



WELCOME

Tetragon Investor Day

9 October 2018

This presentation has been modified from its original version to address applicable regulatory and compliance matters associated with its release on the Tetragon website. The original version is available upon request.

The information contained herein does not constitute an offer to sell or a solicitation of an offer to purchase any security of Tetragon.

This information is current only as of 31 August 2018, unless otherwise stated. Tetragon undertakes no obligation to update any information contained in this presentation. Please refer to the accompanying legal disclaimer. In this report, unless otherwise stated, we report on the consolidated business incorporating Tetragon and Tetragon Financial Group Master Fund Limited (Tetragon Master Fund).



Tetragon Investor Day

Paddy Dear

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Agenda

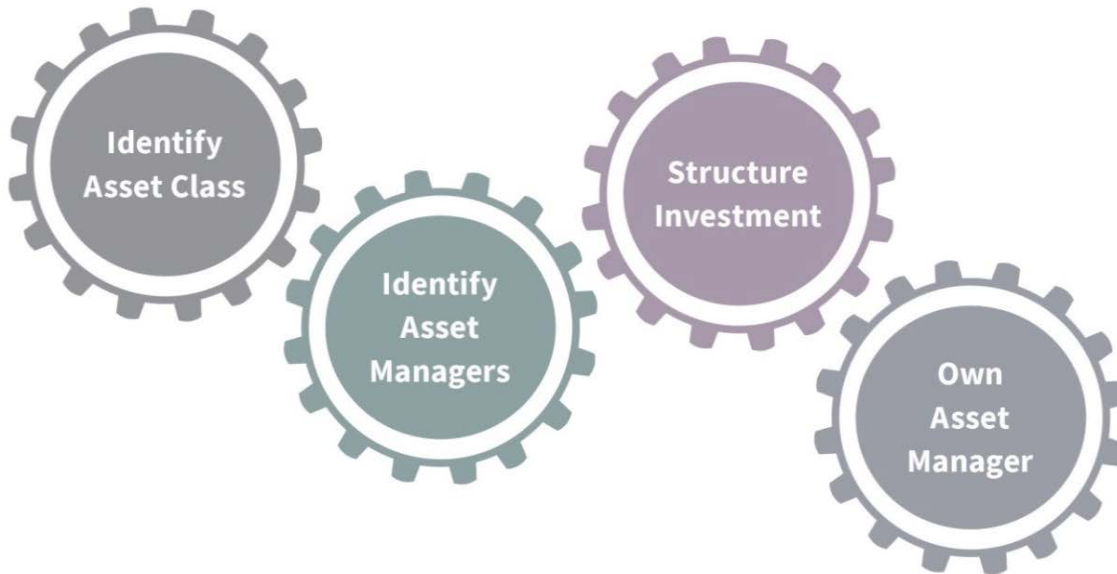


- **Welcome**
- **Tetragon's investment strategy – Paddy Dear**
- **TFG Asset Management – Stephen Prince**
- **Portfolio Construction – Reade Griffith**
- **Risk management – Aseem Garg**
- **Conclusion**
- **Q & A**



INTRODUCTION

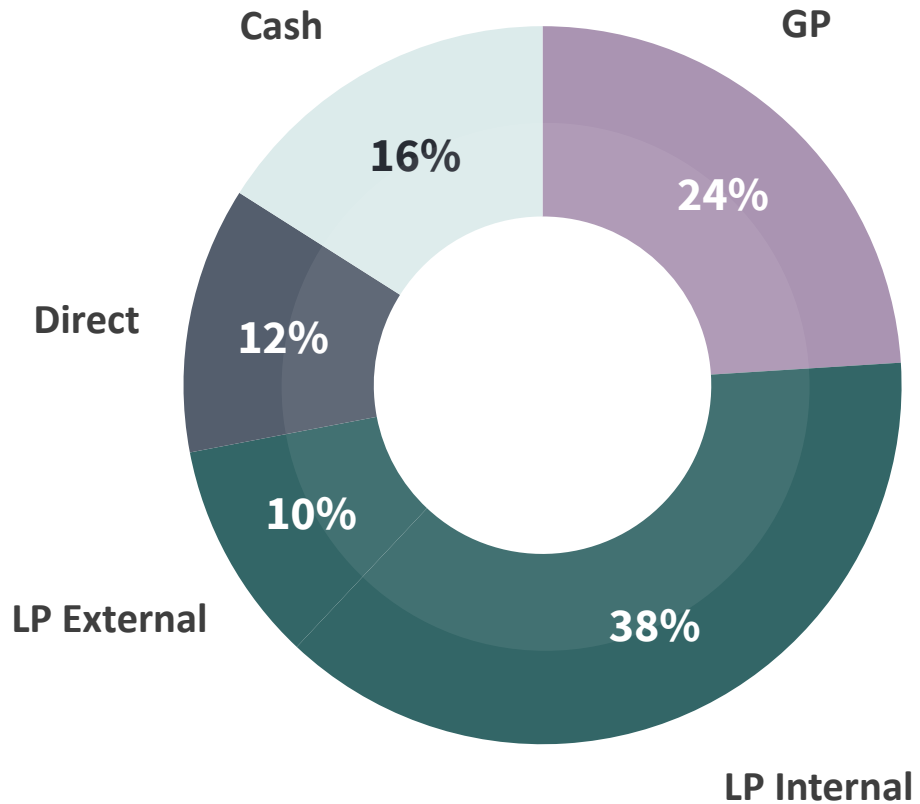
Investment Strategy



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

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

Tetragon's Investments at 31 August 2018



Tetragon's investments comprise:

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

Source: Tetragon.

TFG Asset Management

(Private equity in asset management companies)



(i)(ii)(iii)(iv)(v)(vi)(vii) 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. Please refer to Endnotes on page 52 for important disclosures. Source: Tetragon.

Goal: Repeatable Idea Sourcing

Sourcing

Investing

ASSET CLASSES

INVESTMENT STRATEGIES

ASSET MANAGERS

- Select asset classes and investment strategies
- Select asset managers
- Negotiate terms/structure
- Long duration capital
- Diversified investments

\$2 billion
NAV portfolio



Investment ideas

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, creating a sense of height and architectural scale. The buildings are set against a clear, light blue sky.

TFG Asset Management Stephen Prince

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TFG Asset Management

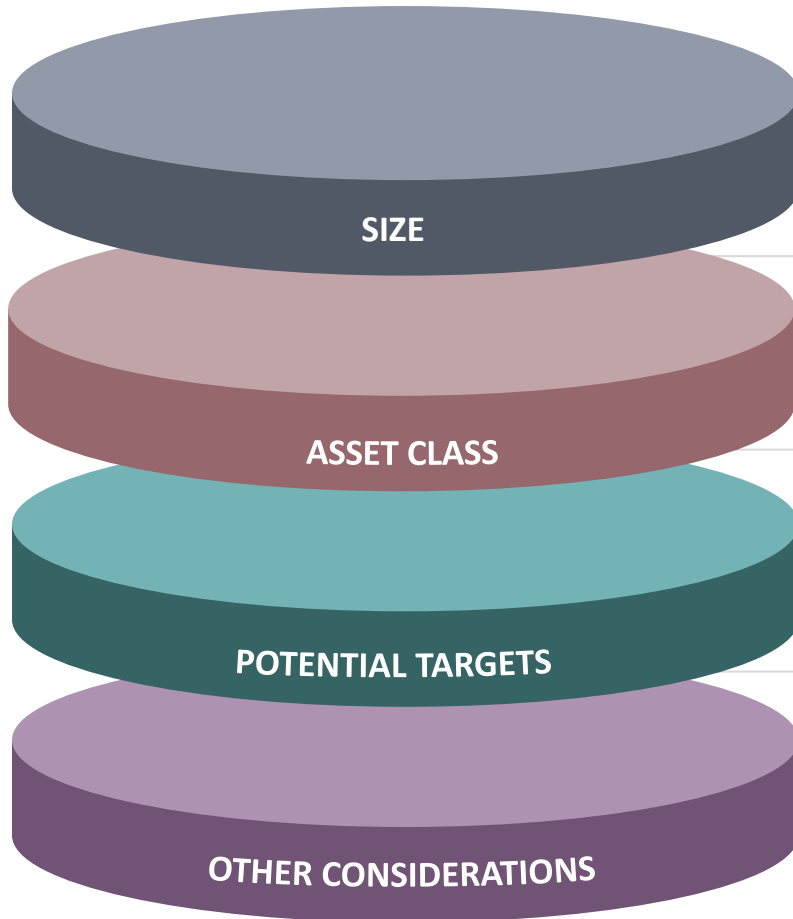
(Private equity in asset management companies)



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Acquisition Framework

The following are certain general criteria that Tetragon is currently considering in connection with potential acquisitions of asset management businesses for TFG Asset Management, Tetragon's diversified alternative asset management business that owns majority and minority stakes in asset managers.



- Early-stage asset managers with superior track records with AUM scalable to \$1-2 billion
- Later stage asset managers with AUM of \$2-5 billion
- Preference for established firms over start-ups
- Example: acquired UK infrastructure manager with ~£1 billion of AUM for ~\$250 million in 2015

- Focus on alternatives asset classes
- Asset classes with intrinsic and sustainable alpha
- Complex asset classes which are not easily replicable
- Barriers to entry in place (team/scale/asset class/network)

- Dislocated team, possibly non-core
- Managers in transition which could benefit from TFG Asset Management expertise
- Complicated idiosyncratic situations
- Proven individuals/track record

- Tetragon looking for:
 - (a) Synergistic deals, not financial trades/pure exits
 - (b) *Partnership* with strong management teams versus just *ownership*
- Tetragon provides:
 - (a) Capital and strategic resources available to accelerate growth
 - (b) Patient capital given its long-duration capital platform

TFG Asset Management

(Private equity in asset management companies)



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Current Platform

TCIP

\$10.4

GREENOAK

\$106.0

LCM

\$153.7

nascent



mature

\$0.8



\$58.9



\$158.9

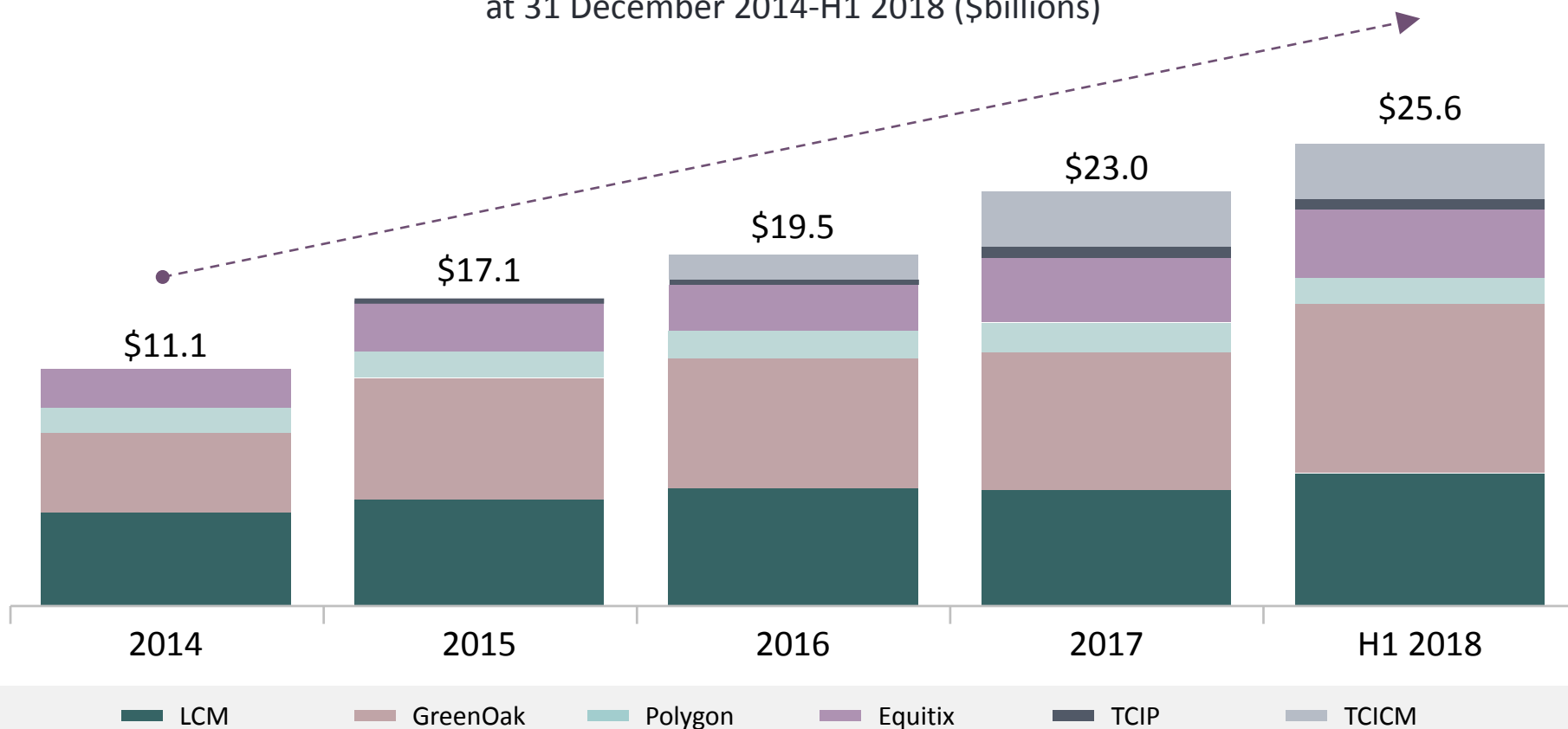


Numbers represent NAV in millions of US dollars at 31 August 2018. Source: Tetragon.

TFG Asset Management – AUM⁽ⁱ⁾

TFG Asset Management AUM

at 31 December 2014-H1 2018 (\$billions)

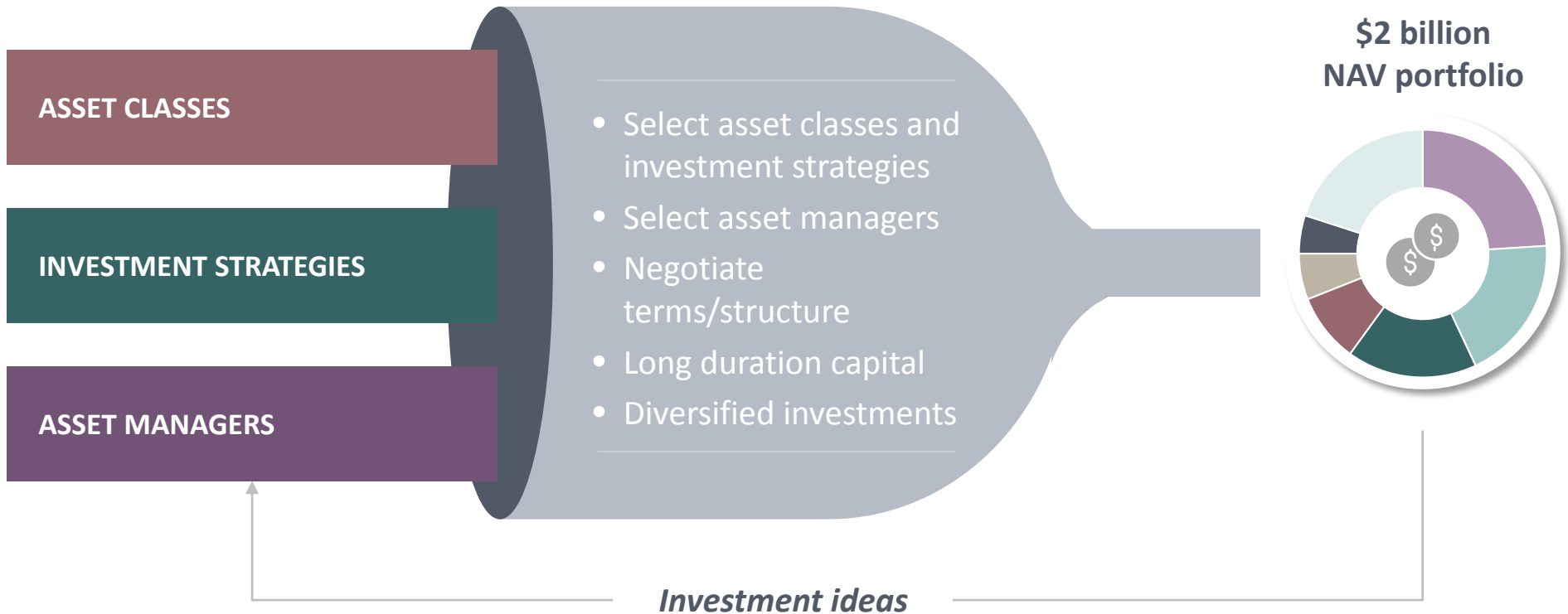


(i) Please refer to Endnote on page 52 for important disclosures. Source: Tetragon.

Goal: Repeatable Idea Sourcing

Sourcing

Investing



Goal: Repeatable Idea Sourcing

The power of the TFG Asset Management platform: People



ASSET CLASSES

INVESTMENT STRATEGIES

ASSET MANAGERS

(i) Please see important disclosures on page 52.

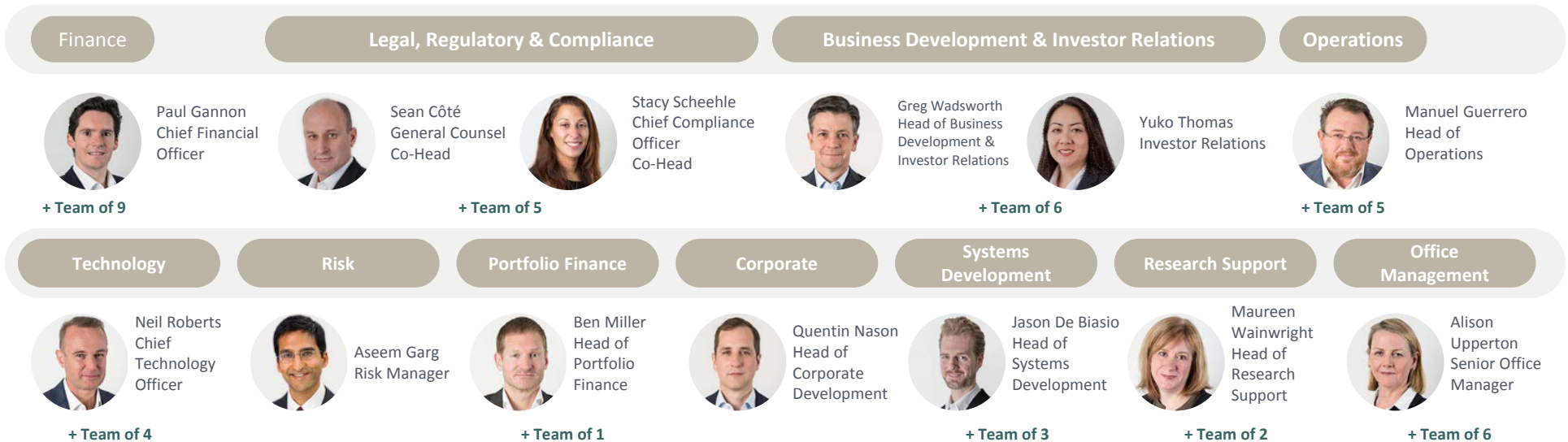
(ii) GreenOak is a joint venture with Tetragon; Tetragon owns 23% of the business. Source: Tetragon.

TFG Asset Management's People

Internal Investment Teams – TFG Asset Management (\$26 billion AUM)⁽ⁱ⁾

Polygon	LCM	GreenOak ⁽ⁱⁱ⁾	Equitix	TCIP	Hawke's Point
21 investment staff (on TFG AM platform)	15 investment staff (on TFG AM platform)	49 investment staff 103 Employees	47 investment staff 120 Employees	6 investment staff (on TFG AM platform)	3 investment staff (on TFG AM platform)

TFG Asset Management Global Operating Platform



(i) Please see important disclosures on page 52.

(ii) GreenOak is a joint venture with Tetragon; Tetragon owns 23% of the business. Source: Tetragon.



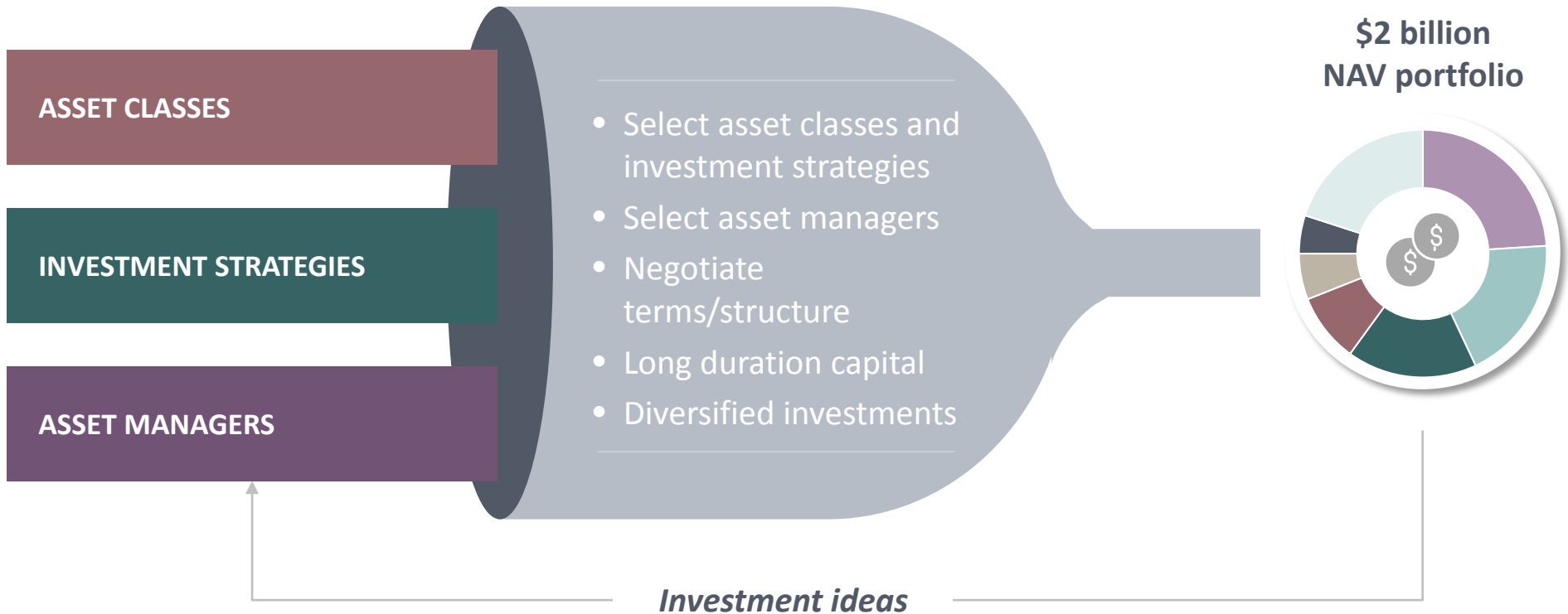
Portfolio Evolution Reade Griffith

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Goal: Repeatable Idea Sourcing

Sourcing

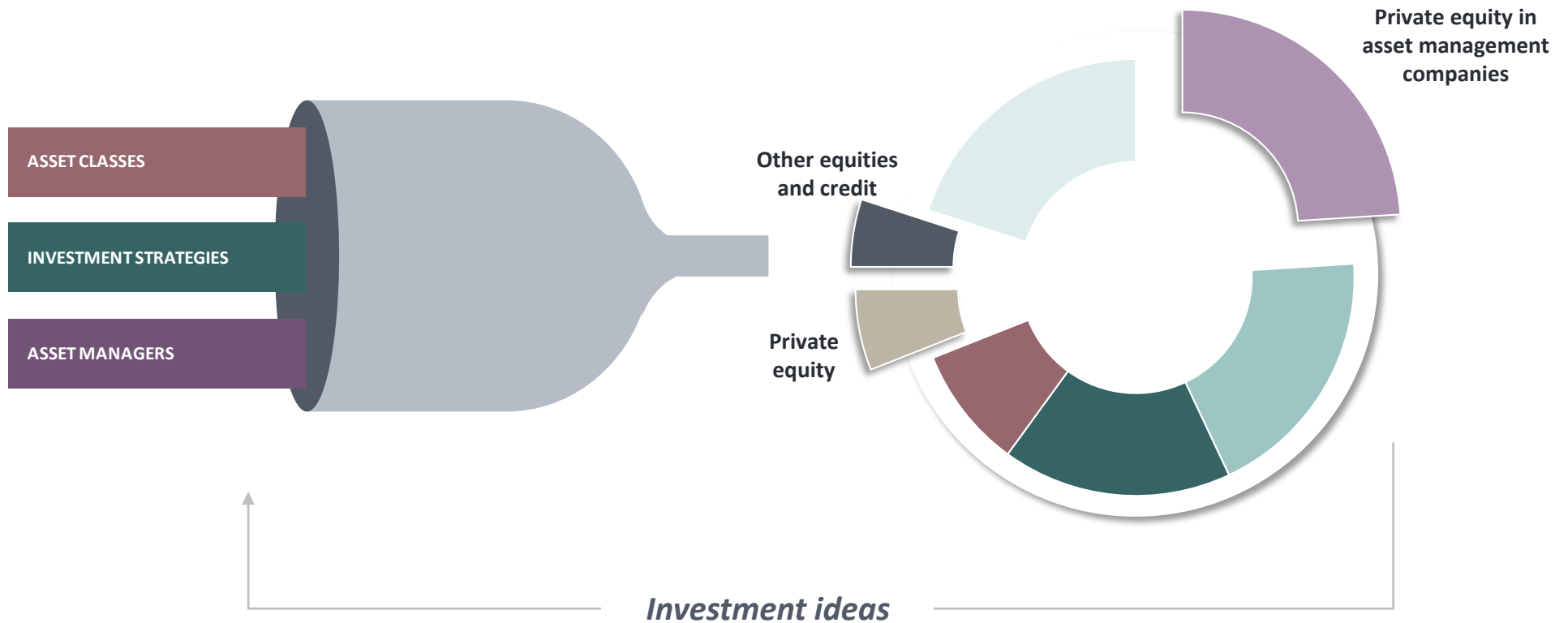
Investing



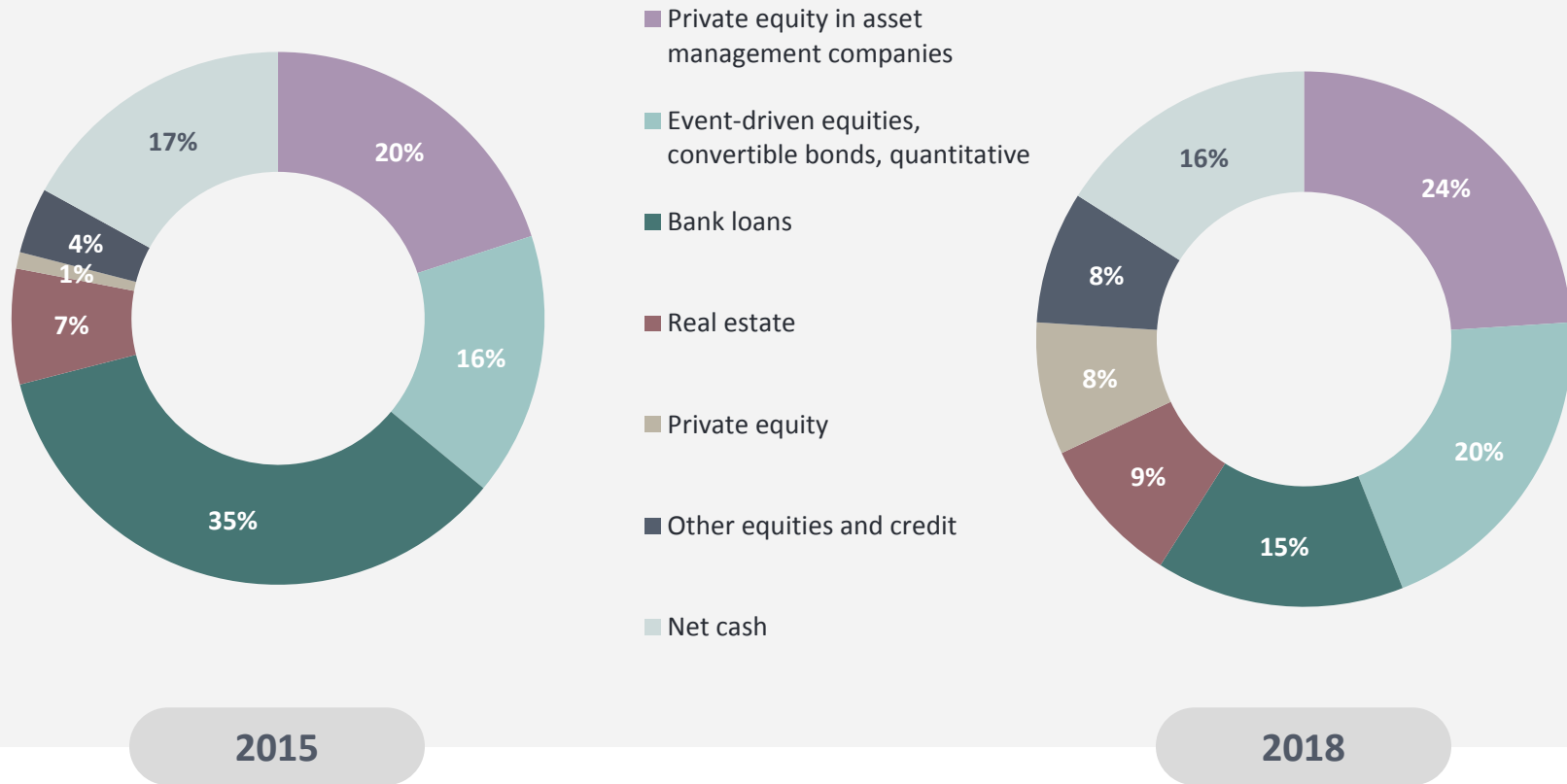
Goal: Repeatable Idea Sourcing

Sourcing

Investing



Portfolio Construction 2015 vs 2018



Source: Tetragon.



Risk Management

Aseem Garg

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Risk Management



Through the Cycle Compounding



Key Components



The Process

Through the Cycle Compounding



Performance

- **11**-year public track record
- **11.1%** annualised NAV per share total return⁽ⁱ⁾
- **12.2%** annual average return on equity⁽ⁱⁱ⁾
- progressive dividend policy with a current dividend yield of **5.5%**⁽ⁱⁱⁱ⁾

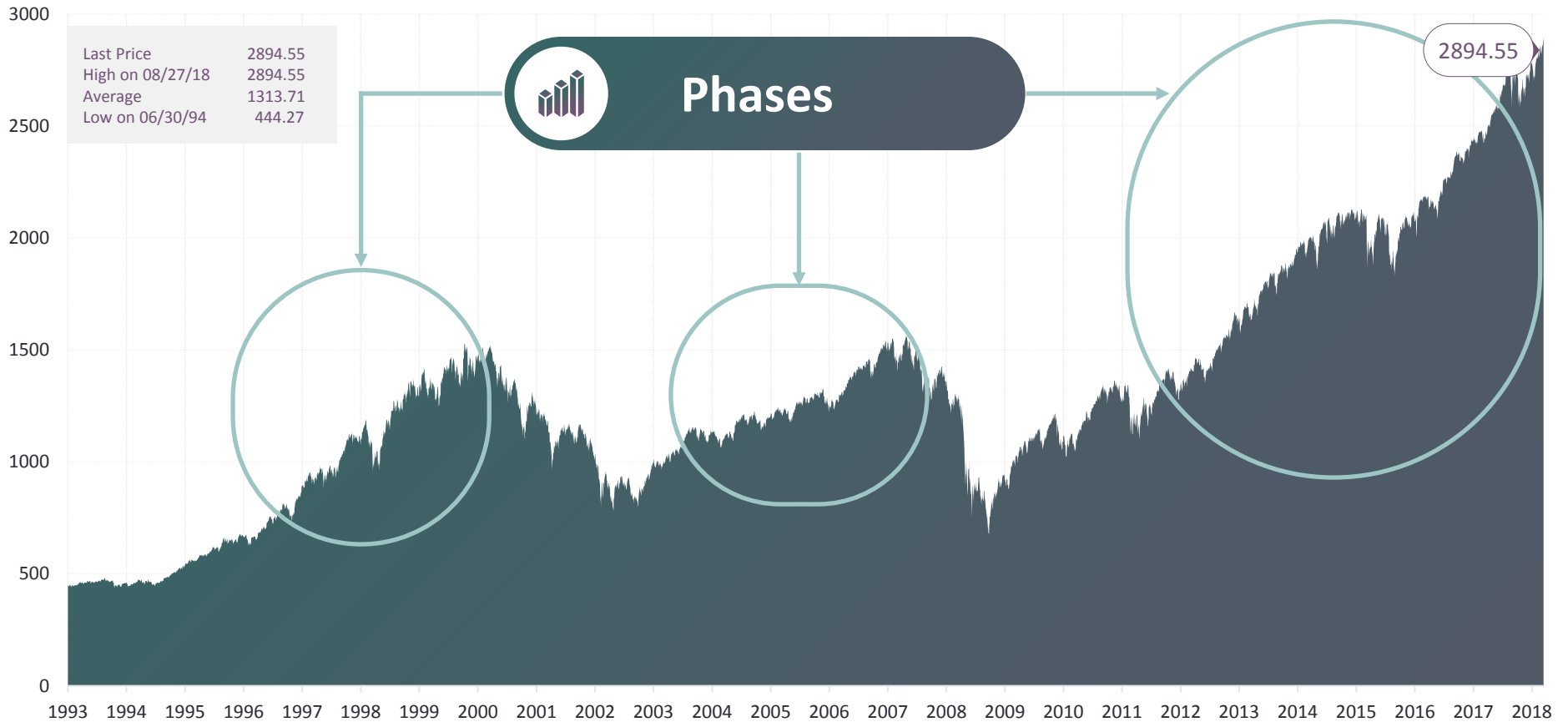


Tetragon aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles.

⁽ⁱ⁾⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾ Please refer to Endnotes on page 52 for important disclosures. Source: Tetragon.

#1: Be Humble Through the Cycle

S&P 500 Price Index (Sept 1993 – Aug 2018)



Source: Bloomberg.

#2: Alignment

Managers with a personal investment in excess of 1M GBP at 20 April 2018

Rank	Company	Value (\$M)
1	RIT Capital	471
2	Tetragon Financial Group	259
3	Apax Global Alpha	239
...		
67	TwentyFour Select Monthly Income	1

Source: Canaccord/Genuity "Skin in the game"



#2 across all UK-listed investment trusts



Tetragon insider ownership of approximately **27%** of shares



Essential to the "so what" of risk monitoring

#3: The Right Risk Goal



Preserve wealth by
minimising risk of ruin

The Process / Deliverables



Performance Review

Key financial highlights

NAV bridge

Investment P&L by asset class

Valuation



Market Risk

Concentration limits

Equity exposure

Risk limits

CLO credit metrics

FX exposure

Scenario analysis

Interest rate sensitivity

Tail hedge monitor



Liquidity Risk

Portfolio forecast

Duration profile

Tetragon cash vs. debt

Leverage facilities

Review borrowing covenants

Short-term cash management



Operational Risk

Trades done in the month

Settlement

Counterparty

Legal

Regulatory / Compliance

Finance / Tax

Understand Exposures



Exposure Analysis

Equity / Credit / Interest Rates

Sectors / Geographies

Counterparty

Interest Rates

Foreign Currency



Trends

Credit Quality

Scenario Analysis

Scenario Analysis



Stagflation (1970s)



Deflation



Financial Crisis
(2008)



Bull Market



Interest
Rate Spike

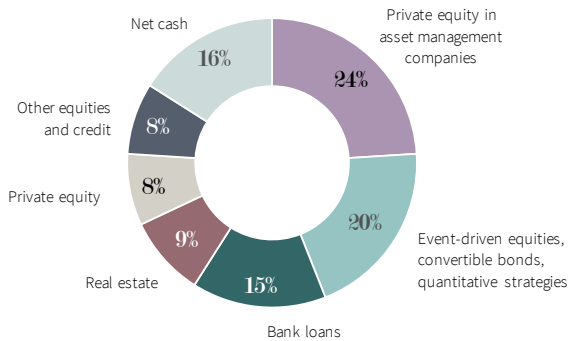
*Potential impact of
interest rates +3%
over one year*

Passive Index	Potential Return of index
Equity indices	-30%
Real estate indices	-25%
10 year bonds	-19%
Bank loan indices	+6%

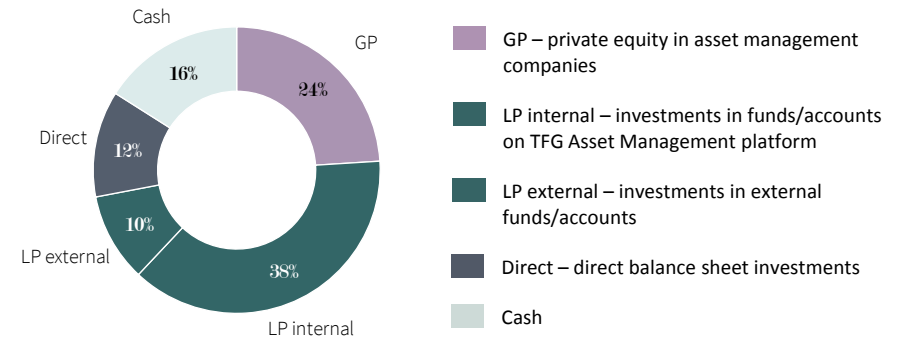
Source: Tetragon.

Avoid Over Concentration

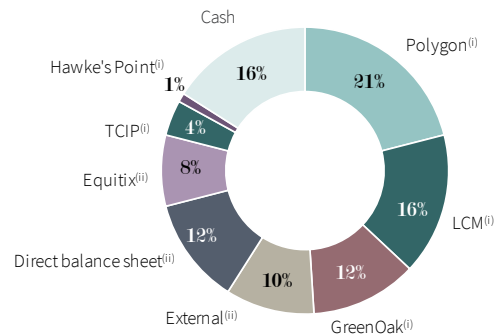
By Asset Class



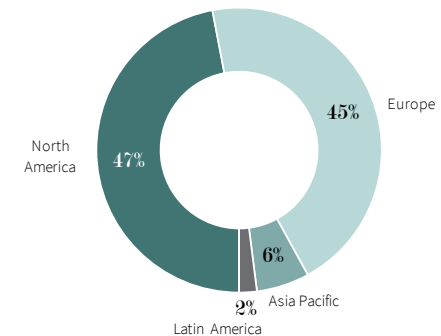
By Investment



By Exposure



By Geography



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

Liquidity Management



Conservative liability management

- Project & measure cash conservatively
- Ring fenced / no contagion investments



Create optionality around liquidity

- Revolver

As of 31 August 2018

	\$MM	% of NAV
Cash	\$341	16%
Undrawn Revolver	\$112	5%
Total Liquidity	\$453	22%



Long-duration capital

Source: Tetragon.

"It is remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent"

— Charlie Munger





Conclusion
Paddy Dear

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Q & A

Endnotes

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- i. AUM 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 Global Equities Master Fund, Equitix, TCI II, TCI III and TCICM as calculated by the applicable administrators for value date 30 June 2018. Includes, where relevant, investments by the Tetragon Master Fund, TCI II and TCI III (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 TCIP 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.
- ii. Investment funds managed by LCM at 30 June 2018. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited, TCI II and TCI III.
- iii. Includes investment funds and advisory assets managed by GreenOak (a separately registered investment adviser with the U.S. Securities and Exchange Commission) at 30 June 2018. Tetragon owns a 23% stake in GreenOak.
- iv. AUM at 30 June 2018 for Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Global Equities Master Fund and Polygon Recovery Fund LP as calculated by the applicable fund administrator. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.
- v. Investment funds and managed accounts managed by Equitix Holdings in USD using the USD-GBP exchange rate as of 30 June 2018.
- vi. Capital committed (rather than AUM) as of 30 June 2018. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.
- vii. AUM as of 30 June 2018. Includes, where relevant, investments from TCI II and TCI III.

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AUM 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 Global Equities Master Fund, Equitix, TCI II, TCI III and TCICM as calculated by the applicable administrators for value date 30 June 2018. Includes, where relevant, investments by the Tetragon Master Fund, TCI II and TCI III (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 TCIP 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. Source: Tetragon.

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- (i) NAV Per Share Total Return (NAV Total Return) annualised to 31 August 2018 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.
- (ii) 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.
- (iii) The dividend yield represents the rolling 12 months of historic dividends paid divided by the TFG NA share price at 31 August 2018.



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