2017 Half-Yearly Report

TETRAGON FINANCIAL GROUP LIMITED

Contents

Tetragon opened the market of the London Stock Exchange on 20 April 2017 to mark the 10th anniversary of its IPO.

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

To view company updates visit:
www.tetragoninv.com

(1) Tetragon Financial Group Limited is referred to in this report as Tetragon. Tetragon invests substantially all its capital through a master fund, Tetragon Financial Group Master Fund Limited (Tetragon Master Fund), in which it holds 100% of the issued and outstanding non-voting shares. In this report, unless otherwise stated, we report on the consolidated business incorporating both Tetragon and the Tetragon Master Fund. References to "we" are to Tetragon Financial Management LP, Tetragon's investment manager.

Delivering Results Since 2005[1]

NAV Per Share Total Return[2]

4.8%
ONE YEAR
to 30 June 2017

32%
THREE YEARS
to 30 June 2017

75%
FIVE YEARS
to 30 June 2017

197%
SINCE APRIL 2007 IPO
to 30 June 2017

Investment Returns/Return on Equity (RoE)[3]

10-15%
ROE TARGET
Annualised Range

12.5%
AVERAGE ROE
Since April 2007 IPO

3.6%
2017 YTD ROE
30 June 2017

Share Price Total Return[4]

36.5%
ONE YEAR
to 30 June 2017

54%
THREE YEARS
to 30 June 2017

134%
FIVE YEARS
to 30 June 2017

156%
SINCE APRIL 2007 IPO
to 30 June 2017

Dividends

5.4%
DIVIDEND YIELD
30 June 2017

2x
DIVIDEND COVER[5]
30 June 2017

7.0%
QUARTERLY DIVIDEND FIVE-YEAR CAGR
Per annum to 30 June 2017

Building Value

$2.0B
NET ASSET VALUE
30 June 2017

Alignment

26%
PRINCIPAL & EMPLOYEE OWNERSHIP[6]
30 June 2017

Please see page 8 for important notes.

First Half 2017 Snapshot

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

FIGURE 1

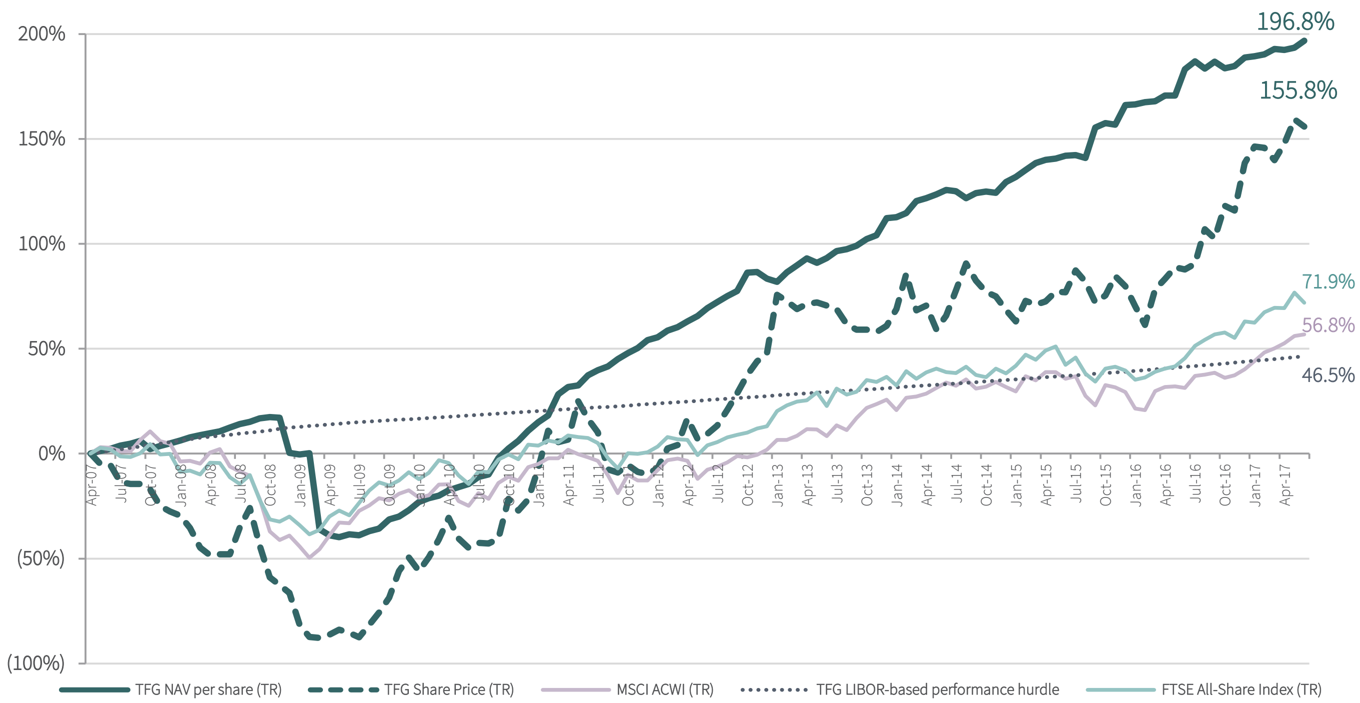
Tetragon Financial Group - Performance Summary			
	30 June 2017	**31 December 2016**	**Change**
Net Assets	$1,981.8m	$1,934.9m	$46.9m
Fully Diluted NAV Per Share	$20.22	$20.01	$0.21
Share Price(7)	$12.85	$12.30	$0.55
Dividend	**$0.6875**	**$0.6725**	**$0.0150**
Ongoing Charges(8)	1.64%	1.64%	

Investment Returns/Return on Equity(9)			**3.6%**
NAV Per Share Total Return(10)			**2.8%**
Share Price Total Return(11)			7.4%
Tetragon Hurdle: LIBOR +2.65%(12)			1.9%
MSCI ACWI Index Total Return(13)			11.8%
FTSE All-Share Index Total Return(13)			5.5%

Please see page 8 for important notes.

FIGURE 2

Tetragon's NAV Per Share Total Return and Share Price Since IPO to 30 June 2017



Notes

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As of 30 June 2017, Tetragon has an overall five-star Morningstar Rating, as well as five stars over three, five and ten years.

Morningstar, Inc. rates investments from one to five stars based on how well they have performed in comparison to similar investments, after adjusting for risk and accounting for all relevant sales charges. Within each Morningstar Category, the top 10% of investments receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Investments are rated for up to three time periods – 3, 5, and 10 years – and these ratings are combined to produce an overall rating. Investments with less than three years of history are not rated. Morningstar states that ratings are objective and based entirely on a mathematical evaluation of past performance.

Tetragon has subscribed to Morningstar Essentials™, for which it has paid a fee to enable it to use the Morningstar Rating™ on Tetragon's website and other investor materials.

Further information is available on Morningstar's website at http://www.morningstar.co.uk/.

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(1) Tetragon commenced investing as an open-ended investment company in 2005, before its IPO in April 2007.

(2) NAV per share total return (NAV Total Return) to 30 June 2017, for the last year, the last three years, the last five 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. Source: Tetragon. Please refer to page 23 for further details.

(3) Tetragon seeks to deliver 10-15% Return on Equity (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.

(4) Total shareholder return to 30 June 2017, defined as share price appreciation including dividends reinvested, for the last year, the last three years, the last five years, and since Tetragon's initial public offering in April 2007 as sourced from Bloomberg.

(5) EPS divided by Dividends per Share at 30 June 2017.

(6) Shareholdings at 30 June 2017 of the principals of Tetragon's investment manager and employees of TFG Asset Management, including all deferred compensation arrangements. Please refer to the 2016 Audited Tetragon Financial Group Master Fund Limited financial statements for more details of these arrangements.

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(7) Based on TFG.NA.

(8) Annual calculation as at 31 December 2016. 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%.

(9) Please see Note 3.

(10) Please see Note 2.

(11) Please see Note 4.

(12) Cumulative return determined on a quarterly compounding basis using the actual Tetragon quarterly incentive fee LIBOR-based hurdle rate. In the period from IPO to June 2008 this was 8%; thereafter, the hurdle has been determined using the three- month USD LIBOR rate on the first day of each calendar quarter plus a spread of 2.647858%.

(13) 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 24 Emerging Markets countries. With 2,501 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 https://www.msci.com/acwi. The FTSE All-Share Index represents 98-99% of UK 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 http://www.ftse.com/products/indices/uk.

Strategic Review

PETER BELL
POLYGON

Executive Summary

Tetragon generated an investment return on equity (RoE) of 3.6% in the first half of 2017 giving an annualised RoE of 7.2%[1]. NAV per share total return[2] was 2.8% in the first half of 2017; this is below the RoE given a relatively small amount of share dilution in the first half of the year. The current investment environment is difficult, with 10-year bonds near historic lows. The effects of quantitative easing and bond buying by central banks continue to ripple through financial markets. Although we do not try to predict the future returns of passive investments, and instead focus on generating returns that generally emphasise idiosyncratic results, in the current backdrop of tightly-priced credit and elevated price/earnings ratios, we are continuing with our focus.

During the first half of 2017, all of the portfolio's asset classes generated positive results, producing total investment gains of $99.5 million versus $68.9 million for the same period in the prior year. TFG Asset Management investment gains were $38.7 million, CLO investment gains were $28.0 million, hedge fund investment gains were $14.2 million, direct balance sheet investment gains were $9.5 million and real estate gains were $7.2 million.

Within TFG Asset Management, Equitix[3] produced the largest investment gain of $23.3 million, as the business continued to perform well. In addition, post the half-year end, Equitix closed on its fourth fund, oversubscribed and closing at £750 million, its fundraising cap. Equitix also completed the refinancing of its existing debt facilities in July, resulting in £63.6 million of proceeds to Tetragon. LCM[4] generated an investment gain of $9.4 million. In May, Tetragon Credit Income Partners (TCIP) held its final close for Tetragon Credit Income II L.P. (TCI II) at approximately $350 million of committed capital. TCI Capital Management LLC (TCICM), the CLO manager and subsidiary of TCI II, now manages approximately $1.4 billion of U.S. broadly-syndicated leveraged loans as of 30 June 2017.

During the first half of 2017, CLO investments benefitted from proactive efforts which offset some of the challenges within the asset class, namely collateral spread tightening and, to a lesser extent, a shift in the Libor curve. The investment team worked to take advantage of cheaper liabilities to refinance and reset a number of deals, resulting in net positive investment gains.

Event-driven equities, through the investment in Polygon European Equity Opportunity Fund, generated an $11.8 million gain.[5] Small but positive gains were also made in investments in convertible bonds and distressed opportunities.

Lastly, Tetragon's "other equities and credit" direct balance sheet investments and GreenOak[6] real estate investments were also positive during the first half. Among the direct balance sheet investments, both the liquid and less-liquid exposures produced positive results. Within real estate, more than half of the gains were from Asia, with the rest spread across a variety of deals.

Although no investment environment is easy, the current market dynamics have few historical parallels. In particular, preparing for the potential of global interest rate tightening presents a particular challenge. The various knock-on effects are nearly impossible to predict. As such, we remain committed to our investment approach. There are three assets in the portfolio worth highlighting. First, despite tight credit spreads, investing in CLO equity at attractive liabilities remains compelling. In the event of greater spread volatility, these investments should benefit from their attractive financing costs, all else being equal. Within the hedge fund allocations, we are optimistic that Europe remains behind the United States in terms of its recovery. Should this be the case, the allocation to European event positions may perform well. Lastly, Tetragon still maintains a large cash balance. Although this may potentially be a drag on current performance, the cash is available to be used to fund specific capital commitments, and hopefully compelling opportunities that could emerge as markets shift from quantitative easing to another regime.

31 July 2017

Notes

(1) Please see Note 3 on page 8.

(2) Please see Note 2 on page 8.

(3) Equitix Holdings Limited, referred to in this report as “Equitix”.

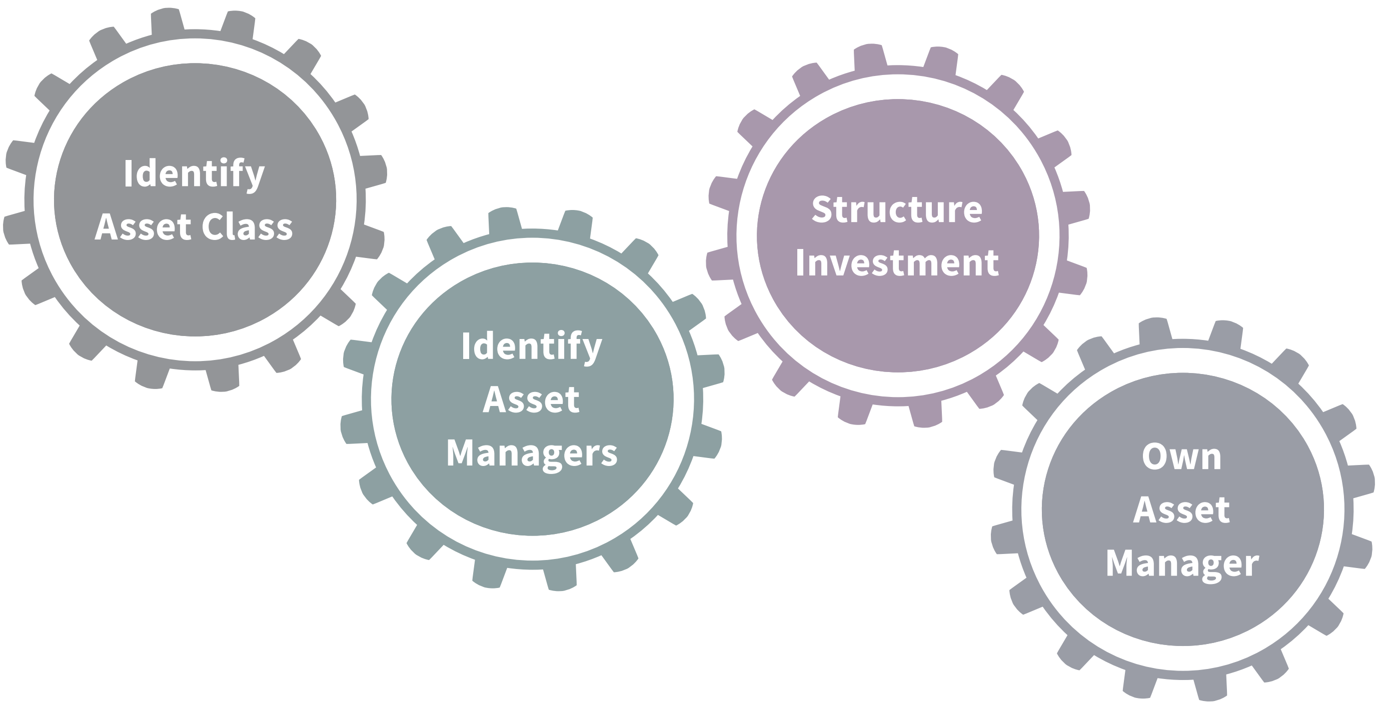
(4) LCM Asset Management LLC, a CLO loan manager that is part of TFG Asset Management, referred to in this report as “LCM”.

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

(6) GreenOak Real Estate, LP, is referred to in this report as “GreenOak”. Tetragon owns a 23% interest in GreenOak.

Investment Objective & Strategy

Tetragon is a closed-ended investment company that invests in a broad range of assets, including bank loans, real estate, equities, credit, convertible bonds and infrastructure and TFG Asset Management, a diversified alternative asset management business. Where sensible, 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.

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 sensible, 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's investment manager 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.

Tetragon's asset management businesses can operate autonomously, or on the TFG Asset Management platform. In either case, the objective is for them to benefit from an established infrastructure, which can assist in critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters, while maintaining entrepreneurial independence.

Key Performance Metrics

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

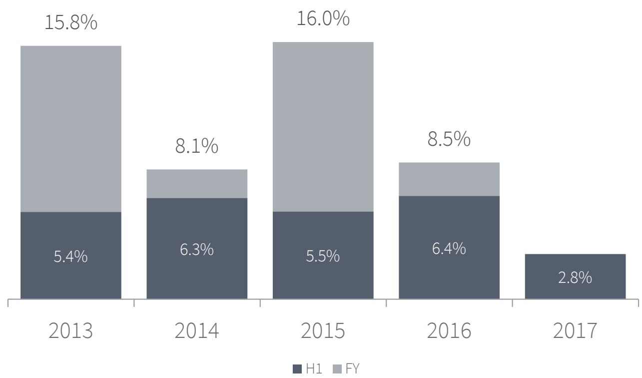
- **NAV Per Share**
- **Investment Returns/Return on Equity**
- **Dividends**

Fully Diluted NAV Per Share

Fully Diluted NAV per share (NAV per share) was $20.22 at 30 June 2017. NAV per share total return was 2.8% during H1 2017.

FIGURE 3

NAV Per Share Total Return 2013-2017 YTD



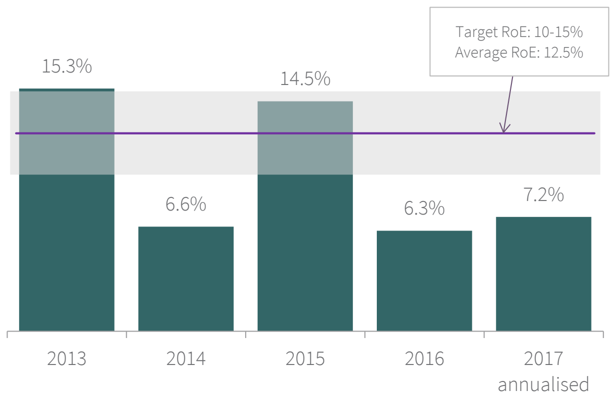
Investment Returns/Return on Equity*

Annualised RoE for H1 2017 was 7.2%. Earnings Per Share (EPS) for H1 2017 was $0.79.

*Average RoE is calculated from Tetragon's IPO in 2007. 2015 RoE includes a fair value adjustment for certain TFG Asset Management businesses, the value of which has accumulated over several years. Consequently, the full year return of 14.5% is not prepared on a like-for-like basis with prior years. Like-for-like performance for 2015 was 8.2%. 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.

FIGURE 4

Return on Equity 2013-2017 YTD

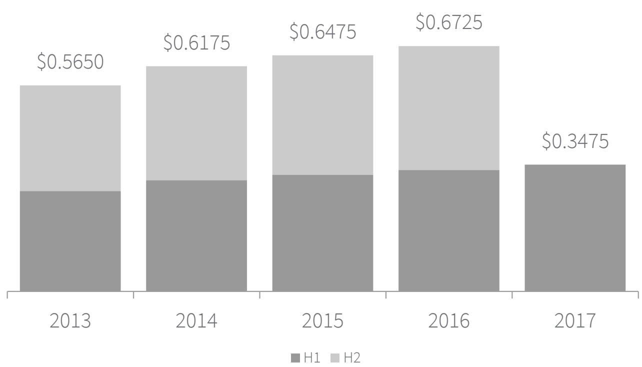


Dividends Per Share (DPS)

Tetragon declared a Q2 2017 dividend of $0.1750 per share, for a rolling 12 month dividend payout of $0.6875 per share, continuing the company's progressive dividend policy, which targets a payout ratio of 30-50% of normalised earnings. The cumulative DPS declared since Tetragon's IPO is $5.1050.

FIGURE 5

Dividend Per Share Comparison 2013-2017 YTD (USD)

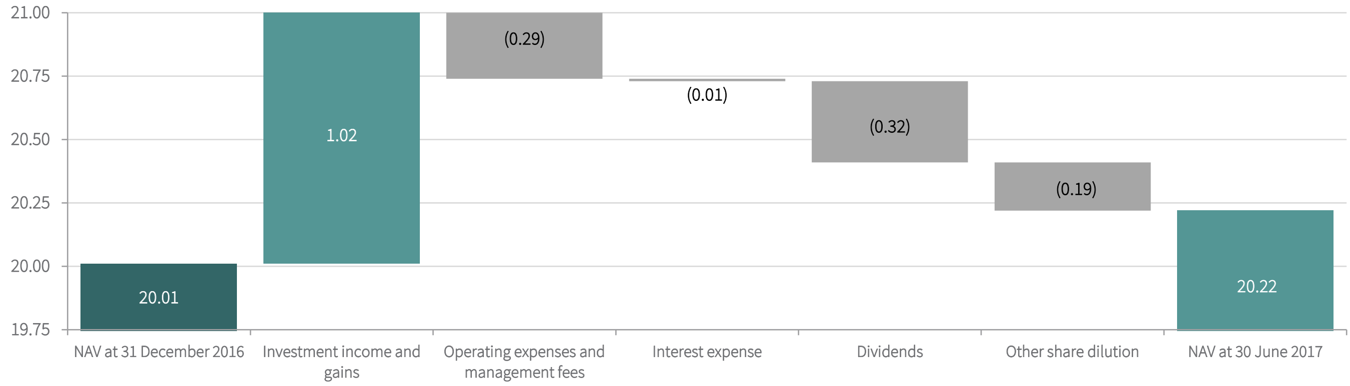


Investment Review

Tetragon's Fully Diluted NAV Per Share increased from $20.01 per share as at 31 December 2016 to $20.22 per share as at 30 June 2017. Figure 6 below shows the contributions to that performance. Investment income contributed $1.02 per share (more detail is set forth in figures 7 and 10). Operating expenses and manager fees reduced NAV Per Share by ($0.29) with a further ($0.01) per share reduction due to interest expense. On the capital side, dividends reduced NAV Per Share by ($0.32). The fully diluted number of shares in issue changed over the year to date with additional dilution due to, amongst other things, scrip dividends and additional recognition of equity-based compensation shares. Taken in aggregate, this increased share dilution results in a reduction in NAV Per Share of ($0.19).

FIGURE 6

NAV Per Share Progression 31 December 2016 - 30 June 2017(i)



(i) Progression from 31 December 2016 to 30 June 2017 is an aggregate of each of the six months' NAV progressions. With the exception of share repurchases (when applicable all of the aggregated 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 2016 and 30 June 2017, and the factors contributing to the changes in NAV over the period.

Investment performance generated $99.5 million of gross returns and was positive for all asset classes, as can be seen in Figure 7 below. The CLO portfolio delivered a solid return, despite the headwinds of collateral spread tightening; hedge funds were positive across the strategies; real estate recorded another positive period, with Japan and the U.S. the main contributors; and TFG Asset Management's performance reflected positive returns from all of the established managers. Lastly, 'Other equities and credit', which comprises investments held directly on the balance (i.e., not through an investment vehicle), were positive again in H1 2017.

FIGURE 7

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

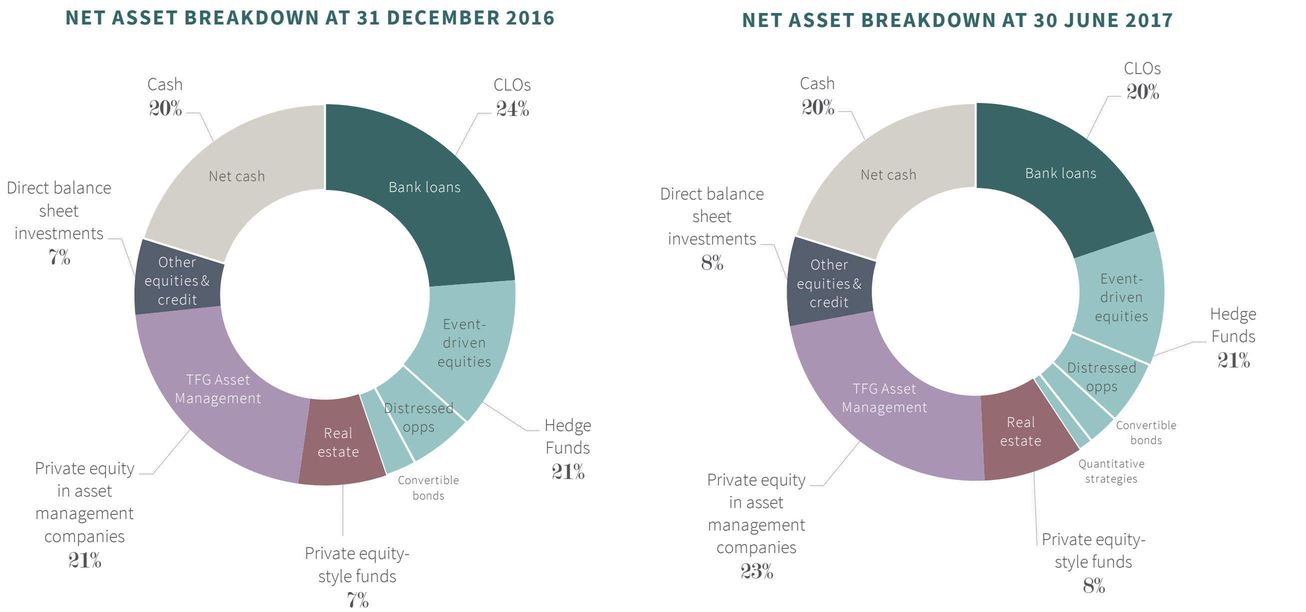
Asset Classes	Investment Structure	NAV at 31 Dec 2016	Additions(i)	Disposals/ Receipts(i)	Gains/ Losses	NAV at 30 Jun 2017
Bank loans	CLOs	460.0	49.4	(145.1)	28.0	392.3
Event-driven equities, distressed opportunities, convertible bonds and quantitative strategies	Hedge funds	406.5	25.0	(31.1)	14.2	414.6
Real estate	Private equity-style funds	144.4	34.7	(17.2)	7.2	169.2
TFG Asset Management	Private equity in asset management companies	407.8	9.5	(3.4)	38.7	452.6
Other equities and credit	Direct balance sheet investments	125.5	31.8	(13.7)	9.5	153.1
Net cash		390.6	7.5	-	1.9	400.0
Total		**1,934.9**	**157.9**	**(210.5)**	**99.5**	**1,981.8**

(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.

Net Asset Composition Summary

Figure 8 below shows Tetragon's asset class allocation at 30 June 2017 compared to 31 December 2016. The descriptions outside each chart refer to the structure of the investment vehicle through which Tetragon has made its investments. During H1 2017, CLOs no longer represented the largest asset class and stood at 20% at 30 June 2017.

FIGURE 8[1]



(1) Net Cash consists of: (1) cash held directly by the Tetragon Master Fund, (2) excess margin held by brokers associated with assets held directly by the Tetragon Master Fund, and (3) cash held in certain designated accounts related to Tetragon's investments, which may only be used for designated purposes without incurring significant tax and transfer costs, net of "Other Net Assets and Liabilities."

Top 10 Holdings as of 30 June 2017

Figure 9 below describes Tetragon's top ten holdings by value.

FIGURE 9

	Holding	Asset Class	Investment Structure	Value ($millions)	% of NAV
1	Equitix	TFG Asset Management	Private equity in asset management company	205.3	10.4%
2	Polygon European Equity Opportunity Fund	Event-driven equities	Hedge fund	204.7	10.3%
3	LCM	TFG Asset Management	Private equity in asset management company	114.9	5.8%
4	Polygon Distressed Opportunities Fund	Distressed opportunities	Hedge fund	108.1	5.5%
5	GreenOak Real Estate	TFG Asset Management	Private equity in asset management company	67.0	3.4%
6	Polygon	TFG Asset Management	Private equity in asset management company	60.3	3.0%
7	Polygon Convertible Opportunity Fund	Convertible bonds	Hedge fund	53.5	2.7%
8	GreenOak US II Fund	Real estate	Private equity-style fund	37.0	1.9%
9	LCM XV LP	Bank loans	CLO	36.9	1.9%
10	LCM XXIV Ltd	Bank loans	CLO	34.4	1.7%
	Total				**46.6%**

Detailed Investment Review

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 period; more detailed commentary for each asset class follows.

FIGURE 10

All figures below, apart from % of NAV, are in millions of U.S. dollars.

Asset Class	NAV at 31 December 2016	Additions(i)	Disposals/ Receipts(i)	Gains/ Losses	NAV at 30 June 2017	% of NAV
Bank loans						
U.S. CLOs (non-LCM)	210.3	-	(79.3)	4.8	135.8	6.9%
U.S. CLOs (LCM)	202.0	45.7	(48.3)	16.8	216.2	10.9%
European CLOs	31.6	2.1	(12.1)	5.9	27.5	1.4%
TCI II	16.1	1.6	(5.4)	0.5	12.8	0.6%
Event-driven equities						
Polygon European Equity Opportunity Fund	192.9	-	-	11.8	204.7	10.3%
Polygon Mining Opportunity Fund	36.6	-	(31.1)	(1.3)	4.2	0.2%
Polygon Global Equities Fund	19.5	-	-	-	19.5	1.0%
Distressed opportunities						
Polygon Distressed Opportunities Fund	106.5	-	-	1.6	108.1	5.5%
Convertible bonds						
Polygon Convertible Opportunity Fund	51.0	-	-	2.5	53.5	2.7%
Quantitative Strategies						
QT Fund Ltd	-	25.0	-	(0.4)	24.6	1.2%
Real estate						
GreenOak U.S. funds & co-investments	52.3	5.3	(6.1)	1.9	53.4	2.7%
GreenOak Europe funds & co-investments	31.7	24.5	(2.4)	0.8	54.7	2.8%
GreenOak Asia funds & co-investments	28.8	2.3	(7.9)	4.7	27.9	1.4%
Other real estate	27.7	0.6	-	(0.3)	28.0	1.4%
GreenOak debt funds	3.9	2.0	(0.8)	0.1	5.2	0.3%
TFG Asset Management						
Equitix	172.5	9.5	-	23.3	205.3	10.4%
LCM	106.2	-	(0.7)	9.4	114.9	5.8%
GreenOak	67.0	-	(2.7)	2.7	67.0	3.4%
Polygon	59.7	-	-	0.6	60.3	3.0%
Hawke's Point	0.8	-	-	-	0.8	0.0%
TCIP	1.6	-	-	2.7	4.3	0.2%
Other equities & credit(ii)						
Other equities	118.9	31.8	(8.4)	9.2	151.5	7.6%
Other credit	6.6	-	(5.3)	0.3	1.6	0.1%
Cash						
Net cash(iii)	390.6	7.5	-	1.9	400.0	20.2%
Total	**1,934.9**	**157.9**	**(210.5)**	**99.5**	**1,981.8**	**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) Assets characterised as "Other Equities & Credit" consist of investment assets held directly on the balance sheet.

(iii) Net Cash consists of: (1) cash held directly by the Tetragon Master Fund, (2) excess margin held by brokers associated with assets held directly by the Tetragon Master Fund and (3) cash held in certain designated accounts related to Tetragon's investments, which may only be used for designated purposes without incurring significant tax and transfer costs, net of "Other Net Assets and Liabilities."

Bank Loans - through CLOs

Tetragon continues to invest in CLOs by taking majority positions in the equity tranches. Overall, the CLO portfolio performed well during the first half of 2017, as we executed certain opportunistic optional redemptions, refinancings, and "reset" transactions, in order to take advantage of a tightening credit spread environment and strong demand for leveraged loans. We believe that utilising long duration, non mark-to-market term funding via arbitrage cash flow CLOs to attain exposure to the leveraged loan asset class may allow us to achieve attractive risk-adjusted returns over the transactions' life cycles as credit and technical loan market conditions change.

– U.S. CLOs (non-LCM): Non-LCM-managed CLOs generated $4.8 million of income in the first half of 2017. During the period, the total fair value of this segment declined by approximately 35% vs. Q4 2016 as it continues to wind down. As of the end of H1 2017, all non-LCM CLOs were compliant with their junior-most O/C tests.(1)

  We exercised optional redemption rights on three non-LCM CLOs in H1 2017. In the near term, we currently expect to continue to redeem transactions that are beyond their reinvestment periods where appropriate and as long as loan prices remain elevated. Given that we plan to make the majority of our new issue non-LCM equity investments via the TCIP platform, we expect the directly held non-LCM CLO portfolio to continue to reduce further in the near term.

– U.S. CLOs (LCM): LCM CLOs produced steady income in H1 2017, which totalled $16.8 million for the period. All LCM CLO transactions were compliant with their junior-most O/C tests throughout the first half of 2017.(1)

  Tetragon exercised its optional redemption right on one LCM-managed CLO during H1 2017, as demand for U.S. leveraged loan assets continued to outstrip supply, supporting loan prices. Tetragon also made an investment in the majority of the equity tranche of a new issue LCM-managed CLO in March 2017 and made additional investments in the equity tranche of a LCM-managed CLO that was "reset" (CLO liabilities were refinanced and the reinvestment period, final maturity, and other duration-related terms were extended by over five years) at the end of May 2017. We believe such "reset" transactions may be akin to "new issues", except that certain efficiencies potentially may be achieved that reduce the cost of issuance, which ultimately accrue to the benefit of CLO equity investors. We expect to make most of our new issue LCM CLO equity investments through the TCIP platform in the near future, but we will continue to look for opportunities to refinance and "reset" existing Tetragon transactions or make new issue investments directly when appropriate.

(1) Based on the most recent trustee reports available as of 30 June 2017.

– European CLOs: Tetragon's European CLO investments produced strong returns in H1 2017. As in the United States, robust demand for European leveraged loans created a supportive environment for loan prices, and Tetragon exercised its optional redemption rights on two European CLO transactions. At 30 June 2017, the fair value of this portfolio segment declined to $27.5 million. We expect approximately 40% of this portfolio segment (by fair value) to convert to cash over the next two to nine months, and the remainder to be sold, called, or otherwise liquidated when appropriate. We do not expect to add additional exposure to European CLOs in the near term, given the relatively high loan issuer concentrations and significant non first-lien exposure of most European CLO portfolios (compared to their U.S. counterparts).

– TCI II: TCI II is the CLO investment vehicle established by TCIP, a 100% owned subsidiary of TFG Asset Management. As of 30 June 2017, Tetragon's total commitment to TCI II was $70.0 million, with $13.0 million funded. Shortly after the end of the reporting period, we received notice to fund another $15.2 million.

  TCI II had its final capital close in May 2017, ending with $349.6 million in total committed capital (including Tetragon's commitment). The vehicle is scheduled to close three additional CLO equity investments shortly after the end of H1 2017, and we expect it to be fully invested by the end of the year.

  Tetragon's investment in TCI II had positive performance over the first six months of 2017. We believe that cash distributions from the vehicle will become more meaningful towards the latter half of the year and into 2018, as the vehicle completes its ramp and all of the underlying CLO equity investments reach their initial payment dates.

Event-driven equities, distressed opportunities, convertible bonds and quantitative strategies - through hedge funds

Tetragon invests in event-driven equities, distressed opportunities, convertible bonds and quantitative strategies though hedge funds. As at 30 June 2017, these investments are primarily through Polygon-managed hedge funds. This segment of the portfolio was the third-largest contributor to the portfolio during H1 2017 with positive performance from all of the open Polygon funds, which outperformed their relevant strategy benchmark indices compiled by HFRI and HFRX.

Event-driven equities

– Polygon European Equity Opportunity Fund: This investment, which focuses on event-driven European equity strategies, represents Tetragon's second-largest position and the third-largest contributor to performance during the first half. The fund was the best-performing Polygon fund year to date through 30 June 2017, driven

(continued)

by, among other things, M&A and corporate restructuring trades, with an improving macroeconomic backdrop and improved markets following the French election. M&A trades remained the largest strategy type in the fund at approximately 44% of the book.

- Polygon Mining Opportunity Fund: The fund continued to liquidate its portfolio, and at 30 June 2017 had returned 85% of its 31 December 2016 NAV to investors. It remains on track to be fully liquidated by the end of 2017. Tetragon received approximately $31 million in related distributions during the first half of the year.
- Polygon Global Equities Fund: Tetragon's allocation to this strategy remains small in relation to its other hedge fund investments. The investment was flat during H1 2017.

Distressed opportunities

- Polygon Distressed Opportunities Fund: The investment in the Distressed Opportunities Fund generated a small gain year to date, with key strategies being Greek banks and a gaming company in the United States.

Convertible bonds

- Polygon Convertible Opportunity Fund: This investment was the second-best contributor from this segment of the portfolio year to date. Natural resource and stressed/distressed trades have been particular performance drivers.

Quantitative Strategies

- QT Fund Ltd: Tetragon initiated this position in a third party-managed quantitative hedge fund in March 2017. The QT Fund aims to deliver uncorrelated, low volatility returns by developing and deploying systematic data-driven investment strategies and is managed by a team at Credit Suisse. Performance from point of investment through 30 June 2017 is slightly down.

Real Estate - primarily through private equity-style funds

Tetragon holds most of its investments in real estate through GreenOak-managed funds and co-investment vehicles. The majority of these are private equity-style funds concentrating on opportunistic investments in commercial property investments based on local knowledge and experience in each target market. GreenOak investments generated positive returns totalling $7.5 million across all three regions of investment during H1 2017.

- GreenOak U.S.: Net income of $1.9 million generated during H1 2017 was driven by a combination of the upward revaluation and sales of certain investment properties in U.S. Fund II.
- GreenOak Europe: Net income of $0.8 million was generated during H1 2017, driven by an asset sale earlier than the initial underwriting had anticipated. Additionally, an increase in value was recognised on a certain Madrid-based commercial property. Europe Fund II requested an initial capital call from investors, in which Tetragon participated.
- GreenOak Asia: With net income of $4.7 million, Asia-based investments were the most significant drivers of net income for Tetragon's investment gains in real estate during H1 2017. GreenOak Japan Fund I saw strong gains from the sale of a certain investment property and from the refinancing of investments in Okinawa-based resort hotels. Furthermore, unrealised appreciation was recognised from commercial real estate investments.
- Other: In addition to the commercial real estate investments through GreenOak-managed real estate funds described above, Tetragon also has investments in commercial farmland in Paraguay, via individual managed accounts managed by Scimitar, a specialist manager in South American farmland. The loss to date shown in Figure 10 reflects ongoing fees and expenses.

TFG Asset Management - through private equity in asset management companies

- TFG Asset Management: Tetragon's investment in TFG Asset Management, which comprises a diverse portfolio of alternative asset managers, recorded an investment gain of $38.7 million during the first half of 2017, with positive contributions from all of the established businesses.

  Tetragon's investment in Equitix made a significant positive contribution during the period of approximately $23.3 million, which reflected a number of factors including favourable movements in market metrics utilised in the valuation process. The underlying business also continued to perform well with Equitix closing on its fourth fund in July, raising approximately £750 million and hitting the fund raising cap.

  LCM was the next most significant contributor with an investment gain of $9.4 million. Once again this was a result of a favourable movement in market multiples as well as performance of the business.

  In May, TCI II had its final close with approximately $350 million of capital, and this contributed to an increase of $2.7 million in the fair value of TCIP, its general partner.

  The investment in GreenOak also recorded a $2.7 million gain, which reflected the crystallisation and distribution of carried interest from the first Japan fund.

  Finally, Tetragon's investment in Polygon recorded an investment gain of $0.6 million as that business added third party capital to its European Equity fund.

  Please see Note 4 in the unaudited H1 2017 interim Tetragon Financial Group Master Fund Limited financial statements for further details on the basis for determining the fair value of the TFG Asset Management investment. Additionally, for further colour on the underlying performance of the asset managers please see Figure 19 for TFG Asset Management's *pro forma* operating results and associated commentary.

(continued)

Other Equities and Credit

Most of Tetragon's investments are made either through investment vehicles managed externally or by managers within TFG Asset Management. However, occasionally Tetragon will make investments directly on its balance sheet reflecting single strategy ideas: either co-investing with some of its underlying managers or through idiosyncratic investments. During H1 2017, these investments primarily comprised public and private equities. All but one of these positions have been profitable year to date.

Cash

Tetragon's net cash balance, which is cash adjusted for net liabilities, was $400.0 million at 30 June 2017. Approximately 64% of the cash is held in secured arrangements, lent by a tri-party repurchase arrangement using Bank of New York Mellon as the tri-party agent. The other 36% is held in unsecured arrangements, and Tetragon's operating cash balance is held at State Street. All of Tetragon's cash is held at highly rated banking institutions, in on-demand arrangements, thereby ensuring that it is not exposed to any term risk.

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 the period, the company used $134.6 million of cash to make investments and $23.2 million to pay dividends. Future cash commitments are approximately $275.8 million, comprising: investment commitments (GreenOak $129.0 million, TCI II $57.0 million); potential investments (Hawke's Point[2] $89.8 million); and ongoing dividends and fees.

Tetragon currently has a $150.0 million revolving credit facility in place, of which $38.0 million has been drawn.

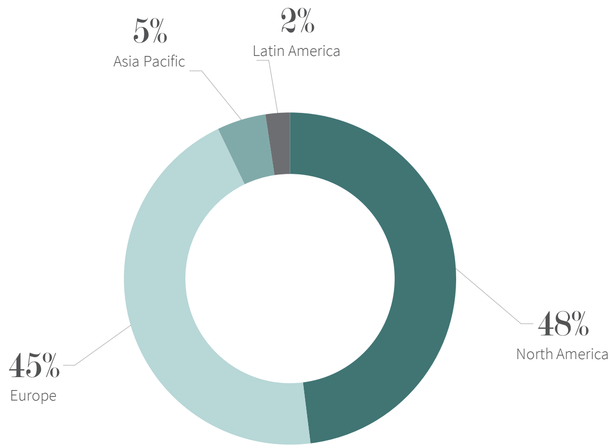
(2) Hawke's Point, an asset management company focused on mining finance, referred to in this report as "Hawke's Point".

Further Portfolio Metrics

Geographic Exposure

FIGURE 11

GEOGRAPHIC EXPOSURE AT 30 JUNE 2017



Assumptions:

- Event-driven equities, distressed opportunities, convertible bonds, quantitative strategies and other equities and credit investments are based on the geographies of the underlying portfolio assets.
- U.S. CLOs and TCI II are 100% U.S.
- European CLOs are 100% Europe.
- GreenOak Real Estate (TFG Asset Management) treated as 1/3 Europe, 1/3 U.S., 1/3 Asia
- Polygon (TFG Asset Management) treated as 80% Europe, 20% U.S.
- LCM (TFG Asset Management) treated as 100% U.S.
- Equitix (TFG Asset Management) treated as 100% Europe.
- TCIP (TFG Asset Management) treated as 100% U.S.

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.

Financial Review

LOUISE DENNING
DEPUTY CHIEF FINANCIAL OFFICER

H1 2017 Financial Review

This section shows consolidated financial data for Tetragon and the Tetragon Master Fund. In this section, where applicable, certain comparative data for 2016 has been adjusted to reflect a determination on a basis consistent with IFRS. 2015 comparatives remain as reported in previous half yearly reports at the time.

FIGURE 12

Financial Highlights

Tetragon Financial Group Financial Highlights Through H1 2015 - H1 2017			
	H1 2017	**H1 2016**	**H1 2015**
Reported GAAP Net income ($MM)	$67.9	$40.3	$95.7
Fair Value Net income ($MM)	$70.0	$45.1	$109.0
Reported GAAP EPS	$0.77	$0.42	$0.99
Fair Value EPS	$0.79	$0.47	$1.13
Fair Value Return on equity	3.6%	2.3%	6.0%
Net Assets ($MM)	$1,981.8	$1,907.4	$1,901.0
GAAP number of shares outstanding (MM)	90.5	87.5	96.8
NAV per share	$21.91	$21.81	$19.64
Fully diluted shares outstanding (MM)	98.0	95.6	107.6
Fully diluted NAV per share	$20.22	$19.96	$17.66
NAV per share total return	2.8%	6.4%	5.5%
DPS	$0.3475	$0.3325	$0.3200

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

- **Net Income ($70.0 million)**: Please see Figure 13 for a breakdown of this.
- **Return on Equity (3.6%)**: Net Income ($70.0 million) divided by Net Assets at the start of the year ($1,934.9 million).
- **Fully Diluted Shares Outstanding (98.0 million)**: Adjusts the IFRS or GAAP shares outstanding (90.5 million) for various dilutive factors (7.5 million shares). Please see Figure 28 for more details.
- **EPS ($0.79)**: Calculated as Net Income ($70.0 million) divided by the time-weighted average IFRS or GAAP shares during the period (88.4 million).
- **Fully Diluted NAV Per Share ($20.22)**: Calculated as Net Assets ($1,981.8 million) divided by Fully Diluted Shares Outstanding (98.0 million).

Consolidated Statement of Comprehensive Income

FIGURE 13

Tetragon Financial Group Consolidated Statement of Comprehensive Income H1 2016 - H1 2017	**H1 2017 ($millions)**	**H1 2016 ($millions)**
Net gain on financial assets at fair value through profit or loss	105.8	58.3
Net (loss) / gain on derivative financial assets and liabilities	(8.4)	9.7
Other income	2.1	0.9
Investment income	**99.5**	**68.9**
Management and incentive fees	(26.0)	(19.2)
Other operating and administrative expenses	(2.0)	(4.3)
Interest expense	(1.5)	(0.3)
Total operating expenses	**(29.5)**	**(23.8)**
Net income	**70.0**	**45.1**

This table shows a consolidated view of the year-to-date comprehensive income for both Tetragon and the Tetragon Master Fund.

For H1 2017, the difference between net income as shown here and IFRS net income on a consolidated basis is the removal of share-based compensation of $2.1 million relating to the 2012 acquisition of TFG Asset Management LP.

This has been excluded from the net income here, as it is considered by Tetragon to be an acquisition cost rather than an ongoing expense. The H1 2016 comparative column reflects the IFRS net income on a consolidated basis also adjusted to remove share-based compensation expense of $4.8 million.

During the period, an incentive fee of $11.4 million was expensed, of which $5.5 million remains outstanding at 30 June 2017. See the Tetragon Financial Group Limited Unaudited Financial Statements for the Half-Year Period Ended 30 June 2017 for more details.

Consolidated Statement of Financial Position

FIGURE 14

Tetragon Financial Group Consolidated Statement of Financial Position as at 30 June 2017 and 31 December 2016	H1 2017 ($millions)	2016 ($millions)
ASSETS		
Investments	1,527.1	1,487.4
Cash and cash equivalents	424.0	425.2
Amounts due from brokers	73.9	51.0
Derivative financial assets	11.4	22.2
Other receivables	3.6	0.6
Total assets	**2,040.0**	**1,986.4**
LIABILITIES		
Other payables and accrued expenses	(7.5)	(9.4)
Loans and borrowings	(38.0)	(38.0)
Derivative financial liabilities	(12.7)	(4.1)
Total Liabilities	**(58.2)**	**(51.5)**
NET ASSETS	**1,981.8**	**1,934.9**

This table shows a consolidated view of the Financial Position of Tetragon and the Tetragon Master Fund.

Although the consolidated net assets are identical to the IFRS net assets reported by Tetragon Financial Group Limited, 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 $40.1 million (2016: $32.6 million) and decreasing investments by $40.1 million (2016: $32.6 million). This treatment is consistent with how Tetragon has reported these investments in prior periods. The net assets of $1,981.8 million are after accruing for an incentive fee of $5.5 million.

Statement of Cash Flows Through H1 2016 - H1 2017

FIGURE 15

Tetragon Financial Group Statement of Cash Flows Through H1 2016 - H1 2017		
	H1 2017 ($millions)	**H1 2016 ($millions)**
OPERATING ACTIVITIES		
Operating cash flows after incentive fees and before movements in working capital	115.5	129.0
(Increase) / decrease in amount due from brokers	(22.9)	4.1
(Increase) / decrease in net receivables	(2.0)	2.0
Cash flows from operating activities	**90.6**	**135.1**
INVESTMENT ACTIVITIES		
Proceeds on sales of investments		
- Proceeds from sale of CLOs / CLO vehicles	4.6	-
- Net proceeds from derivative financial instruments	9.1	3.1
- Proceeds from redemption of hedge funds	31.1	-
- Proceeds from sale of loans	5.2	-
- Proceeds from realisation of real estate investments	15.5	10.1
- Proceeds from other investments	0.5	1.4
Purchase of investments		
- Purchase of CLOs / CLO vehicles	(47.4)	(12.7)
- Purchase of loans	-	(4.4)
- Purchase of real estate investments	(30.4)	(27.9)
- Investments in quantitative strategies	(25.0)	-
- Investments in other	(31.8)	-
Cash flows from operating and investing activities	**22.0**	**104.7**
Proceeds from issue of shares	0.1	-
Net purchase of shares	-	(100.7)
Dividends paid to shareholders	(23.2)	(24.4)
Cash flows from financing activities	**(23.1)**	**(125.1)**
Net decrease in cash and cash equivalents	(1.1)	(20.4)
Cash and cash equivalents at beginning of period	425.2	402.7
Effect of exchange rate fluctuations on cash and cash equivalents	(0.1)	(0.3)
Cash and cash equivalents at end of period	**424.0**	**382.0**

Other Information

GEOFF JACKSON
CEO, EQUITIX

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. As at 30 June 2017, TFG Asset Management comprised LCM, the GreenOak joint venture, Polygon, Equitix, Hawke's Point, TCIP and TCICM. TFG Asset Management has approximately $20.2 billion of AUM[1] and approximately 280 employees globally. Each of the asset managers on the platform is privately held.

FIGURE 16[2]

Bank Loans

LCM™

LCM Asset Management – a CLO asset management company.

$6.4 billion

- LCM currently manages 15 CLOs

Real Estate Joint Venture

GREENOAK™

The GreenOak Real Estate joint venture – a real estate-focused principal investing, lending and advisory firm.

$7.3 billion

- Japan Fund I
- Asia Fund II
- UK Debt Fund I
- Europe Fund I Spain
- U.S. Fund I
- U.S. Fund II
- Global Advisory
- Grafton Advisors

Hedge Funds & Private Equity

POLYGON™

Polygon Global Partners – a manager of open-ended hedge fund and private equity vehicles across a number of strategies.

$1.6 billion

- European Equity Opportunity Fund
- Convertible Opportunity Fund
- Distressed Opportunities Fund
- Global Equities Fund
- Recovery Fund

Infrastructure

equitix™

Equitix – an integrated core infrastructure asset management and primary project platform.

$3.0 billion

- Fund I
- Fund II
- Fund III
- Fund IV
- Managed Account
- Energy Saving Investments
- Energy Efficiency Fund

Mining Finance

HAWKE'S POINT™

Hawke's Point – an asset management company focused on mining finance that seeks to provide capital to companies in the mining and resource sectors.

Startup

CLO Equity

TCIP™

Tetragon Credit Income Partners (TCIP) – TCIP acts a general partner of a private equity vehicle focusing on CLO investments relating to risk retention rules, including majority stakes in CLO equity tranches.

$0.35 billion

- Tetregon Credit Income II L.P.

Bank Loans

TCICM™

TCI Capital Management LLC - (TCICM) – a CLO loan manager.

$1.4 billion

(1) Please see Note 3 on page 29. (2) Products/mandates listed are not necessarily open for new investment and are not an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction, but to illustrate the TFG Asset Management platform strategy.

$20B

ASSETS UNDER MANAGEMENT[1]
30 June 2017

OFFICE LOCATIONS
London | New York
Plus GreenOak locations

280

APPROX HEADCOUNT
Including GreenOak

GLOBAL OPERATING PLATFORM

TFG Asset Management Overview (continued)

Figure 17 shows the breakdown of the AUM of TFG Asset Management by business and Figure 18 depicts the growth of that AUM over the last five years. AUM for TFG Asset Management as of 30 June 2017 totalled approximately $20.2 billion.(3)

TFG ASSET MANAGEMENT AUM AT 30 JUNE 2017 ($BILLIONS)

FIGURE 17(3)

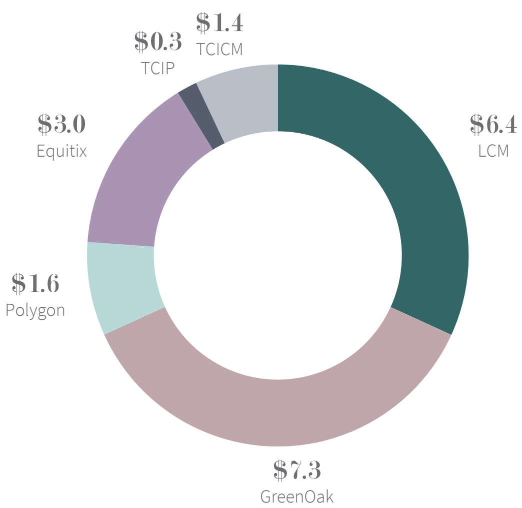
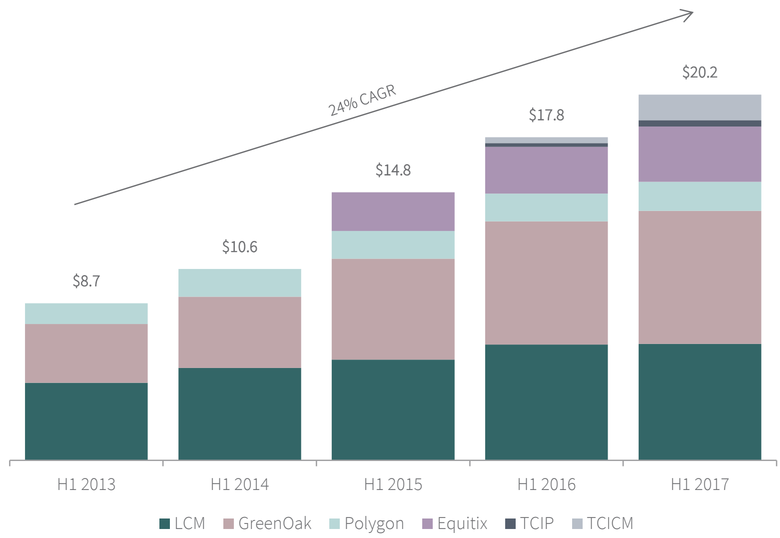


FIGURE 18(3)



(3) Includes GreenOak funds and advisory assets, LCM, Polygon Recovery Fund LP, Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund, Polygon Distressed Opportunities Master Fund, Equitix, TCI II, and TCICM as calculated by the applicable administrator for value date 30 June 2017. Includes, where relevant, investments by the Tetragon Master Fund and TCI II (in the case of LCM and TCICM). TFG Asset Management AUM as used in this report includes the assets under management of several investment advisers, including Tetragon Asset Management L.P., and GreenOak, each of which is an investment manager registered under the U.S. Investment Advisers Act of 1940. Figures for GreenOak and TCI II may also include committed capital. TCICM utilises the investment expertise of certain third-party sub-advisors to assist in the management of its CLOs. Such sub-advisors will typically earn a substantial portion of the management fees from the CLOs.

TFG Asset Management Overview (continued)

FIGURE 19

Tetragon Financial Group TFG Asset Management Pro Forma Statement of Operations (excluding GreenOak)[i]	**H1 2017 ($millions)**	**H1 2016 ($millions)**	**H1 2015 ($millions)**
Management fee income	$35.4	$31.9	$25.3
Performance and success fees[ii]	$13.9	$20.7	$25.3
Other fee income	$6.9	$8.2	$10.9
Interest income	$1.2	$0.8	$0.7
Total income	**$57.4**	**$61.6**	**$62.2**
Operating, employee and administrative expenses	($37.4)	($40.9)	($31.0)
Minority interest	($2.3)	($3.1)	($3.2)
Net income - "EBITDA equivalent"	**$17.7**	**$17.6**	**$28.0**

(i) This table includes the income and expenses attributable to Tetragon's majority owned businesses, Polygon, LCM, Equitix, Hawke's Point and TCIP during that period. In the case of Equitix, this only covers the period from 2 February 2015, the date of the closing of Tetragon's acquisition of Equitix. TCIP was established in H2 2015 and accordingly is not included in H1 2015. Although Tetragon currently has an 85% effective economic share of its business, 100% of Equitix's income and expenses are reflected, with the 15% not attributable to Tetragon backed out through the minority interest line. GreenOak is not 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.

(ii) 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 Managment-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.

- **Overview:** Figure 19 shows a *pro forma* statement of operations that reflects the operating performance of the majority-owned asset management companies within TFG Asset Management. GreenOak, in which Tetragon holds a minority interest, is not currently included in the calculation of *pro forma* EBITDA. The fee income includes some amounts which were earned on capital invested in certain funds by Tetragon. During H1 2017, this included $3.5 million of management fees and $1.1 million of performance and success fees.

- **EBITDA:** During H1 2017, TFG Asset Management's EBITDA was $17.7 million, which represents a small increase over the reported EBITDA during the equivalent period in 2016. Underpinning the EBITDA was an improvement in the quality of income on both an absolute and relative basis, with management fees now representing 62% of total income.

- **Management fee income:** Management fee income continued to grow, increasing by 11% period on period, and with all of thebusinesses contributing to the growth. Of note, TCIP started earning fees as capital was put to work in TCI II, with Hawke's Point also starting to earn management fees. Polygon management fees also increased as a result of a number of factors, including an increase in AUM. In addition, as of 1 May 2017, Tetragon now pays full fees on its investments in the Polygon European Equity Opportunity Fund, Polygon Convertible Opportunity Fund and Polygon Distressed Opportunities Fund, which meant management fee income increased by $0.1 million during the period.

- **Performance and success fees:** Unlike management fee income, performance and success fees can be quite volatile in nature and subject to timing differences. Whilst earned and accrued performance fees from Polygon and LCM were largely unchanged in H1 2017 from the equivalent period in 2016, Equitix primary fee income declined by $6.2 million. This decrease primarily reflects the timing of closing of certain transactions which are expected to close in H2 2017.

- **Other fee income:** This category includes a number of different income streams, including third-party CLO management fee income relating to certain U.S. CLO 1.0 transactions. As expected and previously noted, this stream continued to decline as these transactions amortised down, and this accounted for the majority of the $1.3 million decline in the "other fee income" category. Partially offsetting this, income generated by Equitix on certain management services contracts increased period on period as this business continued to grow. "Other fee income" also includes certain cost recoveries from Tetragon relating to seeded Polygon hedge funds. The cost recoveries decreased period on period, largely due to Tetragon migrating to paying full management fees (see the "management fee income" section above).

- **Operating expenses:** These were lower than the reported number for H1 2016 by approximately $3.5 million. The primary driver of this is the reclassification of imputed share based payments expense as a below the EBITDA line item in H1 2017 (and also the full year 2016) reflecting the fact that this is a non-cash expense line. On a like for like basis, expenses were $0.5 million lower in 2017 than 2016, with some additional employment expense due to increased headcount being offset by a reduction in certain GBP-denominated expenses when converted back to U.S. dollars.

TFG Asset Management Company Overviews

The following pages provide a summary of each asset management company and a review of AUM growth and underlying strategies and investment vehicles.

All data is at 30 June 2017, unless otherwise stated.

Description of Business

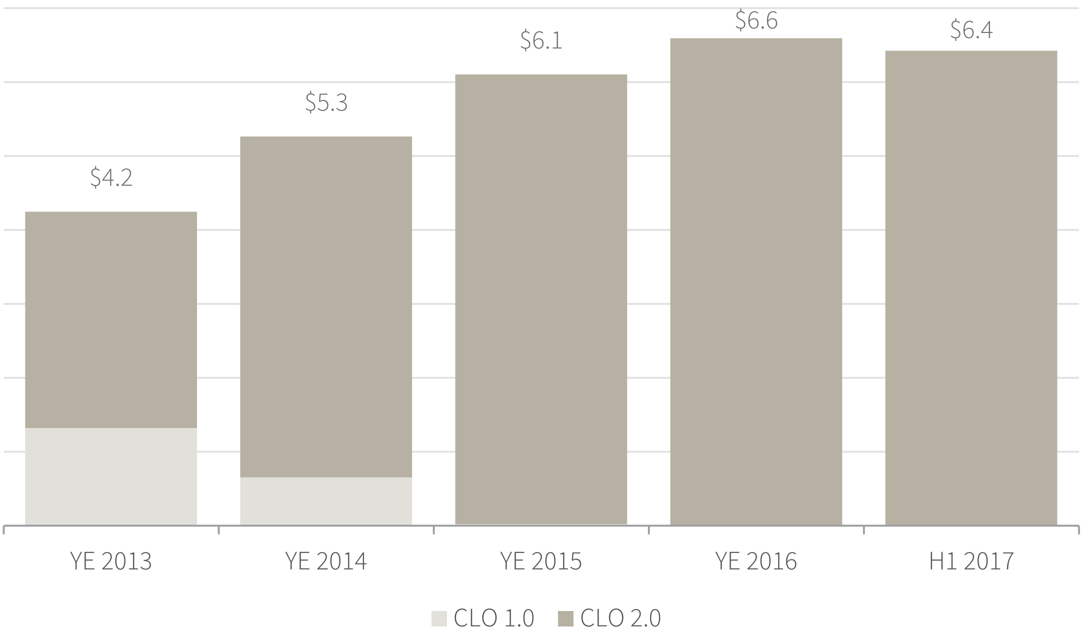
LCM™

- LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans.
- The business was established in 2001 and has offices in New York and London.
- Tetragon owns 100% of LCM.
- 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.
- Further information on LCM is available at www.lcmam.com

FIGURE 20

LCM AUM History(i) ($billions)

LCM's AUM was $6.4 billion at 30 June 2017. In March, LCM closed LCM XXIV, a $613.2 million CLO.



(i) Includes, where relevant, investments from the Tetragon Master Fund and TCI II.

Description of Business

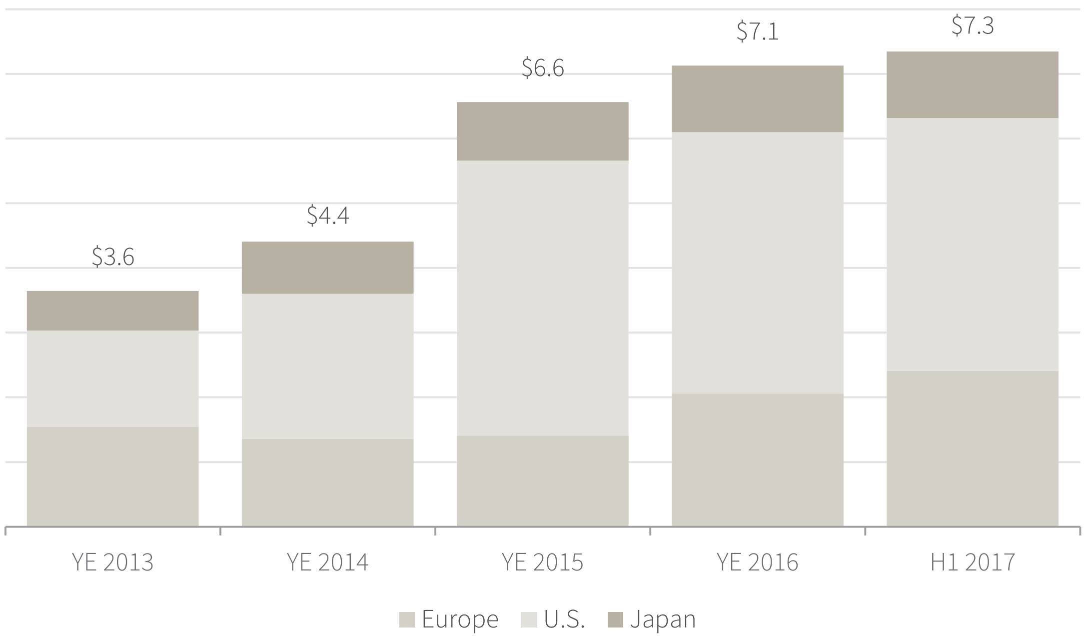
GreenOak™

- GreenOak is a real estate-focused principal investing, lending and advisory firm that seeks to create long-term value for its investors and provide strategic advice to its clients.
- The business was established in 2010 as a joint venture with Tetragon and has a presence in New York, London, Tokyo, Los Angeles, Madrid, and Seoul.
- Tetragon owns 23% of the joint venture.
- GreenOak currently has funds with investments focused on the United States, Japan, Spain, and the United Kingdom.
- Further information on GreenOak is available at www.greenoakrealestate.com.

FIGURE 21

GreenOak AUM History(i) ($billions)

GreenOak's AUM was $7.3 billion at 30 June 2017.



(i) Includes investment funds and advisory assets managed by GreenOak at 30 June 2017. Tetragon owns a 23% stake in GreenOak. AUM includes all third-party interests and total projected capital investment costs.

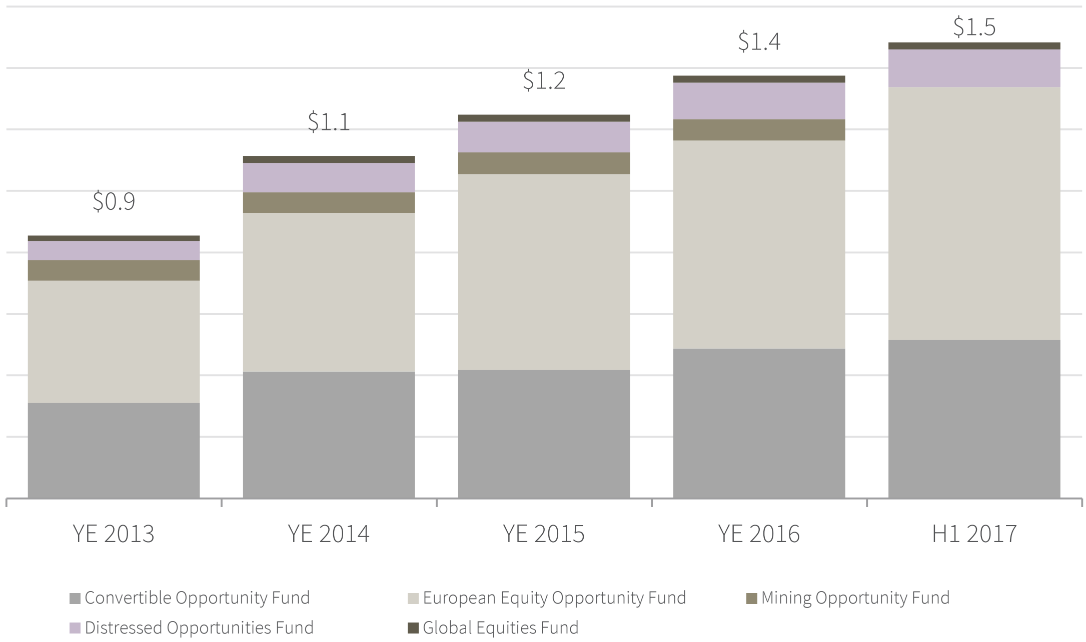
Description of Business

- Polygon manages open-ended hedge fund and private equity vehicles across a number of strategies.
- Polygon was established in 2002 and has offices in New York and London.
- Tetragon owns 100% of the business.
- Further information on Polygon is available at www.polygoninv.com.

FIGURE 22

Polygon AUM History(i) ($billions)

Polygon's AUM was $1.6 billion for all funds and $1.5 billion for open strategies at 30 June 2017.



(i) Includes AUM for Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund and Polygon Distressed Opportunities Master Fund, as calculated by the applicable fund administrator at 31 December 2013, 2014, 2015, 2016, and 30 June 2017. Includes, where relevant, investments by the Tetragon Master Fund.

FIGURE 23

Polygon Funds Summary*

Fund	AUM at 30 June 2017 ($millions)(1)	2017 YTD Net Performance	Annualised Net LTD Performance
Convertible Opportunity Fund(2)	$515.7	4.5%	15.9%
European Equity Opportunity Fund(3)	$821.5	5.6%	10.6%
Distressed Opportunities Fund(4)	$123.5	2.5%	6.9%
Global Equities Fund(5)	$22.3	3.1%	12.9%
Total AUM - Open Funds	**$1,483.0**		**Estimated approx. LTD Multiple**
Recovery Fund(6)	$109.8	N/A	1.88x
Mining Opportunity Fund(7)	$8.1	N/A	N/A
TOTAL AUM	**$1,600.9**		

**Please see the next page for important notes.*

Notes

(1) The AUM noted includes investments in the relevant strategies by Tetragon, other than in respect of the Recovery Fund, where there is no such investment. The Recovery Fund, at the time of the Polygon transaction and currently, remains a closed investment strategy.

Past performance or experience (actual or simulated) does not necessarily give a guide for the future and no representation is being made that the funds listed will or are likely to achieve profits or losses similar to those shown. Except as otherwise noted, all performance numbers provided herein reflect the actual net performance of the funds net of management and performance fees, as well as any commissions and direct expenses incurred by the funds, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown. For each of the funds shown, the return and AUM figures are final values as calculated by the applicable fund administrator. All performance numbers provided herein reflects the actual net performance of each fund net of management and performance fees, as well as any commissions and direct expenses incurred by each fund, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown.

(2) The Polygon Convertible Opportunity Fund began trading with Class B shares, which carry no incentive fees, on 20 May 2009. Class D shares of the Fund were first issued on 1 July 2017 and returns from inception through June 2017 have been *pro forma* adjusted to match the Fund's Class D share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee and other items, in each case, as set forth in the Offering Memorandum).

(3) The Polygon European Equity Opportunity Fund began trading 8 July 2009 with Class B shares, which carry no incentive fee. Class A shares commenced trading on 1 December 2009. Returns from inception through November 2009 for Class A shares have been *pro forma* adjusted to match the fund's Class A share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee and other items, in each case, as set forth in the offering Memorandum). From December 2009 to February 2011, reported performance reflects actual Class A share performance on the terms set forth in the Offering Memorandum. From March 2011, forward, the table reflects actual Class A1 share performance on the terms set forth in the Offering Memorandum. Class A1 share performance is equivalent to Class A share performance for prior periods.

(4) The Polygon Distressed Opportunities Fund began trading on 2 September 2013. Returns shown are for offshore Class A shares, reflecting the terms set forth in the Offering Memorandum (2.0% management fee, 20% incentive fee and other items, in each case).

(5) The Polygon Global Equities Fund began trading with Class B/B1 shares, which carry no incentive fees, on 12 September 2011. Returns shown from inception through August 2013 have been *pro forma* adjusted to account for a 2.0% management fee and a 20% incentive fee, in each case, as to be set forth in further definitive documents. The fund began trading Class A shares, which are not new issue eligible, on 23 September 2011. Class A1 shares of the Fund, which are new issue eligible, were first issued on 1 November 2013, and returns from inception through October 2013 have been *pro forma* adjusted to match the fund's Class A1 performance.

(6) The manager of the Polygon Recovery Fund L.P. (PRF) is a subsidiary of Tetragon. The management fees earned in respect of PRF are included in the TFG Asset Management business segment described herein. PRF is a limited-life vehicle seeking to dispose of its portfolio securities prior to the expiration of its term. PRF's term was extended to March 2018 with a potential further one year extension thereafter. Individual investor performance will vary based on their high water mark. Currently the majority of Class C share class investors have not reached their high water mark, so their performance is the same as their gross performance. P&L YTD through 30 June 2017 for PRF was +$7.3 million (excluding FX); FX movements accounted for +$6.2 million, and net P&L was therefore +$13.5 million; P&L life-to-date (from closing date March 2011 net asset value) was $146.7 million (excluding FX); FX movements accounted for -$41.0 million, and net P&L was therefore up $105.6 million. The fund is generally precluded from hedging. The fund has made life to date distributions of approximately $710 million to its partners. The estimated approximate LTD multiple is based on the fund's year-end net asset value and historical distributions and other returns over an original aggregate purchase price for the fund's initial assets of approximately $459 million and excludes the effects of FX and certain assets purchased through recycled capital. The estimated approximate LTD multiple including those two items (FX and recycled capital) would be 1.74 x. Each of these multiples will be different from the multiples reflected for specific limited partners in the fund, which would be calculated with respect to relevant class of partners in accordance with the fund's limited partnership agreement.

(7) The Polygon Mining Opportunity Fund is currently winding down.

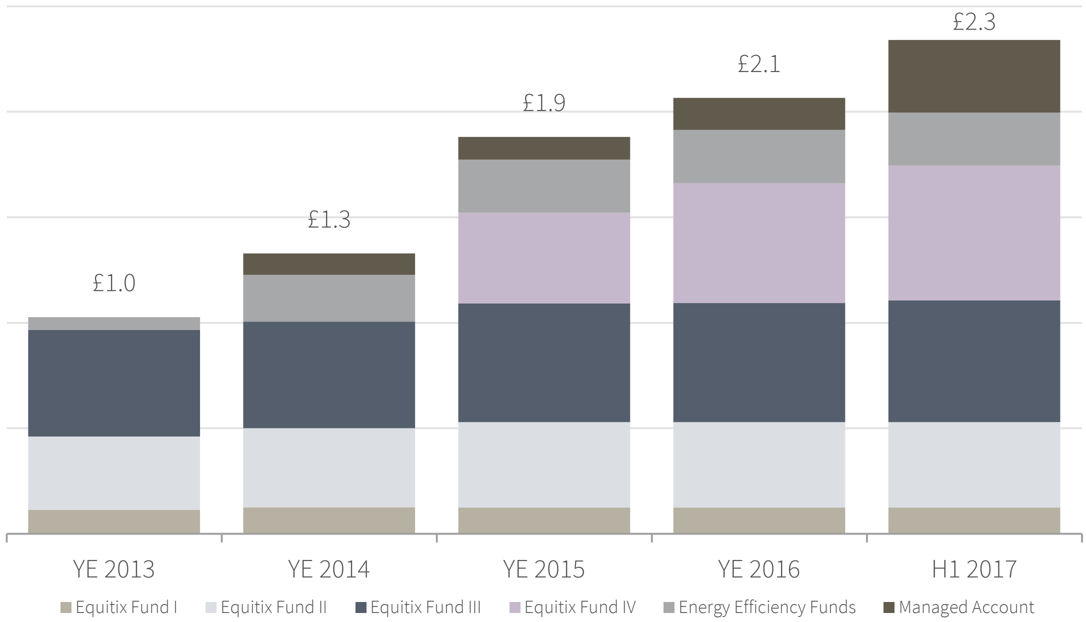
Description of Business

- Equitix is an integrated core infrastructure asset management and primary project platform.
- Equitix was established in 2007 and is based in London.
- Tetragon owns 85% of the business; over time, Tetragon's economic interest is expected to decline to approximately 74.8%. Equitix management owns the balance.
- Equitix typically invests in infrastructure projects in the United Kingdom with long-term revenue streams across the healthcare, education, social housing, highways & street lighting, offshore transmission and renewable and waste sectors.
- Further information on Equitix is available at www.equitix.co.uk.

FIGURE 24

Equitix AUM History[(i)] (£billions)

Equitix's AUM was £2.3 billion ($3.0 billion[(i)]) at 30 June 2017.



(i)USD-GBP exchange rate at 30 June 2017.

Description of Business

- Hawke's Point is an asset management company focused on mining finance, established by TFG Asset Management in 2014 that seeks to provide capital to companies in the mining and resource sectors.
- TFG Asset Management owns 100% of the business.
- Hawke's Point invested in its first mine financing project in Q1 2017.

Description of Business

TCIP™

TCICM™

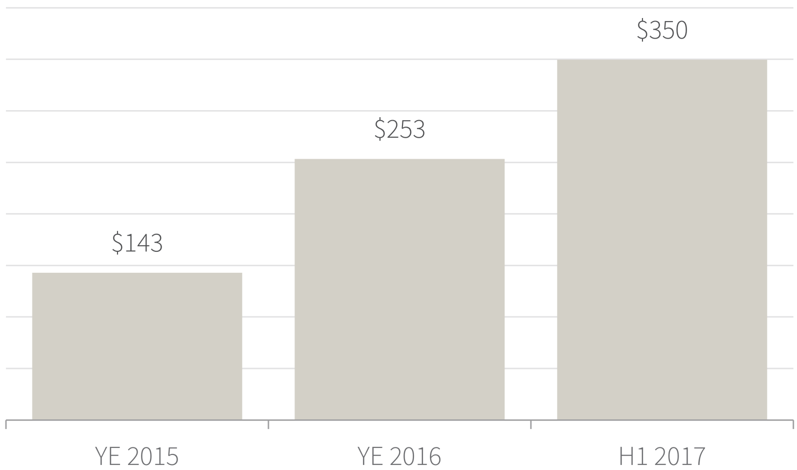
- TCIP acts as a general partner of a private equity vehicle that, among other things, makes investments in CLOs relating to risk retention rules.(i)
- The business was established at the end of 2015 and is managed out of New York and London.
- Tetragon owns 100% of the business.
- TCIP currently acts as general partner of Tetragon Credit Income II L.P. (TCI II), which focuses on CLO investments relating to risk retention rules, including majority stakes in CLO equity tranches of transactions managed by LCM or sub-advised by third-party CLO managers. TCI II is structured with a management fee and carried interest over a preferred return (each on non-LCM investments). It has a multi-year investment period and a term of seven years (subject to potential extensions and otherwise as required by applicable regulatory requirements).
- TCI Capital Management LLC (TCICM) is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans. TCICM was established as a Delaware limited liability company in November 2015 and is a subsidiary of TCI II. It acts as a CLO collateral manager and sponsor for certain CLO investments. It utilises, and has access to, the TFG Asset Management platform, including personnel from Polygon Global Partners and LCM Asset Management LLC.
- Currently, TCICM manages loan assets exclusively through CLOs (which includes warehouse vehicles created in anticipation of future CLOs), which are long-term, multi-year investment vehicles. At this time, TCICM utilises, and expects to continue to utilise, the investment expertise of certain third-party sub-advisors to assist in the management of its CLOs. Such sub-advisors will typically earn a substantial portion of the management fees from the CLOs.
- TCI II invests in CLOs managed by LCM and TCICM.
- Further information on TCIP and TCICM is available at www.tetragoninv.com.

(i) For additional information on Tetragon's CLO equity investments, including its buy and hold strategy, please refer to http://www.tetragoninv.com/portfolio/clo-equity.

FIGURE 25

Committted Capital and AUM History ($millions)(i)

TCI II's total committed capital was $349.6 million at 30 June 2017. As of 30 June 2017, TCICM had AUM of approximately $1.4 billion.



(i) Includes, where relevant, investments from TCI II. TCICM utilises, and expects to continue to utilise, the investment expertise of certain third-party sub-advisors to assist in the management of its CLOs. Such sub-advisors will typically earn a substantial portion of the management fees from the CLOs.

Historical Share Repurchases

FIGURE 26

Tetragon Share Repurchase History

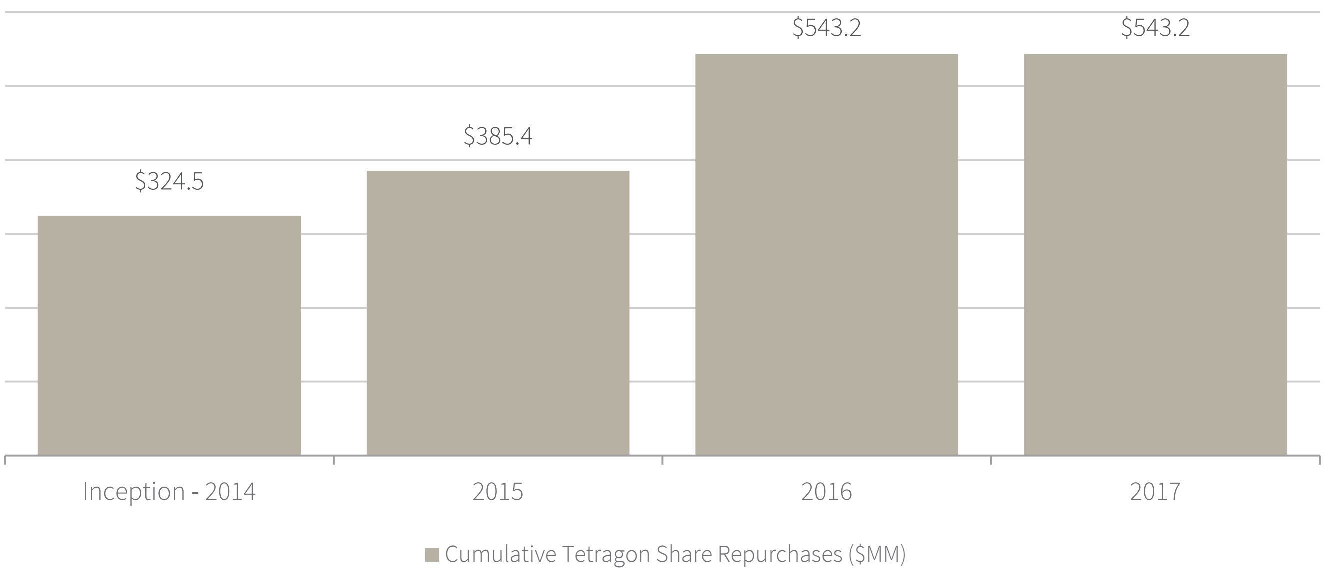
Tetragon Financial Group
Share Repurchase History

Year	Amount repurchased ($millions)	Cumulative amount ($millions)	Number of shares (millions)	Cumulative number of shares (millions)
2007	$2.2	$2.2	0.3	0.3
2008	$12.4	$14.5	2.6	2.9
2009	$6.6	$21.2	2.4	5.3
2010	$25.5	$46.7	5.7	11.0
2011	$35.2	$81.9	5.1	16.1
2012	$175.6	$257.5	18.7	34.8
2013	$16.1	$273.6	1.4	36.2
2014	$50.9	$324.5	4.9	41.1
2015	$60.9	$385.4	6.0	47.1
2016	$157.8	$543.2	14.9	62.0
2017	$0	$543.2	0.0	62.0
TOTAL	**$543.2**		**62.0**	

Share Repurchases ($millions):

The below graph shows historical share repurchases by Tetragon from inception to 30 June 2017.(1)

FIGURE 27



(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.

Share Reconciliation and Shareholdings

FIGURE 28

IFRS to Fully Diluted Shares Reconciliation	
	Shares at 30 June 2017 (millions)
Legal Shares Issued and Outstanding	**139.7**
Less: Shares Held in Treasury	37.6
Less: Total Escrow Shares[1.i]	11.6
IFRS Shares Outstanding	**90.5**
Add: Dilution for Share Options[1.ii]	0.7
Add: Certain Escrow Shares[1.iii]	5.4
Add: Dilution for equity-based awards[1.iv]	1.4
Fully Diluted Shares Outstanding	**98.0**

Shareholdings

Persons affiliated with Tetragon maintain significant interests in Tetragon shares. For example, as of 30 June 2017, the following persons own (directly or indirectly) interests in shares in Tetragon in the amounts set forth below:

FIGURE 29

Shareholdings at 30 June 2017	
Individual	**Shareholding**
Mr. Reade Griffith[2]	11,570,942
Mr. Paddy Dear[2]	3,937,176
Mr. David Wishnow	749,144
Mr. Jeff Herlyn	575,883
Mr. Michael Rosenberg	575,080
Mr. Rupert Dorey[3]	164,554
Mr. Frederic Hervouet	45,453
Mr. William Rogers	2,009
Other Tetragon/Polygon Employees	2,886,762
Equity-based awards[4]	5,240,301

Notes

(1.i) The Total Escrow Shares of 11.6 million consists of 3.3 million shares which have been used as consideration for the acquisition of Polygon and applicable stock dividends relating thereto; 6.2 million shares held in a separate escrow account in relation to equity-based compensation; 2.1 million shares held in a separate escrow account relating to deferred incentive fees payable to the manager (see page 50 of the Tetragon Financial Group Limited 2016 Annual Report for more details).

(1.ii) The number of shares corresponding to the applicable intrinsic value of the remaining unexercised options issued to the GreenOak Founders in relation to the acquisition of a 10% stake in GreenOak in September 2010. At the reporting date, this was 0.7 million. The intrinsic value of the GreenOak share options is calculated as the excess of (x) the closing price of the shares as of the final trading day in the relevant period over (y) $5.50 (being the exercise price per share) times (z) 1,302,745 (being a number of shares subject to the options). This approach has been selected because this reflects the way in which the options have been exercised to date. Should the GreenOak Founders all separately choose to exercise and settle the gross amount of shares, the dilution amount would be 1.3 million shares.

(1.iii) This comprises: a) 3.3 million shares which have been used as consideration for the acquisition of Polygon and applicable stock dividends relating thereto, b) 2.1 million shares held in a separate escrow account relating to deferred incentive fees payable to the manager.

(1.iv) Dilution in relation to equity-based awards by TFG Asset Management for certain senior employees. At the reporting date, this was 1.4 million. The basis and pace of recognition is expected to match the rate at which service is being provided to TFG Asset Management in relation to these shares. Please see Equity-Based Compensation Plans on page 74 of the Tetragon Financial Group Limited 2016 Annual Report for more details.

(2) The amounts set forth in regards to Messrs. Griffith and Dear include their interests with respect to the Escrow Shares.

As previously disclosed, non-voting shares of Tetragon (together with accrued dividends and previously vested shares, (the "Vested Shares")) that were issued pursuant to Tetragon's acquisition in October 2012 of TFG Asset Management L.P. (f/k/a Polygon Management L.P.) and certain of its affiliates (the "Polygon Transaction") have vested with certain persons (other than Messrs. Griffith and Dear), all of whom are employees or partners of Tetragon-owned or affiliated entities, pursuant to the Polygon Transaction.

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.

For additional information regarding the Polygon Transaction and the future vesting schedule for shares issued thereunder, see Note 16 to the 2016 Tetragon Financial Group Master Fund Limited audited financial statements.

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.

(3) Includes amounts held by children in a shared household.

(4) 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 74 of the Tetragon Financial Group Limited 2016 Annual Report for further details.

Additional CLO Portfolio Statistics

FIGURE 30

TETRAGON'S CLO PORTFOLIO DETAILS AT 30 JUNE 2017

Transaction[(i)]	Deal Type	Status[(ii)]	Primary or Secondary Investment[(iii)]	Original Invest. Cost ($MM 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)]	Annualized (Loss) Gain of Cushion[(x)]	IRR[(xi)]	ITD Cash Received as % of Cost[(xii)]
Transaction 1	EUR CLO	Called	Primary	37.5	2007	2024	2014	NA	55	NA	NA	3.9%	NA	-	80.2%
Transaction 2	EUR CLO	Outstanding	Primary	29.7	2006	2023	2013	342	52	160	9.0%	3.6%	0.5%	10.0%	146.8%
Transaction 5	EUR CLO	Outstanding	Primary	36.9	2007	2022	2014	399	60	168	30.3%	5.7%	2.5%	10.8%	155.8%
Transaction 10	EUR CLO	Called	Primary	27.0	2006	2022	2012	NA	50	NA	NA	4.5%	NA	0.7%	62.5%
Transaction 86	EUR CLO	Called	Secondary	3.6	2006	2022	2012	NA	50	NA	NA	3.1%	NA	14.2%	54.5%
EUR CLO Subtotal:				134.7				374	54	164	20.8%	4.4%	1.6%	5.7%	111.3%
Transaction 13	U.S. CLO	Outstanding	Primary	15.2	2006	2018	2012	351	47	256	38.4%	4.8%	3.1%	22.9%	246.2%
Transaction 14	U.S. CLO	Outstanding	Primary	26.0	2007	2021	2014	415	49	355	17.1%	5.6%	1.1%	20.2%	235.6%
Transaction 15	U.S. CLO	Outstanding	Primary	28.1	2007	2021	2014	351	52	179	12.9%	4.2%	0.9%	31.8%	314.7%
Transaction 22	U.S. CLO	Called	Primary	37.4	2007	2021	2014	NA	53	NA	NA	5.0%	NA	23.2%	273.4%
Transaction 32	U.S. CLO	Outstanding	Primary	24.0	2007	2021	2014	315	59	176	11.4%	5.6%	0.6%	23.2%	249.5%
Transaction 36	U.S. CLO	Called	Primary	28.4	2007	2021	2013	NA	46	NA	NA	5.2%	NA	19.8%	206.0%
Transaction 47	U.S. CLO	Outstanding	Primary	28.3	2006	2021	2013	365	47	113	7.5%	4.3%	0.3%	23.9%	259.1%
Transaction 61	U.S. CLO	Outstanding	Primary	29.1	2007	2021	2014	343	45	125	3.7%	4.0%	(0.0%)	18.3%	204.9%
Transaction 63	U.S. CLO	Called	Primary	27.3	2007	2021	2013	NA	53	NA	NA	4.8%	NA	20.8%	247.3%
Transaction 66	U.S. CLO	Called	Primary	21.3	2006	2020	2013	NA	49	NA	NA	4.0%	NA	24.5%	290.5%
Transaction 68	U.S. CLO	Outstanding	Primary	19.3	2006	2020	2013	272	48	77	15.7%	4.4%	1.1%	30.2%	319.6%
Transaction 69	U.S. CLO	Outstanding	Primary	28.2	2007	2019	2013	313	44	229	213.7%	5.6%	20.3%	29.0%	289.8%
Transaction 77	U.S. CLO	Called	Primary	14.5	2011	2023	2016	NA	212	NA	NA	5.0%	NA	13.3%	157.2%
Transaction 78	U.S. CLO	Outstanding	Primary	22.9	2012	2023	2015	290	217	197	6.7%	4.0%	0.5%	16.3%	112.9%
Transaction 81	U.S. CLO	Outstanding	Primary	21.7	2012	2024	2016	311	216	200	4.4%	4.0%	0.1%	6.4%	71.0%
Transaction 82	U.S. CLO	Outstanding	Primary	25.4	2012	2022	2016	338	206	203	7.2%	4.0%	0.7%	7.8%	74.1%
Transaction 83	U.S. CLO	Outstanding	Primary	20.8	2013	2025	2017	347	193	215	4.2%	6.2%	(0.5%)	13.9%	83.7%
Transaction 84	U.S. CLO	Outstanding	Primary	24.6	2013	2023	2017	331	183	199	4.0%	4.0%	0.0%	19.8%	94.7%
Transaction 85	U.S. CLO	Outstanding	Primary	1.0	2013	2025	2017	332	170	171	4.9%	5.0%	(0.0%)	10.1%	81.1%
Transaction 87	U.S. CLO	Outstanding	Primary	23.0	2013	2026	2018	345	199	176	2.9%	4.0%	(0.3%)	6.4%	61.9%
Transaction 88	U.S. CLO	Outstanding	Primary	30.1	2014	2030	2022	328	199	178	4.8%	4.0%	0.2%	14.4%	68.5%
Transaction 89	U.S. CLO	Outstanding	Primary	33.6	2014	2026	2018	324	195	146	3.0%	4.0%	(0.3%)	15.5%	66.3%
Transaction 90	U.S. CLO	Outstanding	Primary	20.7	2014	2026	2018	338	203	178	3.7%	4.0%	(0.1%)	13.5%	52.8%
Transaction 91	U.S. CLO	Outstanding	Primary	27.8	2015	2027	2019	333	215	212	3.0%	4.0%	(0.4%)	12.0%	46.9%
Transaction 92	U.S. CLO	Outstanding	Primary	34.6	2015	2027	2020	332	199	198	3.6%	4.0%	(0.2%)	13.8%	42.5%
Transaction 93	U.S. CLO	Outstanding	Secondary	6.1	2015	2027	2019	333	215	212	3.0%	3.6%	(0.2%)	12.4%	28.1%
Transaction 94	U.S. CLO	Outstanding	Secondary	6.6	2014	2026	2018	324	215	146	3.0%	3.3%	(0.1%)	16.3%	28.4%
Transaction 95	U.S. CLO	Outstanding	Primary	2.6	2016	2029	2022	347	194	194	4.5%	4.4%	0.0%	12.3%	7.4%
Transaction 96	U.S. CLO	Outstanding	Secondary	2.7	2017	2030	2022	328	199	178	4.8%	3.0%	14.0%	15.3%	0.0%
Transaction 97	U.S. CLO	Outstanding	Primary	9.9	2017	2030	2022	328	178	178	4.8%	3.9%	10.1%	12.3%	0.0%
US CLO Subtotal:				641.1				334	128	188	18.9%	4.5%	1.6%	18.3%	161.8%
Total CLO Portfolio:				775.8				339	115	186	19.1%	4.5%	1.6%	16.1%	153.1%

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

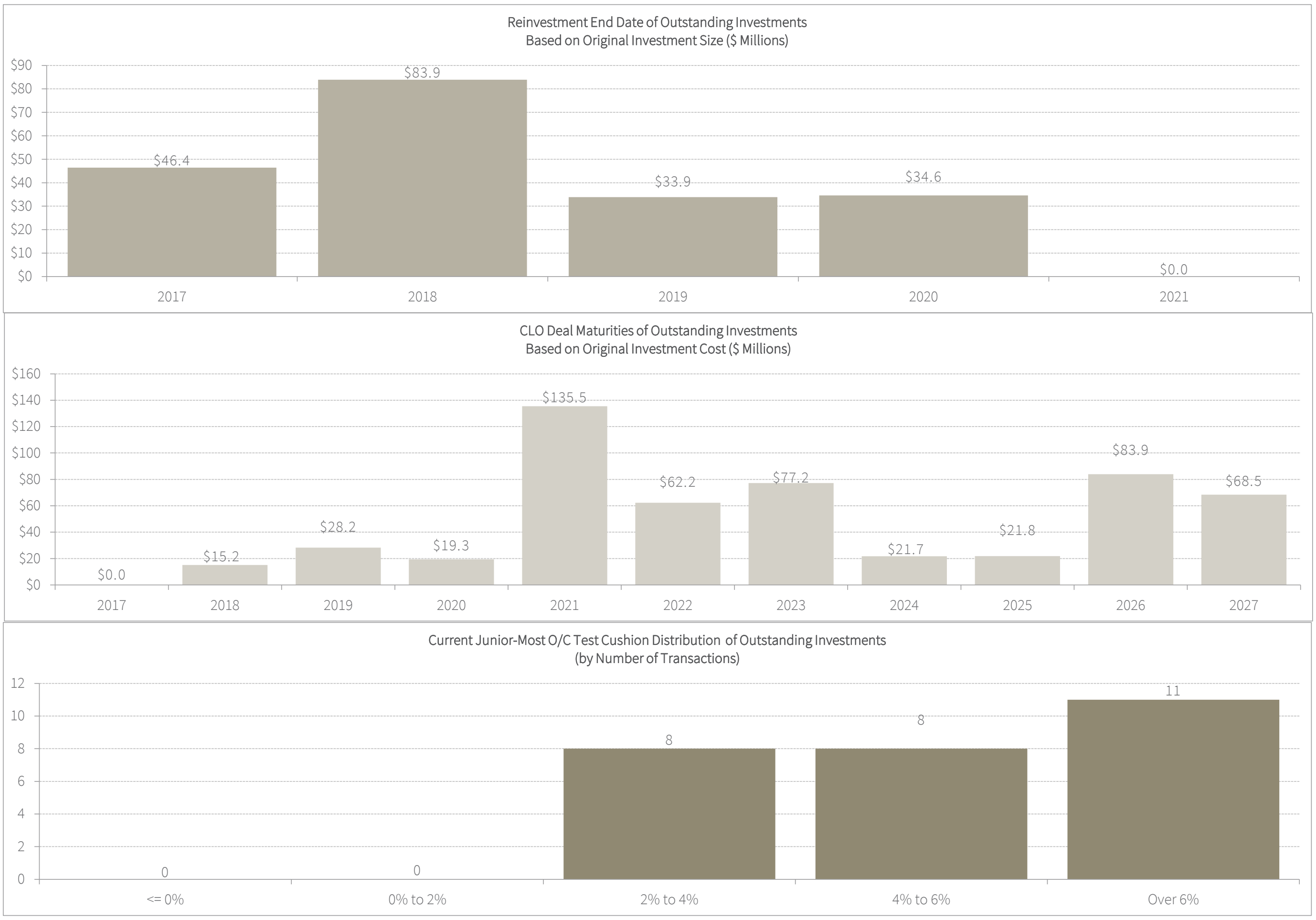
(x) Calculated by annualizing the change from the expected closing date junior-most O/C cushion to the current junior-most O/C cushion.

(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 31



Certain Regulatory Information

This report (Semi-Annual Report) constitutes Tetragon's semi-annual financial report as required pursuant to Section 5:25d of the Dutch Financial Markets Supervision Act (FMSA). This 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) pursuant to 5:25m of the FMSA. In addition, this Semi-Annual Report is also made available to the public by way of publication on the Tetragon website (www.tetragoninv.com). This Semi-Annual Report has not been audited nor 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.

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 2017 is included in the above report.

To the knowledge of the directors: (i) this Semi-Annual Report 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 2017 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.

Rupert Dorey (Independent Director)

Frederic M. Hervouet (Independent Director)

David Jeffreys (Independent Director)

William P. Rogers, Jr. (Independent Director)

Reade Griffith (Director)

Paddy Dear (Director)

Shareholder Information

Registered Office of Tetragon and the Tetragon Master Fund
Tetragon Financial Group Limited
Tetragon Financial Group Master Fund Limited
1st Floor Dorey Court
Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 6HJ

Investment Manager
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New York, NY 10022
United States of America

General Partner of Investment Manager
Tetragon Financial Management GP LLC
399 Park Avenue, 22nd Floor
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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

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Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019
United States of America

Legal Advisor (as to Guernsey law)
Ogier
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
State Street (Guernsey) Limited
1st Floor Dorey Court
Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 6HJ

Financial Statements

ROSS CARDEN
POLYGON

UNAUDITED CONDENSED FINANCIAL STATEMENTS

TETRAGON FINANCIAL GROUP LIMITED

FOR THE PERIOD ENDED 30 JUNE 2017

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the period ended 30 June 2017

CONTENTS

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	30 Jun 2017 US$ MM	31 Dec 2016 US$ MM
Assets			
Financial asset at fair value through profit or loss	4	1,987.3	1,942.0
Total assets		1,987.3	1,942.0
Liabilities			
Accrued incentive fee	7	5.5	7.1
Total liabilities		5.5	7.1
Net assets		1,981.8	1,934.9
Equity			
Share capital	8	0.1	0.1
Share premium		1,293.8	1,344.0
Treasury shares		(460.8)	(530.5)
Capital reserve in respect of share options		0.1	12.0
Share-based employee compensation reserve		102.1	100.0
Retained earnings		1,046.5	1,009.3
		1,981.8	1,934.9
Shares outstanding		Millions	Millions
Number of shares		90.5	87.1
Net Asset Value per share		US$ 21.91	US$ 22.21

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

Signed on behalf of the Board of Directors by:

Rupert Dorey,
Director

David Jeffreys,
Director

Date: 27 July 2017

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2017

	Note	Period ended 30 Jun 2017 US$ MM	Period ended 30 Jun 2016 US$ MM
Net gain on financial asset at fair value through profit or loss	4	79.3	45.4
Total revenue		79.3	45.4
Incentive fee	7	(11.4)	(5.1)
Total operating expenses		(11.4)	(5.1)
Profit and total comprehensive income for the period		67.9	40.3
Earnings per Share			
Basic	11	US$ 0.77	US$ 0.42
Diluted	11	US$ 0.67	US$ 0.37
Weighted average shares outstanding		Millions	Millions
Basic	11	88.4	95.8
Diluted	11	100.7	109.3

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

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2017

	Issued shares US$ MM	Share premium US$ MM	Retained earnings US$ MM	Treasury shares US$ MM	Capital reserve US$ MM	Share-based reserve US$ MM	Total US$ MM
As at 1 January 2017	0.1	1,344.0	1,009.3	(530.5)	12.0	100.0	1,934.9
Profit and total comprehensive income for the period	-	-	67.9	-	-	-	67.9
Transactions with owners recognised directly in equity							
Shares transferred to Escrow for deferred incentive fee	-	(24.7)	-	24.7	-	-	-
Share-based employee compensation	-	-	-	-	-	2.1	2.1
Cash dividends	-	-	(23.2)	-	-	-	(23.2)
Stock dividends	-	(3.8)	(7.5)	11.3	-	-	-
Issue of shares	-	-	-	0.1	-	-	0.1
Capital reserve in respect of share options	-	(21.7)	-	33.6	(11.9)	-	-
Total	-	(50.2)	37.2	69.7	(11.9)	2.1	46.9
As at 30 June 2017	0.1	1,293.8	1,046.5	(460.8)	0.1	102.1	1,981.8

	Issued shares US$ MM	Share premium US$ MM	Retained earnings US$ MM	Treasury shares US$ MM	Capital reserve US$ MM	Share-based reserve US$ MM	Total US$ MM
As at 1 January 2016	0.1	1,307.2	962.7	(385.4)	12.3	90.5	1,987.4
Profit and total comprehensive income for the period	-	-	40.3	-	-	-	40.3
Transactions with owners recognised directly in equity							
Share-based employee compensation	-	-	-	-	-	4.8	4.8
Cash dividends	-	-	(24.4)	-	-	-	(24.4)
Stock dividends	-	7.6	(7.6)	-	-	-	-
Purchase of treasury shares	-	-	-	(100.7)	-	-	(100.7)
Capital reserve in respect of share options	-	(7.8)	-	8.1	(0.3)	-	-
Total	-	(0.2)	8.3	(92.6)	(0.3)	4.8	(80.0)
As at 30 June 2016	0.1	1,307.0	971.0	(478.0)	12.0	95.3	1,907.4

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

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
For the period ended 30 June 2017

	Period ended 30 Jun 2017 US$ MM	Period ended 30 Jun 2016 US$ MM
Operating activities		
Dividends received from Master Fund to finance the dividend liability to Shareholders	23.2	24.4
Dividends received from Master Fund to settle the incentive fee liability	13.0	9.3
Incentive fee paid	(13.0)	(9.3)
	23.2	24.4
Investing Activities		
Proceeds from redemption of shares of Master Fund	-	100.7
	-	100.7
Financing activities		
Purchase of treasury shares	-	(100.7)
Dividends paid to Shareholders*	(23.2)	(24.4)
	(23.2)	(125.1)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period**	-	-

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

*The gross dividend payable to shareholders was US$ 30.7 million (30 June 2016: US$ 32.0 million) with value equivalent to US$ 7.5 million (30 June 2016: US$ 7.6 million) being taken by the dividend recipient in shares rather than cash.

** The Company does not maintain any bank accounts or cash balances. All cash transactions take place within the Master Fund.

Note 1 Corporate Information

Tetragon Financial Group Limited (the "Company") was registered in Guernsey on 23 June 2005 as a company limited by shares with registered number 43321. All voting shares of the Company are held by Polygon Credit Holdings II Limited (the "Voting Shareholder"). The Company continues to be registered and domiciled in Guernsey and the Company's non-voting shares are listed on Euronext Amsterdam N.V (ticker symbol: TFG.NA) and on the Specialist Fund Segment of the London Stock Exchange plc ("SFS") (ticker symbol: TFG.LN). The Company acts as a feeder fund in a "master feeder structure" investing substantially all of its assets in Tetragon Financial Group Master Fund Limited (the "Master Fund").

The Company'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 Master Fund's investment portfolio comprises a broad range of assets, including a diversified alternative asset management business, TFG Asset Management, and covers bank loans, real estate, equities, credit, convertible bonds and infrastructure.

As at 30 June 2017, TFG Asset Management consisted of Polygon Global Partners LP and Polygon Global Partners LLP (collectively with certain affiliates, "Polygon"), LCM Asset Management LLC ("LCM"), Equitix Holdings Limited ("Equitix"), Hawke's Point, Tetragon Credit Income Partners ("TCIP") and GreenOak Real Estate ("GreenOak").

TFG Asset Management LP and Tetragon Financial Management LP, the Company's investment manager (the "Investment Manager"), are both registered as investment advisers under the U.S. Investment Advisers Act of 1940, and two of TFG Asset Management's investment management entities, Polygon Global Partners LLP and Equitix Investment Management Limited, are authorised and regulated by the United Kingdom Financial Conduct Authority. The registered office of the Company is 1st Floor Dorey Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands, GY1 6HJ.

Note 2 Significant Accounting Policies

Statement of Compliance

The condensed unaudited financial statements for the period ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34") 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 Company's audited financial statements for the year ended 31 December 2016.

The condensed unaudited 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 Company for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Basis of Preparation

The condensed unaudited financial statements have been prepared on a historical cost basis, except for derivative financial instruments and certain non-derivative financial assets and financial liabilities held at fair value through profit or loss ("FVTPL") that have been measured at fair value.

The accounting policies have been consistently applied to all periods presented in these financial statements.

Note 2 Significant Accounting Policies (continued)

Basis of Preparation (continued)

The financial statements are presented in United States Dollars ("USD"), which is the functional currency of the Company, expressed in USD millions (unless otherwise stated). The share capital of the Company and its only investment are denominated in USD. All of the expenses and fees paid by the Company are in USD. Hence, the Board of Directors determined that USD as functional and presentational currency reflects the Company's primary economic environment.

Note 3 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key estimate is the fair value of the Tetragon Financial Group Master Fund Limited (the "Master Fund"). Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the period to 31 December 2017 is included in Note 4.

Note 4 Fair value measurement

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 investments.
- 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 Company's investment in the Master Fund is classified as Level 3 (31 December 2016: Level 3) due to the fact that the NAV of the Master Fund was not observable on the market.

The fair value hierarchy of the Master Fund's financial assets and liabilities are disclosed in the unaudited financial statements of the Master Fund.

Note 4 Fair value measurement (continued)

Level 3 reconciliation

The following is a reconciliation of the Company's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 30 June 2017 and 31 December 2016.

	30 Jun 2017 US$ MM	31 Dec 2016 US$ MM
Balance at start of period	1,942.0	2,020.2
Additions	2.2	9.5
Redemption of Master Fund's shares	-	(157.8)
Realised gain and change in unrealised appreciation	43.1	70.1
Balance at end of period	1,987.3	1,942.0
Total gains and losses for the period included in profit or loss for assets held at the end of the reporting period	35.6	54.0

Dividend income from the Master Fund amounted to US$ 43.7 million (31 December 2016: US$ 84.5 million).

Valuation technique

The valuation techniques, as described in the annual audited financial statements for the year ended 31 December 2016, are consistent with the valuation techniques applied during the period ended 30 June 2017 for all instruments described in those financial statements. There were no material changes in the modelling assumptions or valuation methods applied during the period.

The Company's investment in the Master Fund has been valued on the basis of the NAV of the Master Fund without adjustment, which the Company believes is an appropriate measurement of fair value as at the period end date. The investment in Master Fund does not have any redemption restriction.

Note 5 Share-Based Payments

On 28 October 2012, TFG Asset Management LP and certain of its affiliates, were acquired by the Master Fund in exchange for consideration of approximately 11.7 million non-voting shares of the Company to the sellers (the "Aggregate Consideration").

The Aggregate Consideration is held in escrow (along with accrued stock dividends), by the escrow agent pursuant to the terms of the escrow agreement. The first tranches were released annually from 2013 to 2016 with the remainder being released in 2017.

Under IFRS 3 Business Combination, these shares were treated as payment for post combination services rather than upfront consideration and have been accounted for under IFRS 2 *Share-based Payments* ("IFRS 2"). The Master Fund recognises the individual compensation costs on a graded vesting basis over the relevant service period of each award if the vesting performance conditions are met.

Note 5 Share-Based Payments (continued)

The Company settles the shares and recognises this as an equity settled transaction through the share-based employee compensation reserve. The charge for the period ended 30 June 2017 amounted to US$ 2.1 million (30 June 2016: US$ 4.8 million).

Movements during the period
The following tables illustrate the movements in shares during the period:

	30 Jun 2017 Shares MM	31 Dec 2016 Shares MM
Balance at beginning of period / year	3.2	6.6
New awards	-	-
Vested during the period	-	(3.8)
Stock dividends	0.1	0.4
Balance at end of period / year	3.3	3.2

The remaining balance of shares will vest on 28 October 2017.

Note 6 Share Options

On 21 April 2017, the Investment Manager exercised the 12,545,330 options it received from the Company in recognition of the work it performed in successfully arranging its 2007 global offering and the associated raising of new capital.

The exercise price per share for the options was set at the Company's IPO offer price of $10.00. As previously indicated, these options were settled by the Company on a cashless basis, and the Investment Manager received 2,382,395 non-voting shares – the net shares resulting from the exercise of the options based on the then-current price of $12.3442 per non-voting share.

On 16 September 2010, the Master Fund entered into a transaction with GreenOak whereby the Master Fund received a 10% equity interest in GreenOak and agreed to provide, among other things, a working capital loan of up to US$ 10.0 million and a US$ 100.0 million co-investment commitment that is expected to fund up to a limited fixed percentage of any GreenOak sponsored investment program, with the Master Fund retaining the option to invest further amounts.

Under the terms of the transaction, the Company granted to the GreenOak founding partners options to purchase 3.9 million shares (vesting after 5 years and subject to further conditions) at a strike price of US$ 5.50. The aggregate fair value of the options granted at the transaction date was US$ 0.5 million. On 15 September 2015 the options vested, and as a result of vesting, all contingent elements to the options, other than market price, were removed.

Under IAS 32 *Financial Instruments: Presentation*, the share options issued are equity classified as capital reserve in respect of share options.

The options are split approximately as follows: 50% were exercised during 2016; 25% are exercisable from 1 January 2017, expiring a year later; 25% are exercisable from 1 January 2018, expiring a year later.

Note 6 Share Options (continued)

During the period ended 30 June 2017, 0.4 million (30 June 2016: 0.7 million) shares with fair value at grant date of US$ 0.1 million (30 June 2016: US$ 0.3 million), were issued as a result of options being exercised. 33% of the options exercisable in 2017, with expiration date of 1 January 2018, remain to be exercised.

Note 7 Incentive Fee

The Company pays the Investment Manager an incentive fee for each Calculation Period (a period of three months ending on 31 March, 30 June, 30 September and 31 December in each year or as otherwise determined by the Directors) equal to 25% of the increase in the NAV of the Company during the Calculation Period (before deduction of any dividend paid or the amount of any redemptions or repurchases of the shares (or other relevant capital adjustments) during such Calculation Period) above the Reference NAV (as defined below) plus the Hurdle (as defined below) for the Calculation Period. If the Hurdle is not met in any Calculation Period (and no incentive fee is paid), the shortfall will not carry forward to any subsequent Calculation Period.

The “Hurdle” for any Calculation Period will equal the Reference NAV multiplied by the Hurdle Rate (as defined below). The Hurdle Rate for any Calculation Period equals 3-month USD LIBOR determined as of 11:00 a.m. London time on the first London business day of the then current Calculation Period, plus the Hurdle Spread of 2.647858% in each case multiplied by the actual number of days in the Calculation Period divided by 365. The Hurdle for Q3 2017 is 3.948578%.

The ‘‘Reference NAV’’ is the greater of (i) NAV at the end of the Calculation Period immediately preceding the current Calculation Period and (ii) the NAV as of the end of the Calculation Period immediately preceding the Calculation Period referred to in clause (i). For the purpose of determining the Reference NAV at the end of a Calculation Period, NAV shall be adjusted by the amount of accrued dividends and the amounts of any redemptions or repurchase of the shares (or other relevant capital adjustments) and incentive fees to be paid with respect to that Calculation Period.

The incentive fee in respect of each Calculation Period is calculated by reference to the NAV before deduction of any accrued incentive fee. If the Investment Management Agreement is terminated other than at the end of a Calculation Period, the date of termination will be deemed to be the end of the Calculation Period. The incentive fee is normally payable in arrears after the end of the Calculation Period.

The incentive fee for the period ended 30 June 2017 was US$ 11.4 million (30 June 2016: US$ 5.1 million). As at 30 June 2017, US$ 5.5 million was outstanding (31 December 2016: US$ 7.1 million).

The NAV determined in accordance with IFRS includes carrying certain investments in TFG Asset Management businesses at fair value rather than being consolidated, which was how they were previously treated under U.S. GAAP. The result of the foregoing was an increase in NAV and an incentive fee payable of US$ 25.1 million.

The Investment Manager agreed to accept payment of this portion of the incentive fee in the form of shares, which are held in escrow until 31 December 2021 or, at the Manager’s option, the earlier occurrence of a realisation event with respect to these TFG Asset Management business, and subject to a “clawback” mechanism should the NAV of the TFG Asset Management businesses decline at the end of the escrow period. The expense has been recognised in full in the year in which the NAV event occurred through equity and the share-based compensation reserve. As at 30 June 2017, 2,074,632 shares (31 December 2016: nil) are held in escrow in relation to deferred incentive fees.

Note 8 Share Capital

Authorised

The Company has an authorised share capital of US$ 1.0 million divided into 10 voting shares, having a par value of US$ 0.001 each and 999,999,990 non-voting shares, each having a par value of US$ 0.001. Shares are issuable either as certificated shares or uncertificated shares, and in both cases as registered shares in accordance with applicable law.

Voting Shares

The 10 voting shares in issue were issued at par and are owned by the Voting Shareholder, which is a non-U.S. affiliate of the Investment Manager. The voting shares are the only shares of the Company entitled to vote for the election of Directors and on all other matters put to a vote of shareholders, subject to the limited rights of the shares described below. The voting shares are not entitled to receive dividends.

Shares

The shares are not entitled to vote on any matter other than limited voting rights in respect of variation of their class rights. The shares carry a right to any dividends or other distributions declared by the Company. The shares are subject to certain transfer restrictions as set out in the Company's Memorandum and Articles of Incorporation.

The Directors, upon the recommendation of the Investment Manager and with prior approval of a resolution of voting shares, may allot, issue or otherwise dispose of shares to such persons, at such times, for such consideration and on such terms and conditions as they deem necessary or desirable. There are no pre-emption rights attaching to any shares.

The Directors, upon the recommendation of the Investment Manager, may grant options over the shares. The Company may repurchase shares and hold such repurchased shares as Treasury shares.

Share Transactions

	Voting Shares No.	Non-Voting Shares No. MM	Treasury Shares No. MM	Shares held in TFG Holdings I* No. MM	Shares held in Escrow No. MM
Shares in issue at 1 January 2016	10	95.9	12.8	17.0	12.3
Stock dividend	-	1.6	(0.7)	-	0.8
Issued through release of tranche of Escrow shares	-	3.2	0.6	-	(3.8)
Issue through exercise of GreenOak options	-	0.7	(0.7)	-	-
Shares purchased during the year	-	(14.3)	4.3	10.0	-
Shares transferred to Treasury	-	-	27.0	(27.0)	-
Shares in issue at 31 December 2016	10	87.1	43.3	-	9.3
Stock dividend	-	0.6	(0.9)	-	0.3
Issue through exercise of TFM options	-	2.4	(2.4)	-	-
Issue through exercise of GreenOak options	-	0.4	(0.4)	-	-
Shares transferred to Escrow for deferred incentive fee	-	-	(2.0)	-	2.0
Shares in issue at 30 June 2017	10	90.5	37.6	-	11.6

* TFG Holdings I was closed during 2016.

Note 8 Share Capital (continued)

Optional Stock Dividend

The Company has an Optional Stock Dividend Plan which offers investors an opportunity to elect to receive any declared dividend in the form of dividend shares at a reference price determined by calculating the five-day weighted average price post ex-dividend date.

During the period a total dividend of US$ 30.7 million (30 June 2016: US$ 32.0 million) was declared, of which US$ 23.2 million was paid out as a cash dividend (30 June 2016: US$ 24.4 million), and the remaining US$ 7.5 million (30 June 2016: US$ 7.6 million) was reinvested under the Optional Stock Dividend Plan.

Note 9 Related-Party Transactions

The Investment Manager is entitled to receive management fees equal to 1.5% per annum of the Net Asset Value of the Company payable monthly in advance prior to the deduction of any accrued incentive fee. All fees and expenses of the Company including the Management and Administration fees, but excluding incentive fees from the Investment Manager, are paid by the Master Fund and allocated fully to the Company. An incentive fee may be paid to the Investment Manager as disclosed in Note 7.

In recognition of the work performed by the Investment Manager in successfully arranging the global offering and the associated raising of new capital for the Company, in 2007 the Company granted to the Investment Manager options (the "Investment Management Options") to purchase approximately 12.5 million of the Company's shares (before any application of potential anti-dilution) at an exercise price per share equal to the Offer Price (US$ 10.00). The options were exercised during the period, please refer to note 6 for details.

The Company invests substantially all of its assets in the Master Fund, a Guernsey-based closed-ended investment company which has the same Investment Manager as the Company.

The remuneration for Directors shall be determined by resolution of the Voting Shareholder. Each of the Directors' annual fee is US$ 100,000 as compensation for service on the Boards of Directors of both the Company and the Master Fund. The Directors have the option to elect to receive shares in the Company instead of the quarterly fee.

The Master Fund will pay the Directors' fees. Paddy Dear and Reade Griffith have waived their entitlement to a fee in respect of their services as Directors. The Directors are entitled to be repaid by the Company all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors has a contract with the Company or the Master Fund providing for benefits upon termination of employment.

With respect to the period ended 30 June 2017, Frederic Hervouet has elected to receive shares in lieu of his full compensation as director. William Rogers has elected to receive shares in lieu of half of his compensation. During the period, Frederic Hervouet and William Rogers received 4,019 and 1,009 shares respectively. The number of shares issued instead of the fee for the second quarter will be determined as part of the second quarter 2017 dividend process.

The Voting Shareholder is an affiliate of the Investment Manager and holds all of the voting shares. As a result of its ownership and the degree of control that it exercises, the Voting Shareholder will be able to control the appointment and removal of the Company's Directors (subject to applicable law). Affiliates of the Voting Shareholder also control the Investment Manager and, accordingly, control the Company's business and affairs.

Note 9 Related-Party Transactions (continued)

Paddy Dear, Reade Griffith, Rupert Dorey, Frederic Hervouet and William Rogers - all Directors of the Company and the Master Fund – maintained (directly or indirectly) interests in shares of the Company as at 30 June 2017, with interests of 3,937,176, 11,570,942, 164,554, 45,453 and 2,009 shares respectively (31 December 2016: 2,576,801, 8,411,075, 144,410, 30,419 and 1,000 shares respectively). Messrs, Griffith and Dear also have a (direct or indirect) interest in the Escrow shares (as defined below).

TFG Asset Management., including Polygon's asset management businesses and infrastructure platform, and interests in LCM and GreenOak, was acquired on 28 October 2012. The shares issued in consideration are subject to vesting and forfeiture conditions and are held in escrow for release over the period 2013 to 2017.

These escrow shares are eligible to participate in the optional stock dividend program, and as a result of subsequent dividends, further shares were added to the relevant escrow accounts. As part of the Acquisition, Reade Griffith and Paddy Dear, as founders of Polygon, were awarded consideration in shares which vest between 2015 and 2017.

In particular, Reade Griffith and Paddy Dear were initially allocated 5,539,954 and 1,955,291 shares, respectively, and these are held in escrow pending release between 2015 and 2017. As at 30 June 2017, 2,441,864 shares were held in escrow on behalf of Reade Griffith (31 December 2016: 2,375,526 shares) and 861,832 on behalf of Paddy Dear (31 December 2016: 838,419 shares).

It was contractually agreed as part of the Acquisition that to the extent any annual compensation actually paid to each of Reade Griffith and Paddy Dear in respect of his employment with Master Fund and its subsidiaries exceeds an annual base salary of US$ 100,000, they would promptly return such excess amount to the Master Fund. During the period ended 30 June 2017 total compensation paid to them each in aggregate was US$ 50,000 (30 June 2016: US$ 50,000).

Note 10 Dividends

	30 Jun 2017 US$ MM	31 Dec 2016 US$ MM
Quarter ended 31 December 2015 of US$ 0.165 per share	-	15.9
Quarter ended 31 March 2016 of US$ 0.165 per share	-	16.1
Quarter ended 30 June 2016 of US$ 0.1675 per share	-	14.6
Quarter ended 30 September 2016 of US$ 0.1675 per share	-	15.3
Quarter ended 31 December 2016 of US$ 0.1725 per share	15.1	-
Quarter ended 31 March 2017 of US$ 0.1725 per share	15.6	-
	30.7	61.9

The second quarter dividend of US$ 0.1750 per share was approved by the Directors on 27 July 2017 and has not been included as a liability in these consolidated financial statements.

Note 11 Earnings per Share

	Period ended 30 Jun 2017 US$ MM	Period ended 30 Jun 2016 US$ MM
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic earnings per share being net profit attributable to shareholders for the period	67.9	41.7
Weighted average number of shares for the purposes of basic earnings per share	88.4	95.8
Effect of potential dilutive shares:		
Share-based employee compensation – TFG Asset Management acquisition	3.3	6.8
Share-based employee compensation – equity based awards	6.2	5.9
Share options	0.7	0.8
Deferred incentive fee shares	2.1	-
Weighted average number of shares for the purposes of diluted earnings per share	100.7	109.3

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

In respect of share-based employee compensation – TFG Asset Management acquisition, share-based employee compensation – equity based awards and deferred incentive fee shares, it is assumed that all of the shares currently held in escrow will be released, thereby increasing the weighted average number of shares. This includes shares which are scheduled to vest and be released in 2017.

In respect of share options, (see Note 6) the intrinsic value is calculated using the Company's quoted share price on the last business day prior to the period end. This is then converted into a number of shares by dividing the aforementioned intrinsic value by the aforementioned quoted share price. This will yield the number of shares to include in the dilution calculation.

Note 12 Segment information

The Company has adopted IFRS 8 *Operating Segments*. The standard 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 Company 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 Company's investment activities are all determined by the Investment Manager in accordance with the Company's investment objective. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Note 12 Segment information (continued)

The shares in issue are in US Dollars. The Company's only investment is in Master Fund which is domiciled in Guernsey.

Note 13 Subsequent Events

The Directors have evaluated the period up to 27 July 2017, which is the date that the financial statements were approved, and have concluded that there are no material events that require disclosure or adjustment to the financial statements.

Note 14 Approval of Financial Statements

The Directors approved and authorised for issue the condensed unaudited financial statements on 27 July 2017.

UNAUDITED CONDENSED FINANCIAL STATEMENTS

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

FOR THE PERIOD ENDED 30 JUNE 2017

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the period ended 30 June 2017

CONTENTS

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	30 Jun 2017 US$ MM	31 Dec 2016 US$ MM
Assets			
Financial assets at fair value through profit or loss	4	1,567.2	1,520.0
Derivative financial assets	4	14.1	22.2
Other receivables and prepayments		3.6	0.6
Amounts due from brokers		73.9	51.0
Cash and cash equivalents	6	383.9	392.6
Total assets		2,042.7	1,986.4
Liabilities			
Loans and borrowings	7	38.0	38.0
Derivative financial liabilities	4	15.4	4.1
Other payables and accrued expenses		2.0	2.3
Total liabilities		55.4	44.4
Net assets		1,987.3	1,942.0
Equity			
Share capital	8	0.1	0.1
Share premium		1,249.0	1,311.1
Treasury shares		(468.9)	(538.6)
Retained earnings		1,187.5	1,151.9
Capital contribution		19.6	17.5
		1,987.3	1,942.0
Shares outstanding		Millions	Millions
Number of shares		90.5	87.1
Net Asset Value per share		US$ 21.97	US$ 22.29

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

Signed on behalf of the Board of Directors by:

Rupert Dorey,
Director

David Jeffreys,
Director

Date: 27 July 2017

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2017

	Period ended 30 Jun 2017 US$ MM	Period ended 30 Jun 2016 US$ MM
Net gain on non-derivative financial assets at fair value through profit or loss	105.8	58.3
Net (loss) / gain on derivative financial assets and liabilities	(8.4)	9.7
Interest income	2.2	0.7
Net foreign exchange (loss) / gain	(0.1)	0.2
Total revenue	99.5	68.9
Management fees	(14.6)	(14.1)
Share-based employee compensation	(2.1)	(4.8)
Legal and professional fees	(0.5)	(2.5)
Audit fees	(0.2)	(0.2)
Other operating and administrative expenses	(1.3)	(1.6)
Operating expenses	(18.7)	(23.2)
Operating profit before finance costs	80.8	45.7
Finance costs	(1.5)	(0.3)
Profit and total comprehensive income for the period	79.3	45.4

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

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2017

	Share capital US$ MM	Share premium US$ MM	Treasury shares US$ MM	Retained earnings US$ MM	Capital contribution US$ MM	Total US$ MM
As at 1 January 2017	0.1	1,311.1	(538.6)	1,151.9	17.5	1,942.0
Profit and total comprehensive income for the period	-	-	-	79.3	-	79.3
Transactions with owners recognised directly in equity						
Stock dividends	-	(3.8)	11.3	(7.5)	-	-
Shares issued to settle share options	-	(33.6)	33.6	-	-	-
Share-based compensation	-	-	-	-	2.1	2.1
Dividends paid to shareholders	-	-	-	(23.2)	-	(23.2)
Dividends paid to Feeder to settle incentive fee liability	-	-	-	(13.0)	-	(13.0)
Shares transferred to Escrow for deferred incentive fee	-	(24.7)	24.7	-	-	-
Issue of shares	-	-	0.1	-	-	0.1
Total	-	(62.1)	69.7	35.6	2.1	45.3
As at 30 June 2017	0.1	1,249.0	(468.9)	1,187.5	19.6	1,987.3

	Share capital US$ MM	Share premium US$ MM	Treasury shares US$ MM	Retained earnings US$ MM	Capital contribution US$ MM	Total US$ MM
As at 1 January 2016	0.1	1,266.5	(385.4)	1,105.9	33.1	2,020.2
Profit and total comprehensive income for the period	-	-	-	45.4	-	45.4
Transactions with owners recognised directly in equity						
Stock dividends	-	7.6	-	(7.6)	-	-
Share-based compensation	-	-	-	-	4.8	4.8
Dividends paid to shareholders	-	-	-	(24.4)	-	(24.4)
Dividends paid to Feeder to settle incentive fee liability	-	-	-	(9.3)	-	(9.3)
Issue of shares	-	0.1	-	-	-	0.1
Purchase of treasury shares	-	-	(100.7)	-	-	(100.7)
Total	-	7.7	(100.7)	4.1	4.8	(84.1)
As at 30 June 2016	0.1	1,274.2	(486.1)	1,110.0	37.9	1,936.1

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

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
For the period ended 30 June 2017

	Period ended 30 Jun 2017 US$ MM	Period ended 30 Jun 2016 US$ MM
Operating activities		
Profit for the period	79.3	45.4
Adjustments for:		
Gains on investments and derivatives	(71.4)	(1.3)
Amortisation of CLOs	114.7	93.3
Share-based employee compensation	2.1	4.8
Operating cash flows before movements in working capital	124.7	142.2
(Increase) in receivables	(0.7)	(0.8)
(Decrease) in payables	(1.3)	-
(Increase) / decrease in amounts due from brokers	(22.9)	4.1
Cash generated from operating activities	99.8	145.5
Investing activities		
Proceeds from sale / prepayment / maturity of investments	51.0	6.2
Net proceeds on derivative financial instruments	9.1	3.1
Purchase of investments	(132.5)	(41.8)
Net cash used in investing activities	(72.4)	(32.5)
Financing activities		
Proceeds from issue of shares	0.1	0.1
Repurchase of shares	-	(100.7)
Dividends paid to shareholders*	(23.2)	(24.4)
Dividends paid to Feeder to settle incentive fee liability	(13.0)	(9.3)
Net cash used in financing activities	(36.1)	(134.3)
Net decrease in cash and cash equivalents	(8.7)	(21.3)
Cash and cash equivalents at beginning of period	392.6	360.3
Cash and cash equivalents at end of period	383.9	339.0

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

* The gross dividend payable to shareholders was US$ 30.7 million (30 June 2016: US$ 32.0 million) with a value equivalent to US$ 7.5 million (30 June 2016: US$ 7.6 million) elected to be taken by the dividend recipients in shares rather than cash.

Note I Corporate Information

Tetragon Financial Group Master Fund Limited (the “Fund”) was registered in Guernsey on 23 June 2005 as a company limited by shares, with registered number 43322. 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.

The registered office of the Fund is 1st Floor Dorey Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands, GY1 6HJ.

The Fund is a closed-ended investment company that invests in a broad range of assets, including bank loans, real estate, equities, credit, convertible bonds and infrastructure and TFG Asset Management, a diversified alternative asset management business. Where sensible, through TFG Asset Management, the Fund 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. The Fund’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.

As at 30 June 2017, TFG Asset Management consisted of Polygon Global Partners LP and Polygon Global Partners LLP (collectively with certain affiliates, “Polygon”), LCM Asset Management LLC (“LCM”), Equitix Holdings Limited (“Equitix”), Hawke’s Point, Tetragon Credit Income Partners (“TCIP”) and GreenOak Real Estate (“GreenOak”).

TFG Asset Management LP and Tetragon Financial Management LP, the Fund’s investment manager (the “Investment Manager”), are both registered as investment advisers under the U.S. Investment Advisers Act of 1940, and two of TFG Asset Management’s investment management entities, Polygon Global Partners LLP and Equitix Investment Management Limited, are authorised and regulated by the United Kingdom Financial Conduct Authority.

Note 2 Significant Accounting Policies

Statement of Compliance

The condensed unaudited financial statements for the period ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* (“IAS 34”) 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 2016.

The condensed unaudited 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 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Basis of Preparation

The condensed unaudited financial statements have been prepared on a historical cost basis, except for derivative financial instruments and certain non-derivative financial assets and financial liabilities held at fair value through profit or loss (“FVTPL”) that have been measured at fair value.

The accounting policies have been consistently applied to all periods presented in these financial statements.

Note 2 Significant Accounting Policies (continued)

Basis of Preparation (continued)

The financial statements are presented in United States Dollars ("USD"), which is the functional currency of the Fund, expressed in USD millions (unless otherwise noted). The share capital of the Fund and the majority of its investments are denominated in USD. Most of the expenses and fees paid by the Fund are in USD. Hence, the Board of Directors determined that USD as functional and presentational currency reflects the Fund's primary economic environment.

Note 3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the period to 31 December 2017, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Measurement of fair values

For detailed information on the fair value of financial instruments including information on their leveling please refer to Note 4.

Note 4 Financial Assets and Liabilities at Fair Value through Profit and 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.

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

Fair value hierarchy (continued)

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as at 30 June 2017:

Recurring fair value measurement of assets and liabilities

Financial assets at FVTPL	Level 1 US$ MM	Level 2 US$ MM	Level 3 US$ MM	Total Fair Value US$ MM
CLO Equity Tranches	-	-	380.5	380.5
CLO Mezzanine	-	1.8	-	1.8
Loans	-	1.6	-	1.6
Listed Stock	26.1	-	-	26.1
Unlisted Stock	-	19.4	39.1	58.5
Investment funds and vehicles	-	410.5	235.6	646.1
TFG Asset Management (note 5)	-	-	452.6	452.6
Total financial assets at FVTPL	26.1	433.3	1,107.8	1,567.2
Financial assets held for trading				
Equity total return swaps (asset)	-	11.2	-	11.2
Foreign exchange option (asset)	-	0.2	-	0.2
Forward foreign exchange contracts (asset)	-	2.7	-	2.7
Total financial assets held for trading	-	14.1	-	14.1
Financial liabilities held for trading				
Foreign exchange option (liability)	-	(0.2)	-	(0.2)
Forward foreign exchange contracts (liability)	-	(13.5)	-	(13.5)
Credit default swaps (liability)	-	(1.7)	-	(1.7)
Total financial liabilities held for trading	-	(15.4)	-	(15.4)

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

Fair value hierarchy (continued)

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as at 31 December 2016:

Financial assets at FVTPL	Level 1 US$ MM	Level 2 US$ MM	Level 3 US$ MM	Total Fair Value US$ MM
CLO Equity Tranches	-	-	443.7	443.7
CLO Mezzanine	-	1.8	-	1.8
Loans	-	6.6	-	6.6
Listed Stock	12.7	-	-	12.7
Unlisted Stock	-	18.3	25.0	43.3
Investment funds and vehicles	-	369.9	234.2	604.1
TFG Asset Management (note 5)	-	-	407.8	407.8
Total financial assets at FVTPL	12.7	396.6	1,110.7	1,520.0
Financial assets held for trading				
Forward foreign exchange contracts (asset)	-	11.1	-	11.1
Equity total return swaps (asset)	-	11.1	-	11.1
Total financial assets held for trading	-	22.2	-	22.2
Financial liabilities held for trading				
Forward foreign exchange contracts (liability)	-	(3.2)	-	(3.2)
Credit default swaps	-	(0.9)	-	(0.9)
Total financial liabilities held for trading	-	(4.1)	-	(4.1)

Transfers between levels

There were no transfers between levels during the period ended 30 June 2017 or during the year ended 31 December 2016.

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 and other payables.

Valuation process (framework)

State Street (Guernsey) Limited 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 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 Board of Directors is 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 and 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 2017.

	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	443.7	25.0	234.2	407.8	1,110.7
Purchases of investments	45.7	10.0	41.8	-	97.5
Proceeds from sale of investments	-	-	(47.6)	-	(47.6)
Realised gain and change in unrealised appreciation	5.8	4.1	7.2	44.8	61.9
Amortisation*	(114.7)	-	-	-	(114.7)
Balance at end of period	380.5	39.1	235.6	452.6	1,107.8
Total gains and losses for the period included in profit or loss for assets held at the end of the reporting period	22.0	4.1	8.8	44.8	79.7

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 2016.

	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	599.1	21.5	226.9	422.2	1,269.7
Purchases of investments	15.3	-	52.9	-	68.2
Proceeds from sale of investments	(33.0)	-	(48.0)	-	(81.0)
Realised (loss) / gain and change in unrealised (depreciation) / appreciation	(5.0)	3.5	2.4	(14.4)	(13.5)
Amortisation*	(132.7)	-	-	-	(132.7)
Balance at end of period	443.7	25.0	234.2	407.8	1,110.7
Total gains and losses for the period included in profit or loss for assets held at the end of the reporting period	99.9	3.5	2.4	(14.4)	91.4

* Amortisation for CLOs is the deemed repayment of principal

Unrealised gains / losses arising on level 3 assets are included in net gains on financial assets at fair value through profit or loss.

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

Valuation Techniques

The valuation techniques, as described in the annual audited financial statements for the year ended 31 December 2016, are consistent with the valuation techniques applied during the period ended 30 June 2017 for all instruments described in those financial statements. There were no material changes in the modelling assumptions or valuation methods applied during the period.

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 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, 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 2017, key modeling assumptions used are disclosed below. The modeling assumptions disclosed below are a weighted average (by USD amount) of the individual deal assumptions, aggregated by geography (i.e., U.S. and European). Each individual deal's assumptions may differ from this geographical average and vary across the portfolio.

U.S. CLO equity tranche investments

Constant Annual Default Rate ("CADR")	Approximately 2.3% (31 December 2016: 2.3%), 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	74% (31 December 2016: 73%), which is 1.0x of the original base-case assumed weighted-average recovery rate, for the life of the transaction.
Prepayment Rate	20% p.a. (31 December 2016: 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 approximately 368 bps (31 December 2016: 365 bps) on broadly U.S. syndicated loan deals which are still in their reinvestment periods. Middle Market loan deals are all through their reinvestment period.

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

CLO equity tranches (continued)

European CLO equity tranche investments

Constant Annual Default Rate ("CADR")	Approximately 2.1% (31 December 2016: 2.1%), which is 1.0x of the original WARF-derived base-case default rate for the life of the transaction.
Recovery Rate	68% (31 December 2016: 68%), which is 1.0x of the original base-case assumed weighted-average recovery rate, for the life of the transaction.
Prepayment Rate	20% p.a. (31 December 2016: 20%), the original base-case prepayment rate with a 0% prepayment rate on bonds throughout the life of the transaction.
Reinvestment Price and Spread	All European deals are through their reinvestment period.

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 2017, a discount rate of 11% for U.S 1.0 deals (31 December 2016: 11%) and 10% for European deals (31 December 2016: 11%) has been utilised. At 30 June 2017, for US 2.0 deals the discount rate applied is 11% (31 December 2016: 11%) unless the deal is within its non-refinancing period, in which case the deal IRR is utilised as the discount rate. For deals in this category the weighted average IRR or discount rate is 13.4% (31 December 2016: 13.4%).

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 reduce the discount rate by 1% (10% for U.S. deals and 9% for European deals) and increase it by 1% (12% for U.S. deals and 11% for European deals). Reducing the discount rate by 1% and keeping all other variables constant would increase the net assets and profits by US$ 10.0 million. An increase of the discount rate by 1% would result in a reduction of net assets and profits by US$ 9.5 million.

TFG Asset Management (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. Equitix, LCM and Polygon are valued using combination of DCF approach and quoted market multiples ("Market Multiple Approach") based on comparable companies to determine an appropriate valuation range. GreenOak is valued using Market Multiple Approach and cross-checked using blended EBITDA.

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 company (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%.

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

TFG Asset Management (private equity in asset management companies) (continued)

The Market Multiple Approach applies a multiple considered to 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.

Certain business lines in TFG Asset Management are in an early stage of their development and therefore they have low levels of assets under management and a limited record of profitability. In these cases, the valuation specialist has determined that, while a low or zero value might be applied to such a business due to the level of uncertainty, a market participant might also ascribe value to the existence of a functioning team with infrastructure and they might be willing to pay the cost incurred in establishing the team.

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

Investment	Valuation methodology	Significant unobservable inputs
Equitix	DCF and Market Multiples, Debt at par + accrued interest	Discount rate 8.8%, EBITDA multiple 6.5x, DLOL 15% (31 December 2016: 9.5%, 6.0x, 15%)
LCM	DCF and Market Multiples	Discount rate 11.0%, P/AUM multiple 1.7%, DLOL 15% (31 December 2016: 11.5%, 1.6%, 15%)
Polygon	DCF and Market Multiples	Discount rate 12.5%, EBITDA multiple 7.0x, DLOL 20% (31 December 2016: 12.5%, 7.0x, 20%)
GreenOak	Market Multiples	Blended EBITDA multiple 11.1x (31 December 2016: 11.7x)

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

TFG Asset Management (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 alternatives would have the following effects on the net assets and profits:

Investment	Favourable	Unfavourable
Equitix	US$ 19.5m EBITDA multiple 7.0x , 40% primary unsecured revenues, 75% fund management unsecured revenues	(US$ 19.5m) EBITDA multiple 6.0x , 30% primary unsecured revenues, 50% fund management unsecured revenues
LCM	US$ 16.0m P/AUM multiple 2.0%, Discount rate 10.0%	(US$ 16.0m) P/AUM multiple 1.4%, Discount rate 12.0%
Polygon	US$ 4.2m EBITDA multiple 7.4x , Discount rate 11.5%	(US$ 4.2m) EBITDA multiple 6.6x , Discount rate 13.5%
GreenOak	US$ 5.0m Probability of realisation of carry 5%	(US$ 5.0m) Probability of realisation of carry 4%

Investment Funds and Vehicles

Investments in unlisted investment funds are valued utilising the net asset valuations provided by the managers of the underlying funds and / or their administrators, where based on management assessment 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, evidence of trading for open-ended funds and redemption restrictions. No adjustment was deemed material following this review.

Sensitivity analysis

A 1% increase in net asset value of the funds included in level 3 will increase net assets and profits of the Fund by US$ 2.4 million. A decrease in net asset value of the funds will have an equal and opposite effect.

Unlisted stock

The unlisted stock investment includes two private equity investments and these have been valued by reference to recently available data points. For the first investment, this includes an implied valuation by reference to a new round of funding. For the second investment, this includes a valuation document produced for the company by an investment bank. These valuations are cross-checked to valuations provided by a third party valuation specialist.

Listed stock

For listed stock, the closing exchange price is utilised as the fair value price.

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

Leveraged loans, at fair value

To the extent that the Fund's leveraged loans are exchange-traded and are priced or have sufficient bid price indications from normal course trading at or around the valuation date (financial reporting date), such bid pricing will determine fair value. Pricing service marks from third party pricing services may be used as an indication of fair value, depending on the volume and reliability of the marks, sufficient and reasonable correlation of bid and ask quotes, and, most importantly, the level of actual trading activity.

Forward currency contracts, at fair value

Forward currency contracts 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.

Swaps and Contracts for difference

The Fund enters into swaps and contracts for difference ("CFDs") arrangements with financial institutions. Swaps and 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.

The fair value of the swap or CFD is derived by taking the difference between the quoted price of the underlying security and the contract price.

Credit default swaps

Credit default swaps are contracts in which the Fund pays or receives premium flows in return for the counterparty accepting or selling all or part of the risk of default or failure to pay of a reference entity on which the swap is written. Where the Fund has bought protection the maximum potential loss is the value of the premium flows the Fund is contracted to pay until maturity of the contract. Where the Fund has sold protection the maximum potential loss is the nominal value of the protection sold.

Credit default swaps are stated at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including the DCF Approach, as appropriate. Unrealised gains are reported as an asset and unrealised losses are reported as a liability in the Statement of Financial Position.

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

Tri-Party repurchase agreements

In a tri-party repurchase agreement, the Fund lends cash to a third party secured against collateral posted by the borrower to a collateral agent.

At any point, the Fund can recall the loan with twenty-four hours' notice. Failure to deliver the cash will be considered an event of default, enabling the Fund to take delivery of the collateral posted with the collateral agent.

Due to the highly liquid nature of these instruments, the amount being lent through these tri-party repurchase agreements is recorded as cash and cash equivalents in the Statement of Financial Position, with interest receivable accrued and recognised as interest income in the Statement of Comprehensive Income.

Note 5 TFG Asset Management

TFG Asset Management is a diversified alternative asset management business that owns majority and minority private equity stakes in asset management companies. The Fund owns 100% holdings and voting rights in TFG Asset Management. As at 30 June 2017, TFG Asset Management investments were comprised of LCM, Polygon, Equitix, Hawke's Point, TCIP and a minority stake in GreenOak.

	30 Jun 2017	31 Dec 2016
	US$ MM	US$ MM
Equitix	205.3	172.5
LCM	114.9	106.2
GreenOak	67.0	67.0
Polygon	60.3	59.7
TCIP	4.3	1.6
Hawke's Point	0.8	0.8
Investments in TFG Asset Management	452.6	407.8

Note 6 Cash and Cash Equivalents

	30 June 2017	31 Dec 2016
	US$ MM	US$ MM
Cash and current deposits with banks	383.9	392.6
	383.9	392.6

Of this cash balance, US$ 271.0 million relates to amounts loaned to counterparties and secured against collateral through tri-party agreements (31 December 2016: US$ 201.0 million). These all have at least overnight liquidity.

Certain controlled subsidiaries, related to real estate investments, owned by the Fund contain cash and cash equivalents balance of US$ 40.1 million as at 30 June 2017 (31 December 2016: US$ 32.6 million). This cash balance is included in the fair value of these subsidiaries.

Note 7 Credit Facility

On 5 April 2016, the Fund obtained an unsecured US$ 75.0 million revolving credit facility (the "Revolving Credit Facility") which has a current maturity date of 1 April 2020. The maturity date will automatically be extended by six months on 1 April and 1 October in each year unless the lender provides a written notice to the Fund withholding consent to such an extension.

During the year ended 31 December 2016, the Fund increased the size of its Revolving Credit Facility from US$ 75.0 million to US$ 150.0 million with the addition of a second lender to the facility.

The facility is subject to a minimum usage fee which is equivalent to a 4% coupon on 25% of the total notional amount of the facility. In addition, there is a non-usage fee of 1% which is applied to the undrawn notional amount, excluding the notional amount which is subject to the minimum usage fee. Any drawn portion will incur interest at a rate of 1M US LIBOR plus a spread of 4%.

As at 30 June 2017, the drawn balance on the credit facility was US$ 38.0 million (31 December 2016: US$ 38.0 million) while US$ 112.0 million of the facility remained undrawn (31 December 2016: US$ 112.0 million).

Note 8 Share Capital

Share Transactions

	Voting shares No.	Non-Voting shares No. MM	Treasury shares No. MM	Shares held in TFG Holdings I* No. MM	Shares held in Escrow No. MM
Shares in issue at 1 January 2016	10	95.9	12.8	17.0	12.3
Stock dividends	-	1.6	(0.7)	-	0.8
Issued through release of tranche of Escrow shares	-	3.2	0.6	-	(3.8)
Issue through exercise of GreenOak options	-	0.7	(0.7)	-	-
Shares purchased during the year	-	(14.3)	4.3	10.0	-
Shares transferred to Treasury	-	-	27.0	(27.0)	-
Shares in issue at 31 December 2016	10	87.1	43.3	-	9.3
Stock dividends	-	0.6	(0.9)	-	0.3
Issue through exercise of TFM options	-	2.4	(2.4)	-	-
Issue through exercise of GreenOak options	-	0.4	(0.4)	-	-
Shares transferred to Escrow for deferred incentive fee	-	-	(2.0)	-	2.0
Shares in issue at 30 June 2017	10	90.5	37.6	-	11.6

* TFG Holdings I was closed during 2016.

Note 9 Dividends

	30 Jun 2017 US$ MM	31 Dec 2016 US$ MM
Quarter ended 31 December 2015 of US$ 0.165 per share	-	15.9
Quarter ended 31 March 2016 of US$ 0.165 per share	-	16.1
Quarter ended 30 June 2016 of US$ 0.1675 per share	-	14.6
Quarter ended 30 September 2016 of US$ 0.1675 per share	-	15.3
Quarter ended 31 December 2016 of US$ 0.1725 per share	15.1	-
Quarter ended 31 March 2017 of US$ 0.1725 per share	15.6	-
	30.7	61.9

The second quarter dividend of US$ 0.1750 (30 June 2016 US$ 0.1675) per share was approved by the Directors on 27 July 2017 and has not been included as a liability in these consolidated financial statements.

The Fund also pays a dividend to the Tetragon Financial Group Limited (the "Feeder") that is sufficient to pay its incentive fee liability. In the period ended 30 June 2017, US$ 13.0 million (30 June 2016: US$ 9.3 million) was paid.

Note 10 Share-based Payment Plan

On 28 October 2012, TFG Asset Management L.P. and certain of its affiliates, were acquired by the Fund in exchange for consideration of approximately 11.7 million non-voting shares of the Feeder, with an aggregate fair value at grant date of US$ 98.5 million, to the sellers (the “Aggregate Consideration”).

The Aggregate Consideration is held in escrow (along with accrued stock dividends), by the escrow agent pursuant to the terms of the escrow agreement. The first tranches were released annually from 2013 to 2016 with the remainder to be released in 2017.

These shares were treated as payment for post combination services rather than upfront consideration and have been accounted for under IFRS 2 *Share-based Payments*. The Fund recognises the individual compensation costs on a graded vesting basis over the relevant service period of each award. These are reflected in the Statement of Comprehensive Income as share-based employee compensation and through Equity as a capital contribution. The charge for the period ended 30 June 2017 amounted to US$ 2.1 million (30 June 2016: US$ 4.8 million).

Movements during the period
The following tables illustrate the movements in shares during the period:

	30 Jun 2017 Shares MM	31 Dec 2016 Shares MM
Balance at beginning of period / year	3.2	6.6
New awards	-	-
Vested during the period	-	(3.8)
Stock dividends	0.1	0.4
Balance at end of period / year	3.3	3.2

The remaining balance of shares will vest on 28 October 2017.

Note 10 Share-based Payment Plan (continued)

The Fund also pays two of its directors in the form of shares in the Feeder. Please refer to Note 12 for details of this payment.

Note 11 Contingencies and Commitments

On 16 September 2010, the Fund committed to GreenOak to provide a co-investment commitment of up to US$ 100.0 million into GreenOak investment vehicles. As at 30 June 2017, in relation to this particular co-investment commitment, GreenOak had given the Fund notice totaling US$ 103.6 million across multiple investment vehicles, of which US$ 65.6 million had actually been drawn down and funded (31 December 2016: US$ 60.6 million). In certain cases, the Fund has also made additional commitments outside of the co-investment agreement and in aggregate, the Fund has estimated total unfunded commitments of US$ 129.0 million in respect of GreenOak investment vehicles (31 December 2016: US$ 90.9 million). The total actual amount ultimately drawn may be lower than this estimated maximum amount.

The Fund has committed capital to Tetragon Credit Income II LP ("TCI II"). As at 30 June 2017, the Fund has total unfunded commitments of US$ 57.0 million (31 December 2016: US$ 46.1 million).

Note 12 Related-Party Transactions

The Feeder, a Guernsey based closed-ended investment company, invests substantially all of its assets in the Fund, and has the same Investment Manager as the Fund. The Feeder is the parent company of the Fund, as it owns 100% of the Fund's shares.

All fees and expenses of the Feeder and the Fund (including management fees paid to the Investment Manager), except for the incentive fees, are paid by the Fund and allocated to the Feeder. Any incentives fees are paid to the Investment Manager by the Feeder. During period ended 30 June 2017, US$ 13.0 million (30 June 2016: US$ 9.3 million) was paid as incentive fees.

The remuneration for Directors shall be determined by resolution of the Voting Shareholder. Each of the Directors' annual fee is US$ 100,000 as compensation for service on the Boards of Directors of both the Feeder and the Fund. The Directors have the option to elect to receive non-voting shares in the Feeder instead of the quarterly fee.

The Fund will pay the Directors' fees. Paddy Dear and Reade Griffith have waived their entitlement to a fee in respect of their services as Directors. The Directors are entitled to be repaid by the Fund for all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors has a contract with the Feeder or the Fund providing for benefits upon termination of employment.

With respect to the period ended 30 June 2017, Frederic Hervouet has elected to receive shares in lieu of his full compensation as director. William Rogers has elected to receive shares in lieu of half of his compensation. During the period, Frederic Hervouet and William Rogers received 4,019 and 1,009 shares respectively. The number of shares issued instead of the fee for the second quarter will be determined as part of the second quarter 2017 dividend process.

The Voting Shareholder, which holds all of the voting shares of the Fund, is an affiliate of Polygon and continues to be an affiliate of the Investment Manager. As a result of its ownership and the degree of control that it exercises, the Voting Shareholder will be able to control the appointment and removal of the Fund's and Feeder's Directors (subject to applicable law). Affiliates of the Voting Shareholder also control the Investment Manager and, accordingly, control the Fund's business and affairs.

Note 12 Related-Party Transactions (continued)

TFG Asset Management which owns Polygon's asset management businesses and infrastructure platform and interests in LCM and GreenOak, was acquired on 28 October 2012 (the "Acquisition"). As part of the Acquisition, Reade Griffith and Paddy Dear, as founders of Polygon, were awarded consideration in non-voting shares of the Feeder, which vest between 2015 and 2017.

It was contractually agreed as part of the Acquisition that to the extent any annual compensation actually paid to each of Reade Griffith and Paddy Dear in respect of his employment with the Fund exceeds an annual base salary of US$ 100,000, they would promptly return such excess amount to the Fund. During the period ended 30 June 2017 total compensation paid to them each in aggregate was US$ 50,000 (30 June 2016: US$ 50,000).

Reade Griffith and Paddy Dear continue to hold membership interests in Polygon Global Partners LLP (the "U.K. Investment Manager") which collectively entitle them to exercise all of the voting rights in respect of the U.K. Investment Manager. As part of the Acquisition, each of Mr. Griffith and Mr. Dear has agreed that he will (i) exercise his voting rights in a manner that is consistent with the best interests of the Fund and (ii) upon the request of the Fund, for nominal consideration, sell, transfer and deliver his membership interests in the U.K. Investment Manager to the Fund.

The U.K. Investment Manager and Polygon Global Partners LP (together the "Service Providers") provide operational, financial control, trading, marketing and investor relations, legal, compliance, administrative, payroll and employee benefits and other services to the Investment Manager in exchange for fees payable by the Investment Manager to the Service Providers. One of these entities, the U.K. Investment Manager, which is authorised and regulated by the United Kingdom Financial Conduct Authority, also provides services to the Investment Manager relating to the dealing in and management of investments, arranging of deals and advising on investments. In addition, the Service Providers also provide infrastructure services to GreenOak and operating, infrastructure and administrative services to Polygon Private Investment Partners LP, an affiliate of the Voting Shareholder, pursuant to applicable separate services agreements. The Service Providers are held at fair value.

TFG Asset Management, through the Service Providers, has implemented a cost-allocation methodology with the objective of allocating service-related costs, including to the Investment Manager. TFG Asset Management then charges fees for the services allocated on a cost-recovery basis that is designed to achieve full recovery of the allocated costs. In the period, the amount recharged to the Investment Manager was US$ 7.2 million (30 June 2016: US$ 7.6 million), GreenOak US$ 0.3 million (30 June 2016: US$ 0.3 million) and Polygon Private Investment Partners LP US$ 0.1 million (30 June 2016: US$ 0.1 million).

Reade Griffith and Paddy Dear also hold membership interests in Pace Cayman Holdco Limited ("Pace Holdco"), an entity through which the Fund ultimately owns its equity stake in Equitix. These membership interests collectively entitle them to exercise all of the voting rights in respect of Pace Holdco. Each of Mr. Griffith and Mr. Dear has agreed that he will (i) exercise his voting rights in a manner that is consistent with the best interests of the Fund and (ii) upon the request of the Fund, for nominal consideration, sell, transfer and deliver his membership interests in the Pace Holdco to the Fund.

The Fund holds CLO equity investments in CLOs which are managed by LCM. In total, as at 30 June 2017, it held CLO equity tranche investments in 15 CLOs managed by LCM with a fair value of US$ 216.2 million (31 December 2016: US$ 202.0 million).

At 30 June 2017, the Fund held investments across several hedge funds managed by Polygon. These hedge funds employ investment strategies involving investing in equities, convertible bonds, credit and derivatives. As at 30 June 2017, the fair value of these investments was US$ 390.0 million (31 December 2016: US$ 406.4 million).

Note 12 Related-Party Transactions (continued)

The Fund owns a 23% equity interest in GreenOak.

The Fund has made investments across multiple real estate investment vehicles managed by GreenOak. As at 30 June 2017, these investments referenced real estate in the United States, Japan and Europe with a combined net asset value of US$ 141.3 million (31 December 2016: US$ 116.7 million). These investments are typically illiquid, and the Fund will only receive distributions on liquidation of the investment vehicle's underlying assets, which in some cases may not be for several years.

TCIP is the general partner of TCI II. The Fund owns 100% of TCIP. As at 30 June 2017, the Fund's investment in TCI II is fair valued at US$ 12.8 million (31 December 2016: US$ 16.1 million).

Hawke's Point Manager LP is the manager of Hawke's Point Holding LP. The Fund owns 100% of Hawke's Point Manager LP through its ownership of TFG Asset Management. As at 30 June 2017, the Fund's investment in Hawke's Point Holding LP is fair valued at US$ 6.2 million (31 December 2016: nil).

Please refer to note 11 for details of unfunded commitments related to GreenOak vehicles and TCI II.

Note 13 Subsequent Events

The Directors have evaluated the period up to 27 July 2017, which is the date that the financial statements were approved, and have concluded that there are no material events that require disclosure or adjustment to the financial statements.

Note 14 Approval of Financial Statements

The Directors approved and authorised for issue the condensed unaudited financial statements on 27 July 2017.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED SCHEDULE OF INVESTMENTS
As at 30 June 2017

Security Description	Nominal MM	Cost US$ MM	Fair Value US$ MM	% of Net Assets
United States CLO Equity				
Cayman Islands				
Broadly Syndicated Senior Secured Loans	994.1	907.9	346.6	17.44%
Middle Market Senior Secured Loans	133.2	123.9	6.4	0.32%
	1,127.3	1,031.8	353.0	17.76%
European CLO Equity				
Ireland				
Broadly Syndicated Senior Secured Loans	60.0	72.8	6.9	0.35%
	60.0	72.8	6.9	0.35%
Luxembourg				
Broadly Syndicated Senior Secured Loans	71.1	84.2	11.1	0.56%
	71.1	84.2	11.1	0.56%
Netherlands				
Broadly Syndicated Senior Secured Loans	24.0	31.8	9.5	0.48%
	24.0	31.8	9.5	0.48%
United States CLO Mezzanine				
Cayman Islands				
Broadly Syndicated Senior Secured Loans	1.8	1.1	1.8	0.09%
	1.8	1.1	1.8	0.09%
Loans				
United States Broadly Syndicated Senior Secured Loans	2.0	1.3	1.6	0.08%
	2.0	1.3	1.6	0.08%
Listed Stock				
United Kingdom – Equity Investments		21.4	26.1	1.31%
		21.4	26.1	1.31%
Unlisted Stock				
Norway – Equity Investments		6.8	19.4	0.97%
United States – Equity Investments		30.0	39.1	1.97%
		36.8	58.5	2.94%
Investment Funds and Vehicles				
United States – Real Estate		49.9	81.3	4.09%
Japan – Real Estate		23.6	37.6	1.89%
Latin America – Real Estate		30.7	28.0	1.41%
Europe – Real Estate		58.9	59.9	3.01%
Cayman Islands – CLO Equity Fund		13.1	12.8	0.65%
United Kingdom – Private Equity		6.0	5.7	0.29%
Global – Hedge Funds – Equities		45.5	48.4	2.43%
Global – Mining Finance Fund		10.2	6.2	0.31%
Polygon European Equity Opportunity Fund		192.0	204.7	10.31%
Polygon Distressed Opportunities Fund		97.6	108.1	5.44%
Global – Hedge Funds – Credit and Convertible Bonds		46.0	53.4	2.69%
		573.5	646.1	32.52%
TFG Asset Management				
United Kingdom Infrastructure Asset Management Business		132.9	205.3	10.33%
Global Financial Real Estate Manager		10.7	67.0	3.37%
Global Hedge Fund Manager		49.9	60.3	3.04%
United States CLO Manager		44.0	114.9	5.78%

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED SCHEDULE OF INVESTMENTS - (continued)
As at 30 June 2017

Security Description	Cost US$ MM	Fair Value US$ MM	% of Net Assets
TFG Asset Management			
Other	-	5.1	0.25%
	237.5	452.6	22.77%
Total Investments	2,092.2	1,567.2	78.86%
Financial Derivative Instruments			
Forward Foreign Currency Exchange Contracts		(10.8)	(0.55%)
Equity Total Return Swaps		11.2	0.56
Credit Default Swaps		(1.7)	(0.08%)
Total Financial Derivative Instruments		(1.3)	(0.07%)
Cash and Cash Equivalents		383.9	19.32%
Other Assets and Liabilities		37.5	1.89%
Net Assets		1,987.3	100.00%

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED SCHEDULE OF INVESTMENTS
As at 31 December 2016

Security Description	Nominal MM	Cost US$ MM	Fair Value US$ MM	% of Net Assets
United States CLO Equity				
Cayman Islands				
Broadly Syndicated Senior Secured Loans	1,004.5	917.9	390.9	20.13%
Middle Market Senior Secured Loans	133.2	123.9	21.2	1.09%
	1,137.7	1,041.8	412.1	21.22%
European CLO Equity				
Ireland				
Broadly Syndicated Senior Secured Loans	78.3	94.0	13.8	0.71%
	78.3	94.0	13.8	0.71%
Luxembourg				
Broadly Syndicated Senior Secured Loans	71.1	84.2	7.5	0.38%
	71.1	84.2	7.5	0.38%
Netherlands				
Broadly Syndicated Senior Secured Loans	24.0	31.8	10.3	0.53%
	24.0	31.8	10.3	0.53%
United States CLO Mezzanine				
Cayman Islands				
Broadly Syndicated Senior Secured Loans	1.8	1.1	1.8	0.09%
	1.8	1.1	1.8	0.09%
Loans				
United States Broadly Syndicated Senior Secured Loans	6.4	6.6	6.6	0.34%
	6.4	6.6	6.6	0.34%
Listed Stock				
United Kingdom – Equity Investments		12.5	12.7	0.65%
		12.5	12.7	0.65%
Unlisted Stock				
Norway – Equity Investments		5.3	18.3	0.94%
United States – Private Equity		20.0	25.0	1.30%
		25.3	43.3	2.24%
Investment Funds and Vehicles				
United States – Real Estate		42.9	90.3	4.66%
Japan – Real Estate		19.8	30.7	1.58%
Latin America – Real Estate		30.0	27.7	1.43%
Spain – Real Estate		8.5	9.4	0.48%
United Kingdom – Real Estate		20.8	18.5	0.95%
Cayman Islands – CLO Equity Fund		15.9	16.1	0.83%
United Kingdom – Private Equity		5.2	4.9	0.25%
Global – Hedge Funds – Equities		55.0	56.1	2.89%
Polygon European Equity Opportunity Fund		181.2	192.9	9.93%
Polygon Distressed Opportunities Fund		95.0	106.5	5.48%
Global – Hedge Funds – Credit and Convertible Bonds		35.0	51.0	2.63%
		509.3	604.1	31.11%
TFG Asset Management				
United Kingdom Infrastructure Asset Management Business		132.9	172.5	8.89%
Global Financial Real Estate Manager		10.7	67.0	3.45%
Global Hedge Fund Manager		49.9	59.7	3.07%
United States CLO Manager		44.0	106.2	5.47%

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONDENSED SCHEDULE OF INVESTMENTS - (continued)
As at 31 December 2016

Security Description	Cost US$ MM	Fair Value US$ MM	% of Net Assets
TFG Asset Management			
Other	-	2.4	0.12%
	237.5	407.8	21.00%
Total Investments	2,044.1	1,520.0	78.27%
Financial Derivative Instruments			
Forward Foreign Currency Exchange Contracts		7.9	0.41%
Credit default swaps		(0.9)	(0.04%)
Equity Total Return Swaps		11.1	0.57%
Total Financial Derivative Instruments		18.1	0.94%
Cash and Cash Equivalents		392.6	20.22%
Other Assets and Liabilities		11.3	0.57%
Net Assets		1,942.0	100.00%

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.

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