	2011	375	70	1.13%	3.15%	(0.37%)	7.0%	60.8%
Transaction 40	US CLO	13.0	2020	2011	375	39	N/A	N/A	N/A	18.7%	93.4%
Transaction 41	US CLO	22.5	2020	2013	324	48	5.81%	4.71%	0.25%	19.7%	93.1%

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

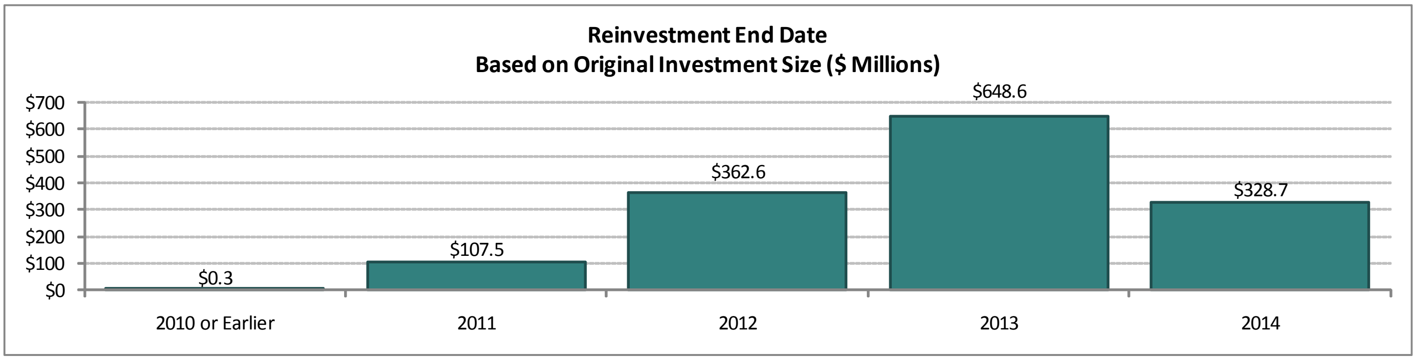
CLO PORTFOLIO DETAILS (CONTINUED)
AS OF MARCH 31, 2011

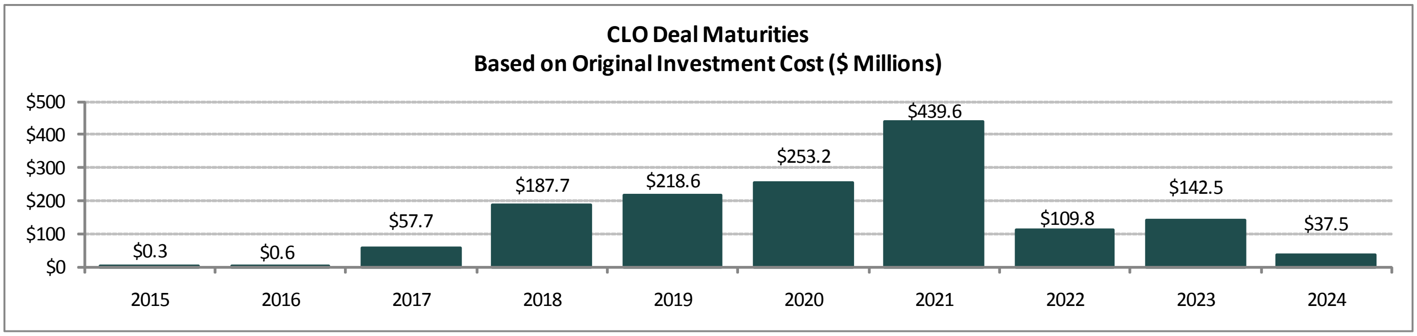
Transaction	Deal Type	Original Invest. Cost ($MM USD) (1)	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps) (2)	Wtd Avg Funding Cost (bps) (3)	Current Jr-Most O/C Cushion (4)	Jr-Most O/C Cushion at Close (5)	Annualized (Loss) Gain of Cushion (6)	IRR (7)	ITD Cash Received as % of Cost (8)
Transaction 42	US CLO	22.4	2021	2014	353	47	5.11%	3.92%	0.30%	19.9%	73.4%
Transaction 43	US CLO	0.2	2021	2014	336	54	4.24%	3.75%	0.14%	21.1%	6.7%
Transaction 44	US CLO	22.3	2018	2012	311	54	1.95%	4.16%	(0.45%)	10.3%	73.0%
Transaction 45	US CLO	23.0	2018	2012	307	46	1.62%	4.46%	(0.66%)	8.6%	49.3%
Transaction 46	US CLO	21.3	2019	2013	303	51	2.29%	4.33%	(0.53%)	5.7%	32.8%
Transaction 47	US CLO	28.3	2021	2013	325	47	2.84%	4.34%	(0.34%)	19.0%	94.7%
Transaction 48	US CLO	23.0	2019	2013	317	46	2.55%	5.71%	(0.72%)	14.7%	62.5%
Transaction 49	US CLO	12.6	2017	2011	315	40	1.69%	3.94%	(0.42%)	7.8%	64.4%
Transaction 50	US CLO	12.3	2018	2012	309	40	1.79%	4.25%	(0.51%)	9.2%	59.3%
Transaction 51	US CLO	18.0	2020	2013	344	53	3.66%	4.47%	(0.21%)	18.8%	83.6%
Transaction 52	US CLO	0.3	2015	2008	272	93	2.06%	3.20%	(0.15%)	278.6%	582.5%
Transaction 53	US CLO	0.6	2016	2011	291	61	4.86%	4.00%	0.14%	41.9%	138.5%
Transaction 54	US CLO	0.5	2017	2012	324	56	4.41%	3.69%	0.12%	55.1%	308.4%
Transaction 55	US CLO	0.3	2017	2011	318	39	4.16%	3.59%	0.10%	56.7%	254.4%
Transaction 56	US CLO	23.0	2019	2014	335	42	4.48%	4.53%	(0.01%)	20.8%	94.9%
Transaction 57	US CLO	0.6	2019	2014	335	42	4.48%	4.53%	(0.01%)	43.3%	292.7%
Transaction 58	US CLO	21.8	2019	2014	331	49	3.42%	4.04%	(0.16%)	22.3%	94.9%
Transaction 59	US CLO	0.4	2019	2014	331	49	3.42%	4.04%	(0.16%)	44.9%	391.6%
Transaction 60	US CLO	18.8	2021	2014	401	198	4.71%	4.50%	0.58%	10.4%	0.0%
Transaction 61	US CLO	29.1	2021	2014	293	45	2.48%	4.04%	(0.40%)	14.5%	60.6%
Transaction 62	US CLO	25.3	2020	2013	337	42	3.99%	5.20%	(0.30%)	18.0%	85.9%
Transaction 63	US CLO	27.3	2021	2013	322	53	2.56%	4.78%	(0.60%)	15.4%	70.4%
Transaction 64	US CLO	15.4	2021	2013	425	38	N/A	N/A	N/A	18.9%	48.3%
Transaction 65	US CLO	26.9	2021	2013	312	47	2.55%	4.96%	(0.55%)	10.6%	50.2%
Transaction 66	US CLO	21.3	2020	2013	315	49	3.35%	4.05%	(0.16%)	18.3%	94.6%
Transaction 67	US CLO	27.3	2022	2014	319	46	3.53%	4.38%	(0.21%)	16.9%	69.3%
Transaction 68	US CLO	19.3	2020	2013	374	48	5.07%	4.41%	0.15%	24.1%	108.6%
Transaction 69	US CLO	28.2	2019	2013	366	44	5.38%	5.61%	(0.06%)	22.2%	90.7%
Transaction 70	US CLO	24.6	2020	2013	291	52	6.09%	6.21%	(0.03%)	17.3%	80.9%
Transaction 71	US CLO	1.7	2018	2012	309	40	1.79%	4.25%	(0.51%)	11.6%	0.0%
Transaction 72	US CLO	4.8	2019	2014	335	42	4.48%	4.53%	(0.01%)	13.3%	0.0%
Transaction 73	US CLO	1.9	2019	2014	335	42	4.48%	4.53%	(0.01%)	13.3%	0.0%
Transaction 74	US CLO	5.5	2019	2014	331	49	3.42%	4.04%	(0.16%)	12.4%	0.0%
US CLO Subtotal:		**1,121.3**			**347**	**51**	**3.57%**	**4.68%**	**(0.25%)**		**81.7%**
Total CLO Portfolio:		**1,447.6**			**339**	**51**	**2.76%**	**4.72%**	**(0.45%)**		**72.1%**

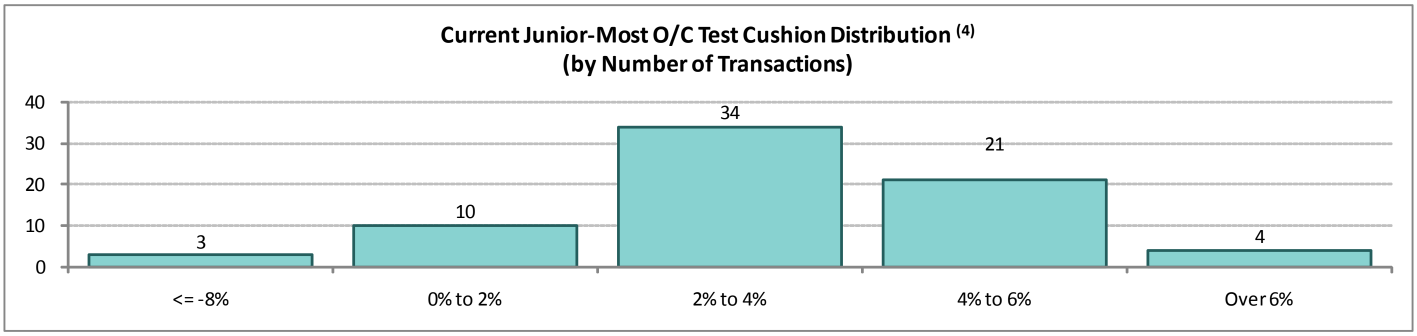
TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2011

CLO PORTFOLIO DETAILS (CONTINUED)
AS OF MARCH 31, 2011







Notes

(1) The USD investment cost fixes the USD-EUR exchange rate of European CLOs at the same rate to avoid the impact of skewed weightings and FX volatility.

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

(3) 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.

(4) 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 03/31/11.

(5) 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. Please note that two of TFG's investments are so so called "par structures" which don't include a junior O/C test. They have been marked by an "N/A" in the relevant junior-most O/C test columns.

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

(7) Calculated from TFG's investment date. Includes both historical cash flows received to-date and prospective cash flows expected to be received, based on TFG's base case modeling assumptions.

(8) Inception to Date (as of 03/31/11) cash flow received on each transaction as a percentage of its original cost.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PORTFOLIO COMPOSITION

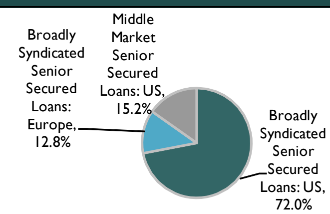
PORTFOLIO HELD BY TETRAGON FINANCIAL GROUP MASTER FUND LIMITED (UNLESS OTHERWISE STATED)

AS OF MARCH 31, 2011

Report Date	TFG Share Price ($)	TFG group Market Cap ($MM)[1]	TFG group Net Assets ($MM)	No. of Closed CLO Transactions
31 March 2011	$7.60	$998.1	$1,298.0	74[2]

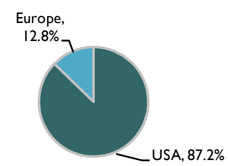
Capital Allocation by Asset Class	Risk Capital Allocation	Investment - Fair Value ($MM)[3][4]
Broadly Syndicated Senior Secured Loans: US	72.0%	$865.3
Broadly Syndicated Senior Secured Loans: Europe	12.8%	$153.2
Middle Market Senior Secured Loans: US	15.2%	$183.2
CDOs Squared: US	0.0%	$0.0
ABS and Structured Finance: US	0.0%	$0.0
Total	100.0%	$1,201.7

Asset Class Allocation



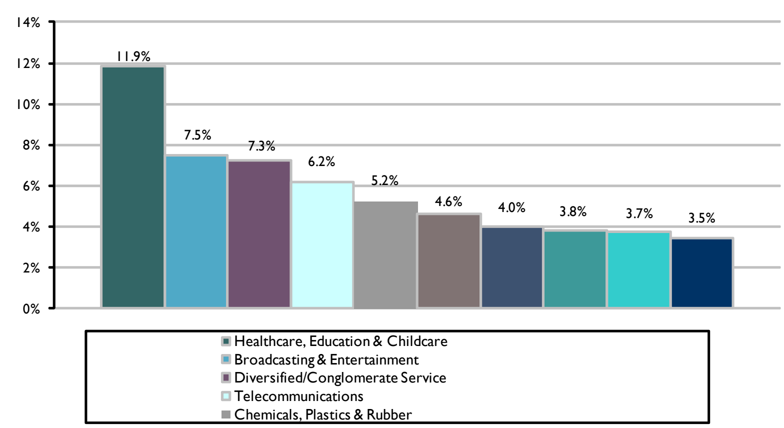
Geographic Allocation by Asset Class	USA	Europe	Asia Pacific	Total
Broadly Syndicated Senior Secured Loans	85.0%	15.0%	0.0%	100.0%
Middle Market Senior Secured Loans	100.0%	0.0%	0.0%	100.0%
CDOs Squared	0.0%	0.0%	0.0%	0.0%
ABS and Structured Finance	0.0%	0.0%	0.0%	0.0%
	87.2%	12.8%	0.0%	100.0%

Geographic Allocation



Top 15 Underlying Bank Loan Credits	Bank Loan Exposure [5]
Community Health	0.93%
Univision Communications	0.87%
HCA Inc	0.85%
TXU Corp	0.83%
Charter Communications	0.82%
First Data Corp	0.77%
SunGard Data Systems Inc	0.72%
Cablevision Systems Corp	0.70%
Aramark Corp	0.69%
Federal-Mogul	0.66%
Sabre Holdings Corp	0.64%
Las Vegas Sands	0.59%
Georgia Pacific Corp	0.58%
Nielsen Company	0.58%
Asurion Corp	0.57%

Top 10 Bank Loan Industry Exposures [5]



EUR-USD FX: 1.42

(1) Calculated using TFG shares outstanding and month end exchange price.

(2) Excludes CDO-squared and ABS CDO transactions which were written off in October 2007. TFG continues to hold the economic rights to 3 of these written-off transactions.

(3) Excludes TFG's investments in LCM Asset Management LLC and GreenOak Real Estate LP

(4) Equivalent to Investment in Securities at Fair Value in the US GAAP Financial Statements.

(5) Includes par amount of loans held directly by TFG and also loan exposures via TFG's investments in CLOs. With respect to CLO investments, calculated as a percentage of total corporate loan assets that TFG has exposure to based on its equity-based pro-rata share of each CLO's total portfolio. All calculations are net of any single name CDS hedges held against that credit.

An investment in TFG 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 TFG.

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 TFG have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act"), as amended, and may not be offered or sold in the United States or to US persons unless they are registered under applicable law or exempt from registration. TFG 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, TFG has not been and will not be registered under the US Investment Company Act of 1940, and investors will not be entitled to the benefits of such Act. TFG is registered in the public register of the Netherlands Authority for the Financial Markets under Section 1:107 of the Financial Markets Supervision Act ("FMSA") as a collective investment scheme from a designated country. This release constitutes regulated information ("gereglementeerde informatie") within the meaning of Section 1:1 of the FMSA.

TETRAGON

Board of Directors

Paddy Dear
Rupert Dorey*
Reade Griffith
David Jeffreys*
Byron Knief*
Greville Ward*

***Independent Director**

Shareholder Information

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Channel Islands GY1 3PF

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United States of America

General Partner of Investment Manager
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1082 MD Amsterdam, The Netherlands

Stock Listing
Euronext Amsterdam by NYSE Euronext

Administrator and Registrar
State Street Fund Services (Guernsey) Limited
1st Floor Dorey Court
Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 3PF

ENDNOTES

(1) TFG invests substantially all its capital through a master fund, Tetragon Financial Group Master Fund Limited ("TFGMF"), in which it holds 100% of the issued shares. In this report, unless otherwise stated, we report on the consolidated business incorporating TFG and TFGMF. References to "we" are to Tetragon Financial Management LP, TFG's investment manager.
(2) The LCM I, LCM II, LCM III, LCM IV, LCM V, LCM VI, and LCM VIII CLOs are referred to as the "LCM Cash Flow CLOs." The LCM VII CLO was a market value CLO previously managed by LCM, which was liquidated commencing in 2008, and is not included in the mentioned statistics. In addition, these statistics do not include the performance of certain transactions that were developed and previously managed by a third-party prior to being assigned to LCM, some of which continue to be managed by LCM.
(3) The hurdle rate is reset each quarter using 3M USD LIBOR plus a spread of 2.647858% accordance with TFG's investment management agreement. Please visit http://www.tetragoninv.com/tfg/about/investmentmanagerima/ for more details on the calculation of the hurdle rate and the performance fee.
(4) This figure includes the dividend of $0.09 per share announced on April 28, 2011 with respect to Q1 2011.
(5) Includes only look-through loan exposures through TFG's CLO investments.
(6) Excludes CDO-squared and ABS CDO transactions which were written off in October 2007. TFG continues to hold the economic rights to three of these written-off transactions.
(7) Based on the most recent trustee reports available for both our U.S. and European CLO investments as of March 31, 2011.
(8) As of March 31, 2011, European CLOs represented approximately 14% of TFG's investment portfolio; approximately 85% of the fair value of TFG's European CLOs and 70%, when measured as a percentage of the total number of European deals, were passing their junior-most O/C tests.
(9) As O/C tests are breached, CLO structures may divert excess interest cash flows away from the equity tranche holders, such as TFG, to pay down the CLO's debt thereby curing the O/C breach via deleveraging. Accordingly, the affected investments ceased to generate cash flows to TFG or are expected to cease generating cash flows on the next applicable payment date. Once enough debt has been repaid to cure the O/C test breach, distributions of excess interest cash to equity holders may resume to the extent not precluded by the investments' realized or unrealized losses.
(10) Morgan Stanley CDO Market Tracker, April 6, 2011; based on a sample of 477 U.S. CLO transactions.
(11) Excess Caa/CCC+ or below rated assets above transaction-specific permitted maximum holding levels are generally haircut in our transactions at market value in U.S. CLOs and recovery rate in European CLOs for purposes of the O/C or interest reinvestment test ratios.
(12) Morgan Stanley CDO Market Tracker, April 6, 2011; based on the lower of Moody's and S&P rating. Furthermore, TFG's investment portfolio includes approximately 14% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's average CCC asset holdings.
(13) Weighted by the original USD cost of each transaction.
(14) The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a "Selective Default" rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's investment portfolio includes approximately 14% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.
(15) S&P/LCD News, "With no defaults in March, rates fall to 3-year low," April 1, 2011.
(16) The LCM I, LCM II, LCM III, LCM IV, LCM V, LCM VI, and LCM VIII CLOs are referred to as the "LCM Cash Flow CLOs." The LCM VII CLO was a market value CLO previously managed by LCM, which was liquidated commencing in 2008, and is not included in the mentioned statistics. In addition, these statistics do not include the performance of certain transactions that were developed and previously managed by a third-party prior to being assigned to LCM, some of which continue to be managed by LCM.
(17) S&P/LCD News, "With no defaults in March, rates fall to 3-year low," April 1, 2011.
(18) S&P/LSTA Leveraged Lending Review 1Q 2011.
(19) S&P/LCD News, "Index preview: Loans lose 0.01% in March; YTD return is 2.43%," April 1, 2011.
(20) S&P/LCD News, "Index preview: Loans lose 0.01% in March; YTD return is 2.43%," April 1, 2011.
(21) S&P/LSTA Leveraged Lending Review 1Q 2011.
(22) S&P/LSTA Leveraged Lending Review 1Q 2011.
(23) S&P/LSTA Leveraged Lending Review 1Q 2011.
(24) S&P/LSTA Leveraged Lending Review 1Q 2011.
(25) S&P/LSTA Leveraged Lending Review 1Q 2011.
(26) S&P/LCD News, "Index preview: Loans lose 0.01% in March; YTD return is 2.43%," April 1, 2011.
(27) S&P/LCD News, "Index preview: Loans lose 0.01% in March; YTD return is 2.43%," April 1, 2011.
(28) S&P/LCD News, "Index preview: Loans lose 0.01% in March; YTD return is 2.43%," April 1, 2011.
(29) Morgan Stanley CDO Market Tracker, April 6, 2011; based on a sample of 477 U.S. CLO transactions.
(30) Morgan Stanley CDO Market Tracker, January 5, 2011; based on a sample of 477 U.S. CLO transactions.
(31) Morgan Stanley CDO Market Tracker, April 6, 2011; based on a sample of 196 Euro CLO transactions.
(32) Morgan Stanley CDO Market Tracker, April 6, 2011.
(33) RBS CLO Market Review – April 2011, April 12, 2011.
(34) Morgan Stanley CDO Market Tracker, April 6, 2011; based on a sample of 477 U.S. CLO transactions.
(35) Morgan Stanley CDO Market Tracker, April 6, 2011.
(36) Wells Fargo Structured Products Research, "The CLO Salmagundi," January 21, 2011.
(37) LSTA Week in Review, "Risk Retention: Collateral Damage," April 1, 2011. The NPR states in a footnote (p. 30, footnote 42) that "[I]n the context of collateralized loan obligations (CLOs), the CLO manager generally acts as the sponsor by selecting the commercial loans to be purchased by an agent bank for inclusion in the CLO collateral pool, and then manages the securitized assets once deposited in the CLO structure."
(38) Moody's Request for Comment: " Moody's Proposes to Change Its Global CLO Modeling Assumptions," March 22, 2011.

(39) Moody's Request for Comment: " Moody's Proposes to Change Its Global CLO Modeling Assumptions," March 22, 2011.
(40) S&P/LCD News, "With no defaults in March, rates fall to 3-year low," April 1, 2011.
(41) For example, under certain restricted trading condition terms, after the end of the reinvestment period, a CLO manager may lose the ability to reinvest the sale proceeds of a credit risk obligation that they believe is at risk of eventual default or loss of principal. Although under ordinary conditions, a manager would view the asset purely from a credit risk perspective (because the firm would continue to earn substantially the same fees whether the asset is held or sold and the proceeds reinvested), under certain restricted trading condition formulations, the manager may be incentivized to hold the asset throughout a bankruptcy or work-out, in spite of the risk implications of doing so, since the proceeds of such a sale would be used to repay the liabilities thereby reducing assets under management and therefore management fees.

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP LIMITED

FOR THE QUARTER ENDED 31 MARCH 2011 AND FOR THE QUARTER ENDED 31 MARCH 2010

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONSOLIDATED QUARTERLY REPORT
FOR THE QUARTER ENDED 31 MARCH 2011 AND FOR THE QUARTER ENDED 31 MARCH 2010

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TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 31 March 2011 (unaudited)

	31 Mar 2011 US$	31 Dec 2010 US$
Assets		
Investment in Master Fund	1,357,118,390	1,180,537,381
Amounts receivable from Master Fund	531,586	-
Total assets	1,357,649,976	1,180,537,381
Liabilities		
Accrued incentive fee	55,504,288	41,532,519
Amounts payable on Share options	3,614,817	1,458,368
Amounts payable on Treasury Shares	531,586	-
Total liabilities	59,650,691	42,990,887
Net assets	1,297,999,285	1,137,546,494
Equity		
Share capital	119,642	120,134
Share premium	1,153,611,139	1,157,051,372
Capital Reserve in respect of share options	11,789,336	11,789,336
Earnings	132,479,168	(31,414,348)
	1,297,999,285	1,137,546,494
Shares outstanding	**Number**	**Number**
Shares	119,641,568	120,133,690
Net asset value per share		
Shares	US$10.85	US$9.47

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

For the quarter ended 31 March 2011 and for the quarter ended 31 March 2010 (unaudited)

	Quarter Ended 31 Mar 2011 US$	Quarter Ended 31 Mar 2010 US$
Investment income allocated from the Master Fund		
Interest income	48,411,429	43,219,062
CLO management fee income	3,828,173	3,302,848
Other income	1,424,213	276,465
Investment income allocated from the Master Fund	53,663,815	46,798,375
Direct expenses		
Incentive fee	(55,504,288)	(22,266,024)
Total direct expenses	(55,504,288)	(22,266,024)
Operating expenses allocated from the Master Fund		
Management fees	(4,438,680)	(3,175,405)
Legal and Professional fees	(3,077,181)	(93,569)
Employee costs	(1,473,165)	(963,016)
Administration and custodian fees	(248,756)	(205,817)
Directors' fees	(75,000)	(50,000)
Audit fees	(60,350)	(60,350)
Market data fees	(36,854)	(58,139)
Other operating and administrative expenses	(648,694)	(467,118)
Total operating expenses allocated from the Master Fund	(10,058,680)	(5,073,414)
Total operating expenses	(65,562,968)	(27,339,438)
Net investment income	(11,899,153)	19,458,937
Net increase in unrealized depreciation on:		
Share options	(2,156,449)	-
Net increase in unrealized depreciation arising from direct operations	(2,156,449)	-

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the quarter ended 31 March 2011 and for the quarter ended 31 March 2010 (unaudited)

	Quarter Ended 31 Mar 2011 US$	Quarter Ended 31 Mar 2010 US$
Net realized and unrealized gain / (loss) from investments and foreign currencies allocated from the Master Fund		
Net realized gain from:		
Investments	614,334	-
Foreign currency transactions	6,049,307	1,285,568
	6,663,641	1,285,568
Net increase / (decrease) in unrealized (depreciation) / appreciation on:		
Investments	186,712,243	54,496,070
Forward foreign exchange contracts	(12,625,328)	810,852
Translation of assets and liabilities in foreign currencies	9,425,233	(2,131,585)
	183,512,148	53,175,337
Net realized and unrealized gain from investments and foreign currencies allocated from the Master Fund	190,175,789	54,460,905
Net increase in net assets resulting from operations before income tax	176,120,187	73,919,842
Income and deferred tax expense	(979,624)	(1,262,937)
Net income	175,140,563	72,656,905
Less net income attributable to noncontrolling interest	(454,896)	(170,011)
Net increase in net assets resulting from operations	174,685,667	72,486,894
Earnings per Share		
Basic	US$ 1.46	US$ 0.59
Diluted	US$ 1.46	US$ 0.59
Weighted average Shares outstanding		
Basic	119,904,154	124,110,200
Diluted	119,904,154	124,110,200

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the quarter ended 31 March 2011 and for the quarter ended 31 March 2010 (unaudited)

	Quarter ended 31 Mar 2011 US$	Quarter ended 31 Mar 2010 US$
Total investment income	53,663,815	46,798,375
Total operating expenses	(65,562,968)	(27,339,438)
Net unrealized depreciation on share options	(2,156,449)	-
Net realized gain from investments and foreign currencies allocated from the Master Fund	6,663,641	1,285,568
Net unrealized gain from investments and foreign currencies allocated from the Master Fund	183,512,148	53,175,337
Income and deferred tax expense	(979,624)	(1,262,937)
Income attributable to noncontrolling interest	(454,896)	(170,011)
Net increase in net assets resulting from operations	174,685,667	72,486,894
Dividends paid to shareholders	(10,792,151)	(7,442,348)
Issue of Shares	1,358,588	874,050
Treasury Shares	(4,799,313)	(5,329,049)
Decrease in net assets resulting from net Share transactions	(3,440,725)	(4,454,999)
Total increase in net assets	160,452,791	60,589,547
Net assets at start of period	1,137,546,494	806,846,805
Net assets at end of period	1,297,999,285	867,436,352

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the quarter ended 31 March 2011 and for the quarter ended 31 March 2010 (unaudited)

	Quarter ended 31 Mar 2011 US$	Quarter ended 31 Mar 2010 US$
Operating activities		
Net increase in net assets resulting from operations	174,685,667	72,486,894
Adjustments for:		
Net unrealized depreciation on share options	2,156,449	-
Net unrealized (appreciation) / depreciation on investments in Master Fund	(176,581,009)	(53,073,699)
Operating cash flows before movements in working capital	261,107	19,413,195
Increase in receivables	(531,586)	(201,682)
Increase/ (decrease) in payables	14,503,355	(7,314,166)
Cash flows from operations	14,232,876	11,897,347
Cash inflows from operating and investing activities	14,232,876	11,897,347
Financing activities		
Issue of Shares during the period	1,358,588	874,050
Treasury Shares	(4,799,313)	(5,329,049)
Dividends paid to shareholders	(10,792,151)	(7,442,348)
Cash outflows from financing activities	(14,232,876)	(11,897,347)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

FOR THE QUARTER ENDED 31 MARCH 2011 AND FOR THE QUARTER ENDED 31 MARCH 2010

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONSOLIDATED QUARTERLY REPORT

FOR THE QUARTER ENDED 31 MARCH 2011 AND FOR THE QUARTER ENDED 31 MARCH 2010

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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 31 March 2011 (unaudited)

	31 Mar 2011 US$	31 Dec 2010 US$
Assets		
Investments at fair value	1,206,750,674	1,035,278,679
Intangible assets – CLO management contracts	185,066	210,301
Cash and cash equivalents	147,035,352	140,625,333
Amounts due from brokers	16,090,595	4,285,552
Derivative financial assets - forward contracts	-	2,883,979
Amounts receivable on sale of investments	2,345,686	8,848,210
Other receivables	2,169,825	1,737,490
Total assets	1,374,577,198	1,193,869,544
Liabilities		
Amounts payable for purchase of investments	-	7,422,999
Amounts payable to Feeder	531,586	-
Derivative financial liabilities - forward contracts	9,741,349	-
Other payables and accrued expenses	4,614,382	4,150,673
Income tax payable	452,155	296,854
Deferred tax liability	296,035	92,995
Total liabilities	15,635,507	11,963,521
Net assets	1,358,941,691	1,181,906,023
Equity		
Share capital	119,642	120,134
Share premium	1,112,834,223	1,116,274,456
Earnings	244,164,525	64,142,791
Total equity attributable to Master Fund	1,357,118,390	1,180,537,381
Noncontrolling interest	1,823,301	1,368,642
Total shareholders equity	1,358,941,691	1,181,906,023
Shares outstanding	**Number**	**Number**
Shares	119,641,568	120,133,690
Net asset value per share*		
Shares	US$11.34	US$9.83

*calculated by dividing Total equity attributable to Master Fund by Shares outstanding

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the quarter ended 31 March 2011 and for the quarter ended 31 March 2010 (unaudited)

	Quarter ended 31 Mar 2011 US$	Quarter ended 31 Mar 2010 US$
Interest income	48,411,429	43,219,062
CLO management fee income	3,828,173	3,302,848
Other income	1,424,213	276,465
Investment income	53,663,815	46,798,375
Management fees	(4,438,680)	(3,175,405)
Legal and professional fees	(3,077,181)	(93,569)
Employee costs	(1,473,165)	(963,016)
Administration and custodian fees	(248,756)	(205,817)
Directors' fees	(75,000)	(50,000)
Audit fees	(60,350)	(60,350)
Market data fees	(36,854)	(58,139)
Other operating and administrative expenses	(648,694)	(467,118)
Operating expenses	(10,058,680)	(5,073,414)
Net investment income	43,605,135	41,724,961
Realized and unrealized gain / (loss) from investments and foreign currency		
Net realized gain from:		
Investments	614,334	-
Foreign currency transactions	6,049,307	1,285,568
	6,663,641	1,285,568
Net increase / (decrease) in unrealized appreciation / (depreciation) on:		
Investments	186,712,243	54,496,070
Forward foreign exchange contracts	(12,625,328)	810,852
Translation of assets and liabilities in foreign currencies	9,425,233	(2,131,585)
	183,512,148	53,175,337
Net realized and unrealized gain from investments and foreign currencies	190,175,789	54,460,905

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the quarter ended 31 March 2011 and for the quarter ended 31 March 2010 (unaudited)

	Quarter ended 31 Mar 2011 US$	Quarter ended 31 Mar 2010 US$
Net increase in net assets resulting from operations before tax	233,780,924	96,185,866
Income and deferred tax expense	(979,624)	(1,262,937)
Net income	232,801,300	94,922,929
Less net income attributable to noncontrolling interest	(454,896)	(170,011)
Net increase in net assets resulting from operations	232,346,404	94,752,918

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the quarter ended 31 March 2011 and for the quarter ended 31 March 2010 (unaudited)

	Quarter ended 31 Mar 2011 US$	Quarter ended 31 Mar 2010 US$
Investment income	53,663,815	46,798,375
Operating expenses	(10,058,680)	(5,073,414)
Net realized gain from investments and foreign currency	6,663,641	1,285,568
Net unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	183,512,148	53,175,337
Income and deferred tax expense	(979,624)	(1,262,937)
Income attributable to noncontrolling interests	(454,896)	(170,011)
Net increase in net assets resulting from operations	232,346,404	94,752,918
Dividends paid to shareholders	(10,792,151)	(7,442,348)
Dividend paid to Feeder	(41,532,519)	(29,781,872)
Decrease in net assets resulting from dividends	(52,324,670)	(37,224,220)
Issue of Shares	1,358,588	874,050
Treasury Shares	(4,799,313)	(5,329,049)
Decrease in net assets resulting from net Share transactions	(3,440,725)	(4,454,999)
Total increase in net assets	176,581,009	53,073,699
Net assets at start of period	1,181,906,023	836,628,677
Net assets before noncontrolling interest	1,358,487,032	889,702,376
Noncontrolling interest	454,659	245,720
Net assets at end of period	1,358,941,691	889,948,096

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarter ended 31March 2011 and for the quarter ended 31 March 2010 (unaudited)

	Quarter ended 31 Mar 2011 US$	Quarter ended 31 Mar 2010 US$
Operating activities		
Net income	232,801,300	94,922,929
Adjustments for:		
Realized gain on investments	(614,334)	-
Cash received on investments in excess / (deficit) of interest income	44,104,142	7,476,195
Accumulated amortization on intangible assets	25,236	-
Unrealized gain	(183,512,148)	(53,175,337)
Deferred tax	203,040	291,447
Cash flows before movements in working capital	93,007,236	49,515,234
Increase in receivables	(432,335)	(1,144,899)
Increase in payables	1,150,596	1,906,469
Cash flows from operations	93,725,497	50,276,804
Proceeds from sale of investments	17,518,203	-
Purchase of investments	(53,430,298)	(14,298,569)
Maturity and prepayment of investments	16,171,932	-
Net cash provided by operating activities	73,985,334	35,978,235
Financing activities		
Amounts due from brokers	(11,805,043)	3,991,539
Proceeds from issue of Shares	1,358,588	874,050
Treasury Shares	(4,799,313)	(5,329,049)
Dividends paid to shareholders	(10,792,151)	(7,442,348)
Dividends paid to Feeder	(41,532,519)	(29,781,872)
Net cash used in financing activities	(67,570,438)	(37,687,680)
Net increase / (decrease) in cash and cash equivalents	6,414,896	(1,709,445)
Cash and cash equivalents at beginning of period	140,625,333	174,352,827
Effect of exchange rate fluctuations on cash and cash equivalents	(4,877)	(19,280)
Cash and cash equivalents at end of period	147,035,352	172,624,102