2019 Half-Yearly Report

TETRAGON FINANCIAL GROUP LIMITED

Contents

SOPHIE VENON
LCM

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, private equity, infrastructure and TFG Asset Management, a diversified alternative asset management business. Where appropriate, through TFG Asset Management, Tetragon seeks to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital. Tetragon's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. The company is traded on Euronext in Amsterdam N.V. and on the Specialist Fund Segment of the main market of the London Stock Exchange.

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To view company updates visit:
www.tetragoninv.com

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

Delivering Results Since 2005[1]

NAV PER SHARE TOTAL RETURN[2]

14.3%	10.7%	19.8%	11.5%	275%
ONE YEAR TO 30 JUNE 2019	FIVE YEARS ANNUALISED	TEN YEARS ANNUALISED	SINCE IPO ANNUALISED	SINCE IPO

INVESTMENT RETURNS/RETURN ON EQUITY[3]

6.7%	10-15%	12.4%
2019 YTD ROE	ROE TARGET	ANNUAL AVERAGE SINCE IPO

DIVIDENDS

$0.1850	$0.3675	5.9%	4.3x	4.2%
Q2 2019 DIVIDEND	H1 2019 DIVIDENDS	DIVIDEND YIELD	DIVIDEND COVER[4]	DIVIDEND 5-YEAR CAGR

NET ASSET VALUE

$2.3 billion

30 JUNE 2019

OWNERSHIP[5]

28.0%

PRINCIPAL & EMPLOYEE OWNERSHIP AT 30 JUNE 2019

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

First Half 2019 Snapshot

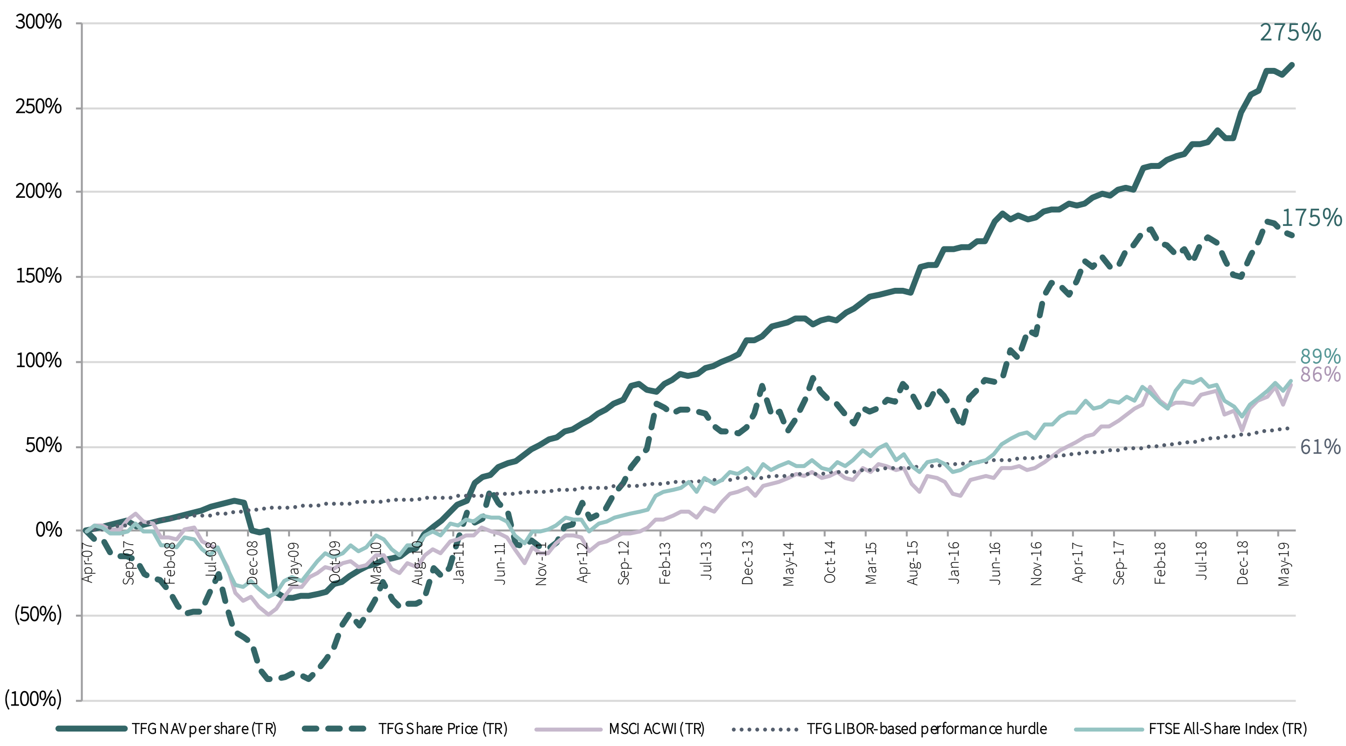
Tetragon aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles.

FIGURE 1

Tetragon Financial Group - Performance Summary			
	30 June 2019	31 December 2018	Change
Net Assets	$2,262.5m	$2,189.4m	$73.1m
Fully Diluted NAV Per Share	$23.94	$22.48	$1.46
Share Price(1)	$12.45	$11.65	$0.80
Dividend	**$0.7300**	**$0.7200**	**$0.0100**
Ongoing Charges(2)	1.73%	1.74%	
Investment Returns/Return on Equity(3)			**6.7%**
NAV Per Share Total Return(4)			**8.1%**
Share Price Total Return(5)			10.0%
Tetragon Hurdle: LIBOR +2.65%(6)			2.7%
MSCI ACWI Index Total Return(7)			16.6%
FTSE All-Share Index Total Return(7)			12.9%

FIGURE 2PRIVAT

Tetragon's NAV Per Share Total Return and Share Price Since IPO to 30 June 2019



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

Notes

Page 6:

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

(2) NAV per share total return (NAV Total Return) to 30 June 2019 for the last year, the last five years, the last ten years, and since Tetragon's initial public offering in April 2007. NAV Total Return is determined in accordance with the "NAV total return performance" calculation as set forth on the Association of Investment Companies (AIC) website. Tetragon's NAV Total Return is determined for any period by calculating, as a percentage return on the Fully Diluted NAV per Share (NAV per share) at the start of such period, (i) the change in NAV per share over such period, plus (ii) the aggregate amount of any dividends per share paid during such period, with any dividend deemed reinvested at the NAV per share at the month end date closest to the applicable ex-dividend date (i.e. so that the amount of any dividend is increased or decreased by the same percentage increase or decrease in NAV per share from such ex-dividend date through to the end of the applicable period). Please refer to page 26 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) EPS divided by Dividends per Share at 30 June 2019.

(5) Shareholdings at 30 June 2019 of the principals of Tetragon's investment manager and employees of TFG Asset Management, including all deferred compensation arrangements. Please refer to the 2018 Audited Tetragon Financial Group Limited financial statements for more details of these arrangements.

Page 7:

(1) Based on TFG.NA.

(2) Annual calculation as at 31 December 2018. The ongoing charges figure is calculated as defined by the AIC, and comprises all direct recurring expenses to Tetragon expressed as a percentage of average Net Assets, and includes the annual management fee of 1.5%.

(3) Please see Note 3 for Page 6.

(4) Please see Note 2 for Page 6.

(5) H1 2019 total shareholder return, defined as share price appreciation including dividends reinvested, as sourced from Bloomberg.

(6) Cumulative return determined on a quarterly compounding basis using the actual Tetragon quarterly incentive fee LIBOR-based hurdle rate.

(7) Any indices and other financial benchmarks are provided for illustrative purposes only. Comparisons to indices have limitations because, for example, indices have volatility and other material characteristics that may differ from the fund. Any index information contained herein is included to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices, and is not intended to imply that the portfolio or investment was similar to any particular index either in composition or element of risk. The indices shown here have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather is disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the fund's holdings may differ significantly from the securities that comprise the indices. The MSCI ACWI captures large and mid-cap representation across 23 developed markets and 26 emerging markets countries. With over 2,700 constituents, the index covers approximately 85% of the global investable equity opportunity set. Further information relating to the index constituents and calculation methodology can be found at www.msci.com/acwi. The FTSE All-Share Index represents 98-99% of 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 www.ftse.com/products/indices/uk.

Strategic Review

ADAM TOWLER
SECURITIES FINANCE

Executive Summary

We are pleased that during the first half of 2019, Tetragon delivered returns within our investment return on equity (RoE) target of 10-15%, generating an RoE of 6.7% and an annualised RoE of 13.3%. Tetragon's NAV per share total return was 8.1%.

The first half of 2019 was in stark contrast to the end of 2018. Global equities, bonds and commodities all staged meaningful rallies. Despite concerns of trade wars and worries of a recession in the United States, U.S. and European markets rose approximately 17%, and oil increased by 29%.[1] In the six months to 30 June 2019, all of the portfolio's asset classes generated positive results, with the exception of the portfolio's allocations to "other equities and credit." Net investment gains were $197.2 million.

Our allocation to TFG Asset Management (which owns Tetragon's private equity investments in asset management companies) generated the largest gains in the portfolio during the period. Tetragon's investment in Equitix[2] generated a $57.3 million gain, followed by LCM[3], which produced an $18.3 million gain. Gains across the portfolio's other asset managers ranged from flat to $6.1 million. In March, Tetragon Credit Income Partners announced the closing of Tetragon Credit Income III with commitments of $430 million. Just after the end of the first half, the previously-announced merger of GreenOak Real Estate with Bentall Kennedy was completed. The combined entity has been named BentallGreenOak, and remains a key strategic investment of TFG Asset Management. At 30 June 2019, TFG Asset Management had approximately $32 billion in aggregate assets under management (AUM).[4]

Tetragon's hedge fund investments were the next largest source of net income during the first half of 2019, driven largely by investment in the Polygon[5] European Equity Opportunity Fund, where Tetragon has an allocation to both the absolute return strategy as well as the long bias strategy. These both achieved positive returns. We continue to believe that the regulatory dynamics of corporate-action focused event trades in Europe remain structurally compelling. Investments in the Polygon Convertible Opportunity Fund and the QT Fund generated small gains while Tetragon's investments in the Polygon Global Equities Fund generated a small loss.

The bank loan segment of the portfolio produced gains of $27.6 million. Performance was strong during the first half of 2019, as credit conditions generally stabilized from the end of 2018. More information can be found in the "Detailed Investment Review" section.

Tetragon's allocation to real estate was the fourth-largest source of net income during the first half of 2019, primarily driven by investments in GreenOak's (now BentallGreenOak's) Asian funds. Small gains were recognised in the GreenOak Europe, U.S. and debt funds while a small loss was recognised in the portfolio's Paraguayan farmland investments.

The portfolio's allocation to private equity produced $18.0 million of gains in the first half, driven primarily by positive results from a single investment. The portfolio's other equities and credit allocation generated losses of $11.4 million during the first half, with all of the losses in equities rather than credit. These losses were in long-standing positions that were not sold.

The portfolio's asset allocation was largely unchanged compared to the end of 2018, with a few small exceptions. Tetragon added to the Polygon European

Equity Opportunity Fund investment. Additionally, Tetragon had additional capital drawn down against its investment commitment in Tetragon Credit Income III. The portfolio's private equity portfolio also grew during the first half, with one new private equity co-investment and an addition to an existing Hawke's Point[(6)] investment.

In July 2019, TFG Asset Management entered into an employment agreement with Reade Griffith that covers his employment with TFG Asset Management through 30 June 2024.[(7)] He has been part of Tetragon's asset management platform since October 2012. Mr. Griffith is the Chief Investment Officer of TFG Asset Management as well as the Chief Investment Officer of its Polygon event-driven European equity strategies.

The second quarter dividend was announced at 18.50 cents per share, bringing 2019 dividends announced to 36.75 cents per share which is a 2.8% increase on H1 2018 and a five year compound annual growth rate, or CAGR, of 4.2%. Using the 30 June 2019 share price of $12.45, this gives a yield of 5.9%. As a reminder, Tetragon's progressive dividend policy targets a payout ratio of 30-50% of normalised earnings.

Although risk assets rose substantially in the first half of 2019, Tetragon's portfolio is designed to produce positive returns in a variety of markets – as evidenced by the portfolio's performance both at the end of 2018 and during the first half of 2019.

With Regards,

THE BOARD OF DIRECTORS

31 July 2019

Notes:

(1) YTD 2019 performance of S&P 500 Index, Stoxx Europe 600 Index, and WTI Cushing spot Index.

(2) Equitix Holdings Limited, referred to in this report as "Equitix". TFG Asset Management owns 75% of the business.

(3) LCM Asset Management LLC is referred to in this report as "LCM". TFG Asset Management owns a 100% interest in LCM.

(4) Following the closure of the BentallGreenOak merger, Tetragon will report its *pro rata* share (12.86%) of BentallGreenOak's $46 billion AUM (as such, after giving effect to the BentallGreenOak merger, TFG Asset Management's AUM is approximately $26 billion at 30 June 2019).

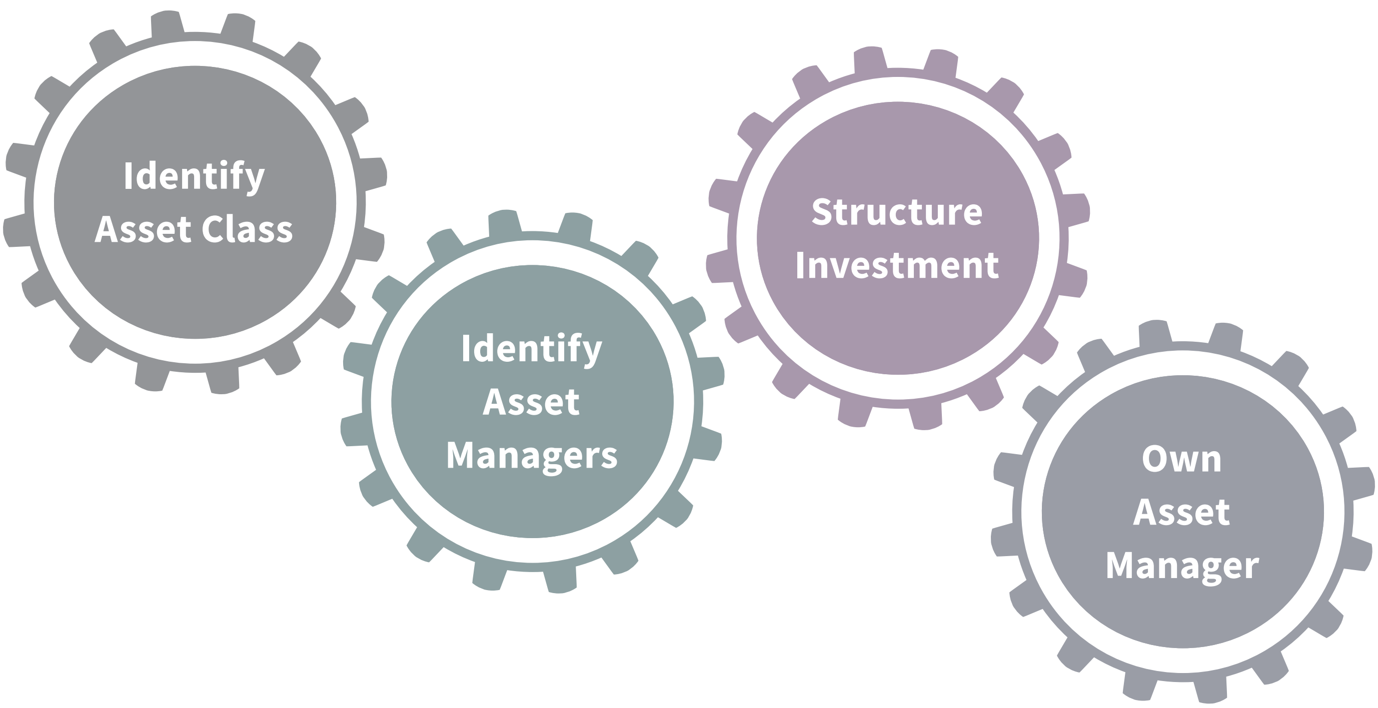
(5) Polygon Global Partners LP and Polygon Global Partners LLP (and certain of their affiliates), managers of open-ended hedge fund and private equity vehicles across a number of strategies that are part of TFG Asset Management, referred to in this report as "Polygon". Polygon Global Partners LLP is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

(6) Hawke's Point Manager LP, an asset management company focused on mining finance, referred to in this report as "Hawke's Point". TFG Asset Management owns a 100% interest in Hawke's Point.

(7) Please see Note 10 of the Unaudited Financial Statements for the Half-Year Ended 30 June 2019 for more information.

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



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

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

Investment Objective & Strategy (continued)

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

– To identify attractive asset classes and investment strategies.

– To identify asset managers it believes to be superior.

– To use the market experience of Tetragon's investment manager to negotiate favourable terms for its investments.

– To own, where appropriate, all, or a portion of, asset management companies with which it invests in order to enhance the returns achieved on its capital.

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

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

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

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

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

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

Key Performance Metrics

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

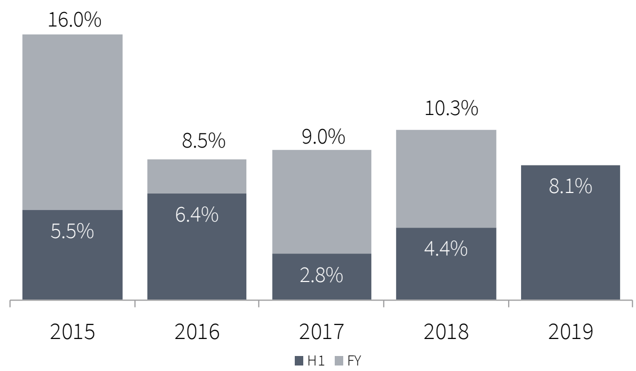
- **NAV Per Share**
- **Investment Returns/Return on Equity**
- **Dividends**

Fully Diluted NAV Per Share

Fully Diluted NAV per share (NAV per share) was $23.94 at 30 June 2019. NAV per share total return was 8.1% for H1 2019.

FIGURE 3

NAV Per Share Total Return 2015-2019 YTD



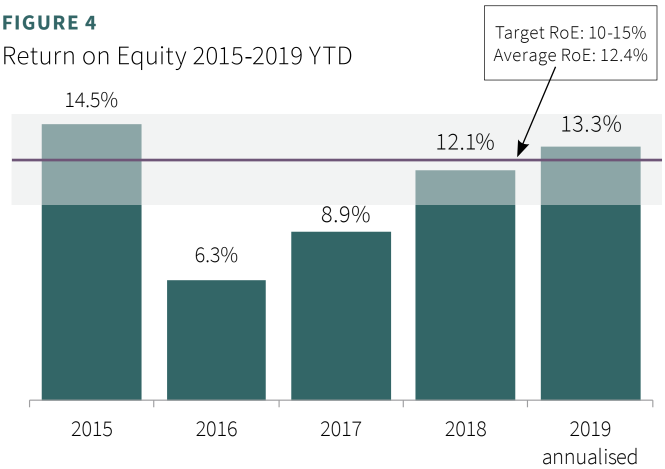
Investment Returns/Return on Equity*

Annualised RoE for H1 2019 was 13.3%. Earnings Per Share (EPS) for H1 2019 was $1.64.

*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 2015-2019 YTD

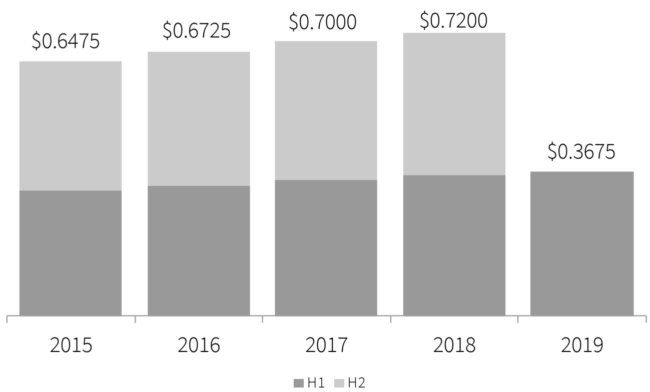


Dividends Per Share (DPS)

Tetragon declared a Q2 2019 dividend of $0.1850 per share, for a rolling 12 month dividend payout of $0.7300 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 $6.5450.

FIGURE 5

Dividend Per Share Comparison 2015-2019 YTD (USD)



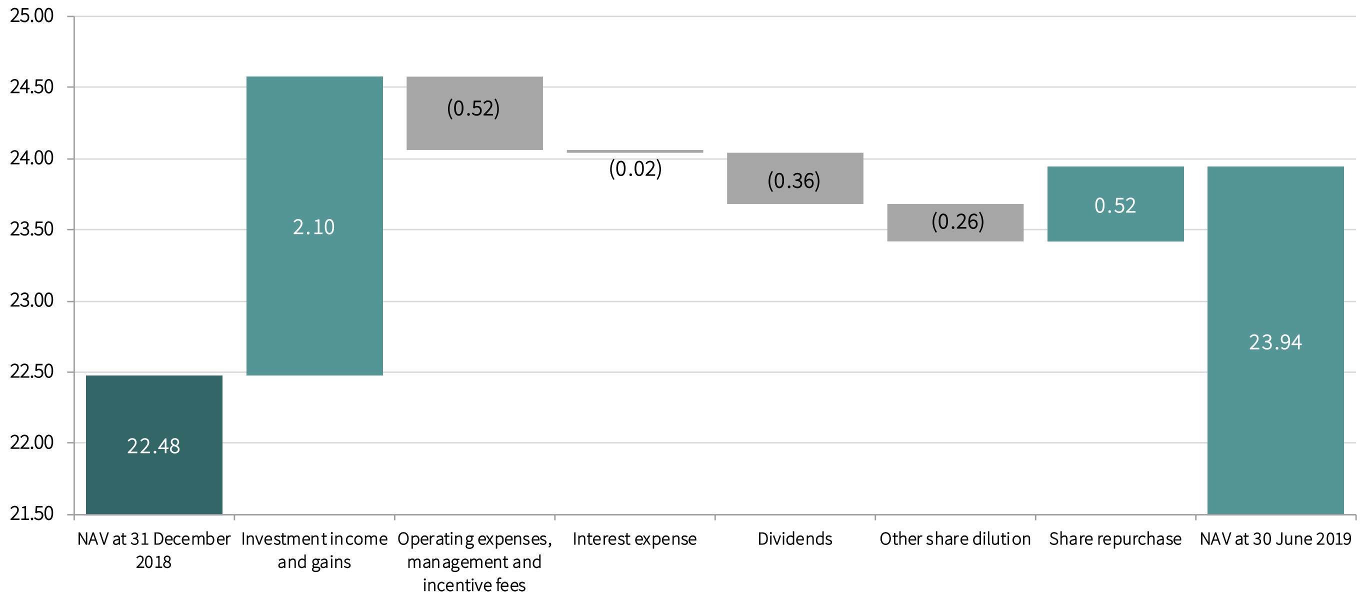
Investment Review

NAV Per Share

Tetragon's fully diluted NAV per share increased from $22.48 per share as at 31 December 2018 to $23.94 per share as at 30 June 2019. Figure 6 below shows the contributions to that performance.

FIGURE 6

NAV Per Share Progression 31 December 2018 - 30 June 2019 (USD)(i)



(i) Progression from 31 December 2018 to 30 June 2019 is an aggregate of each of the six months' NAV progressions. With the exception of share repurchases, all of the aggregate monthly Fully Diluted NAV per share movements in the table are determined by reference to the fully diluted share count at the start of each month.

Net Asset Breakdown Summary

The table shows a breakdown of the composition of Tetragon's NAV at 31 December 2018 and 30 June 2019, and the factors contributing to the changes in NAV over the period.

FIGURE 7

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

Asset Classes	NAV at 31 Dec 2018	Additions[(i)]	Disposals/ Receipts[(i)]	Gains/ Losses	NAV at 30 Jun 2019
Private equity in asset management companies	662.1	-	(47.4)	91.2	705.9
Event-driven equities, convertible bonds and quantitative strategies	430.1	30.0	(1.6)	45.1	503.6
Bank loans	326.7	24.7	(55.0)	27.6	324.0
Real estate	212.8	29.7	(51.3)	22.7	213.9
Private equity	145.9	30.5	(3.2)	18.0	191.2
Other equities and credit[(ii)]	140.5	39.1	(22.5)	(11.4)	145.7
Net cash[(iii)]	271.3	-	(97.1)	4.0	178.2
Total	**2,189.4**	**154.0**	**(278.1)**	**197.2**	**2,262.5**

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

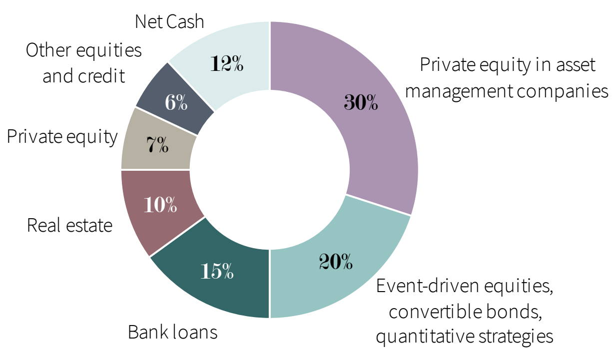
(ii) Assets characterised as "other equities & credit" consist of investment assets held directly on the balance sheet. For certain contracts for difference (CFD), gross value or required margin is used. Under IFRS, these CFDs are held at fair value which is the unrealised gain or loss at the reporting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

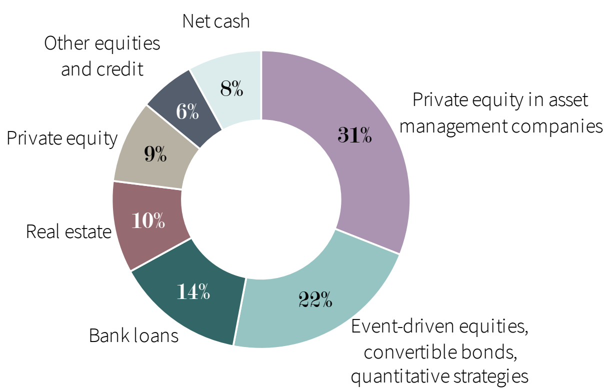
(iii) Net cash consists of: (1) cash held directly by Tetragon, (2) excess margin held by brokers associated with assets held directly by Tetragon and (3) cash held in certain designated accounts related to Tetragon's investments, some of which may only be used for designated purposes without incurring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

Net Asset Composition Summary

Figure 8 below shows Tetragon's asset class allocation at 30 June 2019 compared with 31 December 2018.

FIGURE 8





Top 10 Holdings by Value as of 30 June 2019

FIGURE 9

	Holding	Asset Class	Value ($millions)	% of NAV
1	Equitix	Private equity in asset management company	244.5	10.8%
2	Polygon European Equity Opportunity Fund Absolute Return	Event-driven equities	243.5	10.8%
3	GreenOak Real Estate	Private equity in asset management company	211.0	9.3%
4	LCM	Private equity in asset management company	173.0	7.6%
5	Polygon European Equity Opportunity Fund Long Bias	Event-driven equities	107.9	4.8%
6	Polygon Convertible Opportunity Fund	Convertible bonds	79.3	3.5%
7	Private investment	Private equity	66.2	2.9%
8	TCI II	Bank loans	64.6	2.9%
9	Polygon	Private equity in asset management company	58.6	2.6%
10	QT Fund Ltd	Quantitative strategies	51.9	2.3%
	TOTAL			**57.5%**

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 2019; more detailed commentary for each asset class follows.

FIGURE 10

Asset Class	NAV at 31 Dec 2018 ($ millions)	Additions(i)	Disposals/ Receipts(i)	Gains/ Losses	NAV at 30 Jun 2019 ($ millions)	% of NAV
Private equity in asset management companies						
Equitix	230.9	-	(43.7)	57.3	244.5	10.8%
GreenOak	208.5	-	(3.5)	6.0	211.0	9.3%
LCM	154.9	-	(0.2)	18.3	173.0	7.6%
Polygon	55.1	-	-	3.5	58.6	2.6%
Tetragon Credit Income Partners	11.0	-	-	6.1	17.1	0.8%
Hawke's Point	1.7	-	-	-	1.7	0.1%
Event-driven equities						
Polygon European Equity Opportunity Fund Absolute Return	190.7	30.0	-	22.8	243.5	10.8%
Polygon European Equity Opportunity Fund Long Bias	91.0	-	(1.6)	18.5	107.9	4.8%
Polygon Global Equities Fund	21.4	-	-	(0.4)	21.0	0.9%
Convertible bonds						
Polygon Convertible Opportunity Fund	76.8	-	-	2.5	79.3	3.5%
Quantitative strategies						
QT Fund Ltd	50.2	-	-	1.7	51.9	2.3%
Bank Loans						
U.S. CLOs (LCM)	202.9	-	(14.0)	18.9	207.8	9.2%
TCI II	65.3	-	(3.6)	2.9	64.6	2.9%
TCI III	4.2	24.7	(3.3)	1.2	26.8	1.2%
U.S. CLOs (non-LCM)	54.0	-	(34.1)	4.9	24.8	1.1%
European CLOs	0.3	-	-	(0.3)	-	-
Real estate						
GreenOak Europe funds & co-investments	67.9	5.7	(3.9)	4.2	73.9	3.3%
GreenOak U.S. funds & co-investments	57.5	5.6	(1.0)	0.3	62.4	2.8%
GreenOak Asia funds & co-investments	41.1	17.1	(45.5)	21.2	33.9	1.5%
GreenOak debt funds	4.6	1.0	(0.9)	0.2	4.9	0.2%
Other real estate	41.7	0.3	-	(3.2)	38.8	1.7%
Private equity						
Direct	97.1	-	(1.0)	10.7	106.8	4.7%
Funds & co-investments	48.8	30.5	(2.2)	7.3	84.4	3.7%
Other equities & credit(ii)						
Other equities	116.7	32.2	(22.0)	(11.5)	115.4	5.1%
Other credit	23.8	6.9	(0.5)	0.1	30.3	1.3%
Cash						
Net cash(iii)	271.3	-	(97.1)	4.0	178.2	7.9%
Total	**2,189.4**	**154.0**	**(278.1)**	**197.2**	**2,262.5**	**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. For certain contracts for difference (CFD), gross value or required margin is used. Under IFRS, these CFDs are held at fair value which is the unrealised gain or loss at the reporting date. Payments and receipts on the same investment have been netted off against each other.

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

Private equity investments in asset management companies

One of Tetragon's significant investments is TFG Asset Management, a diversified alternative asset manager that owns majority and minority private equity stakes in asset management companies. TFG Asset Management, as a unified business, is intended to enhance the value of each individual investment and the entity as a whole through a shared strategic direction and operating infrastructure – encompassing critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters – while at the same time giving entrepreneurial independence to the managers of the underlying businesses. In light of the strategy to continue to grow TFG Asset Management with a view to a possible initial public offering and listing of its shares, the combination of a number of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream. As at 30 June 2019, TFG Asset Management investments comprised Equitix, the GreenOak joint venture, LCM, Polygon, Tetragon Credit Income Partners(1) and Hawke's Point. TFG Asset Management recorded an investment gain of $91.2 million during H1 2019, with positive contributions from all of the established businesses.

- **Equitix:** This investment was the most significant contributor during the first half of 2019 with an investment gain of $57.3 million. This was primarily driven by a combination of performance, capital raising and accelerated capital deployment. AUM at the end of H1 2019 was $6.0 billion when converted to U.S. dollars, up from $5.0 billion at the start of the year. Fund V closed in Q2 2019 at £1 billion, being £250 million higher than the original capital raising target and with an expectation that the capital will be fully invested by the end of the year, which represents an acceleration of the business plan. In addition, the discount rate applied in the discounted cash flow model reduced in the second quarter.
- **GreenOak (now BentallGreenOak):** In December 2018, GreenOak announced a merger with Bentall Kennedy, Sun Life Financial Inc.'s North American real estate and property management firm, to form BentallGreenOak. The merger closed on 2 July 2019, and TFG Asset Management will continue to own nearly 13% of the combined entity. There are a number of cash flow elements to the transaction, which are set out in the Figure 10 commentary and Figure 18 commentary in Tetragon's 2018 Annual Report.

  During the first half of 2019, this investment contributed a gain of $6.0 million. This reflects a distribution of carried interest as well as both a reduction in the discount rate applied and the unwinding of the discount, now that the future dates of the call and put options have become fixed as a result of the deal closing.
- **LCM:** TFG Asset Management's investment in LCM contributed $18.3 million; this reflects a combination of the continued growth in AUM and favourable movements in market valuation metrics. AUM increased from $8.3 billion to $9.1 billion during the first half of the year and EBITDA grew 50% compared with same period in the prior year.
- **Polygon:** TFG Asset Management's investment in Polygon recorded an investment gain of $3.5 million, driven primarily by performance in the Polygon European Equity Opportunity Fund, as well as a decrease in the discount rate applied.
- **Tetragon Credit Income Partners:** TCI III had its final close in January 2019 at $430.0 million and it is 41% deployed at 30 June 2019. The increase in capital commitments, the amount of capital deployed as well as an increase in projected carry contributed to an uplift of $6.1 million in valuation during H1 2019. There was also a decrease in the discount rate applied.
- **Hawke's Point:** The NAV of this business remains small.

Please see Note 5 in the Tetragon Financial Group Limited financial statements for the period ended 30 June 2019 for further details on the basis for determining the fair value of TFG Asset Management. Additionally, for further colour on the underlying performance of the asset managers, please see Figure 18 for TFG Asset Management's *pro forma* operating results and associated commentary.

(1) Tetragon Credit Income Partners Limited is the holding company of the general partner entities for the TCI II and TCI III investment vehicles, and is 100% owned by TFG Asset Management.

Event-driven equities, convertible bonds and quantitative strategies

Tetragon invests in event-driven equities, convertible bonds and quantitative strategies through hedge funds. This asset class segment was the second-strongest driver of performance during the first half, generating $45.1 million of gains. At 30 June 2019, these investments are primarily through Polygon-managed hedge funds.

Event-driven equities

- **Polygon European Equity Opportunity Fund:** This fund focuses on event-driven European equity strategies. Tetragon's investment in H1 2019 recorded a gain of $41.3 million, as the fund recovered from weaker performance in 2018. In line with the global market rally, European equities had a positive first half of the year with the STOXX Europe 600 up nearly 16%. Greek equities, which have provided profitable opportunities for the Fund in 2019, continued to lead the way with the Athex index outperforming Europe's local markets at the mid-year point (up 41.6%). Corporate activity also remained constructive, as M&A again provided a boost to the Fund in June with the announced acquisition of the fund's largest portfolio holding, Evry, by its competitor Tieto. Although the portfolio hedge attributable to the Absolute Return share class was a detractor through much of the first half of 2019, we believe it is noteworthy that the Absolute Return share class achieved a net return of 11.2%, with no down months, for H1 2019, while the Long Bias share class returned 21.4% net over the same period. Tetragon added $30 million to its investment in the Absolute Return class during the first half.
- **Polygon Global Equities Fund:** Tetragon's investment generated a small loss of $0.4 million in H1 2019. Tetragon's allocation to this strategy remains small in relation to its other hedge fund investments.

Convertible bonds

- **Polygon Convertible Opportunity Fund:** This fund invests in securities across the capital structure of issuers primarily in Europe and North America and seeks to identify relative value opportunities leveraging Polygon's event-driven and convertible expertise in a concentrated and heavily-researched portfolio. Tetragon's investment generated a gain of $2.5 million during H1 2019. Net performance in the fund was +3.1% for its flagship share class, compared to the HFRI RV Fixed Income-Convertible Arbitrage Index which was up 6.7%.[2]

Quantitative strategies

- **QT Fund Ltd:** 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. Tetragon's investment in this quantitative hedge fund generated $1.7 million during the first half.

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

Bank loans

Tetragon invests in bank loans through CLOs by taking majority positions in the equity tranches. Performance was strong during the first half of 2019, as credit conditions generally stabilized from the end of 2018. Among other things, Tetragon's investments in CLO equity were aided by supportive credit spreads in the leveraged loan market, which we believe allowed our CLO managers to increase the cash flow generation potential of our investments without increasing credit risk. Additionally, the tightening of the 1-month LIBOR and 3-month LIBOR basis and eventual inversion of the U.S. LIBOR curve had a small positive impact on our investments, as the majority of the underlying loan assets in CLOs are benchmarked to 1M-LIBOR while CLO debt is linked to 3-month LIBOR. Finally, credit losses remained well below annual average expectations, although certain idiosyncratic events occurred in the underlying loan portfolios during the first half of the year. We continue to view CLOs as attractive vehicles for obtaining long-term exposure to the leveraged loan asset class.

- **U.S. CLOs (LCM):** LCM-managed CLOs produced $18.9 million of income in H1 2019 and the fair value of this segment increased by 2.4% (net of cash flows received on such investments). All LCM CLO transactions were compliant with their junior-most overcollateralization ("O/C") tests as of the end of June 2019.[3]

  No new investments were made directly in LCM-managed CLOs during the first half of 2019, as we had previously refinanced or "reset" most of the investments eligible for any restructuring during 2018. Shortly after the end of H1 2019, we priced the refinance of certain debt tranches of one LCM-managed CLO, which we believe will be accretive to our equity investment in that transaction.

- **TCI II[4] and TCI III[5]:** TCI II and TCI III are CLO investment vehicles established by Tetragon Credit Income Partners, a 100% owned subsidiary of TFG Asset Management.

(3) Based on the most recent trustee reports available as of 30 June 2019. Throughout this report, we refer to overcollateralization or "O/C" tests, which are CLO-specific tests that measure the par amount of underlying CLO collateral (adjusted in certain cases for defaults or other "stressed" asset types) against the par value of the rated CLO debt tranches. The failure of an O/C test generally results in the temporary cessation of cash flows to the CLO's equity tranche.

(4) Tetragon Credit Income II L.P.

(5) Tetragon Credit Income III L.P.

  As of the end of June 2019, Tetragon's commitment to TCI II was $70.0 million, which was fully drawn. During H1 2019, Tetragon's investment in TCI II generated $2.9 million in income.

  TCI II successfully refinanced the debt tranches of one CLO during H1 2019, reducing the interest cost of debt on that transaction and increasing the cash flow generation potential of its investment.

  TCI III had its final capital close during the first half. As of the end of June 2019, Tetragon's commitment to TCI III was $85.9 million. Including a capital call notice that was delivered in July 2019, Tetragon had funded $33.4 million of its total commitment.

  Through June 2019, TCI III had made 10 investments and an additional commitment to purchase the majority of an equity tranche of a U.S. CLO that closed in August 2019, bringing its invested capital to 66% of total commitments. We will provide further updates as TCI III completes the investment of its initial portfolio.

- **U.S. CLOs (non-LCM):** Non-LCM-managed CLOs generated $4.9 million of income in H1 2019. The fair value of this segment decreased by 54%, due to the continued natural amortization of the investments as well as planned monetization of investments via optional liquidations. As of the end of June 2019, all transactions were compliant with their junior-most O/C tests.[6]

  We opportunistically refinanced all the debt tranches of one non-LCM-managed CLO in May 2019. This refinancing reduced the average interest cost of debt on the CLO by 0.32%, which all things equal, is expected to increase the annual cash flows to equity by nearly 3%. We continue to look for such opportunities to increase the value of our equity investments.

  No new investments were made directly in non-LCM-managed CLOs during H1 2019. As with all our other CLO investments, we expect to make most of the new issue CLO investments via the Tetragon Credit Income Partners platform.

(6) Based on the most recent trustee reports available as of 30 June 2019.

Real estate

Tetragon holds most of its investments in real estate through GreenOak (now BentallGreenOak)-managed funds and co-investment vehicles. The majority of these funds are private equity-style vehicles concentrating on opportunistic investments targeting middle-market opportunities in the United States, Europe and Asia, where GreenOak believes it can increase value and produce positive unlevered returns by sourcing off-market opportunities where it sees pricing discounts and market inefficiencies.

- **GreenOak Europe funds and co-investments:** In H1 2019, these investments generated gains of $4.2 million, primarily driven by upward revaluations of assets in the Europe II fund as well as a standalone U.K. property investment.
- **GreenOak U.S. funds and co-investments:** In H1 2019, these investments generated net income of $0.3 million for Tetragon.
- **GreenOak Asia funds and co-investments:** With gains of $21.2 million, Asia-based investments were the most significant drivers of Tetragon's investment gains in GreenOak funds during H1 2019. A realised gain on the disposal of the Razorback investment was the main contributor.
- **GreenOak debt funds:** Tetragon's investments in this segment are currently small relative to its other real estate investments; $0.2 million of gains were generated in H1 2019.
- **Other real estate:** In addition to the commercial real estate investments through GreenOak-managed real estate funds, Tetragon also has investments in commercial farmland in Paraguay managed by Scimitar, a specialist manager in South American farmland. During Q1 2019, the farmlands were valued by an independent valuation specialist, with a loss of $3.2 million reflecting current market conditions in Paraguay.

Private equity

Tetragon's private equity investments are split into sub-categories of "direct", comprising investments on the balance sheet, and "fund investments" where Tetragon invests in a fund as a limited partner or in a special purpose vehicle as a co-investor.

- **Direct:** Investments in direct private equity stakes generated net income of $10.7 million in H1 2019. This category currently comprises several investments in growth companies in North America, some of which have had positive developments during H1 2019, with one in particular contributing the majority of the positive net income. This segment now represents 4.7% of NAV.
- **Funds:** At 30 June 2019, Tetragon had a 3.7% allocation to investments in private equity funds and co-investment vehicles in Europe and North America. This category generated a gain of $7.3 million in H1 2019, primarily being unrealised gains in co-investment vehicles.

Other equities and credit

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

- **Other equities:** This segment generated a loss of $11.5 million; these investments comprised European and U.S.-listed public equities.
- **Other credit:** This segment generated a gain of $0.1 million during the first half of 2019.

Cash

Tetragon's net cash balance, which is cash adjusted for net liabilities, was $178.2 million at 30 June 2019. Approximately 13% of the cash is held in secured arrangements. The remaining balance is held in unsecured arrangements, with Tetragon's operating cash balance 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 H1 2019, the company used $154.0 million of cash to make investments, $50.3 million to repurchase shares and $22.3 million to pay dividends. Future cash commitments are approximately $193.1 million, comprising hard and soft investment commitments (GreenOak $64.3 million, TCI III $58.9 million, Hawke's Point $44.8 million and third party-managed private equity funds $25.1 million).

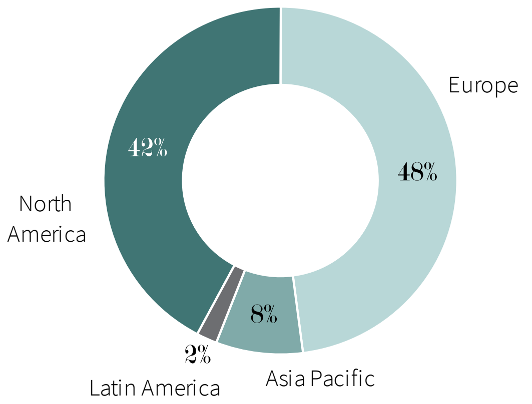
Tetragon has a $150.0 million revolving credit facility in place, of which $38.0 million has currently been drawn.

Further Portfolio Metrics

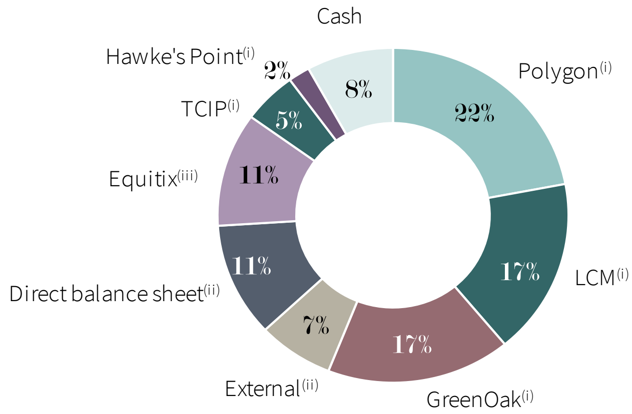
Exposures at 30 June 2019

FIGURE 11

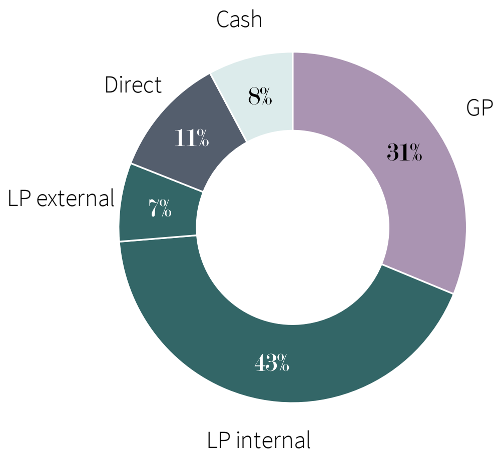
BY GEOGRAPHY(1)



BY EXPOSURE(2)



BY INVESTMENT



Tetragon's investments comprise:

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

Currency Exposure:

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

(1) Assumptions:

- Event-driven equities, convertible bonds, quantitative strategies, private equity and 'other equities and credit' investments are based on the geographies of the underlying portfolio assets.
- U.S. CLOs, TCI II and TCI III are 100% North America.
- GreenOak (TFG Asset Management) treated as 1/3 Europe, 1/3 North America., 1/3 Asia.
- Polygon (TFG Asset Management) treated as 80% Europe, 20% North America.
- LCM (TFG Asset Management) treated as 100% North America.
- Equitix (TFG Asset Management) treated as 100% Europe.
- Tetragon Credit Income Partners (TFG Asset Management) treated as 100% North America.

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

Financial Review

REBECCA MORRIS
POLYGON

H1 2019 Financial Review

Financial Highlights

FIGURE 12

Tetragon Financial Group Financial Highlights Through H1 2017 - H1 2019			
	H1 2019	**H1 2018**	**H1 2017**
Reported GAAP net income ($MM)	$145.7	$104.3	$67.9
Fair Value net income ($MM)	$145.7	$104.3	$70.1
Reported GAAP EPS	$1.64	$1.15	$0.77
Fair Value EPS	$1.64	$1.15	$0.79
Fair Value return on equity	6.7%	5.2%	3.6%
Net Assets ($MM)	$2,262.5	$2,074.9	$1,981.8
GAAP number of shares outstanding (MM)	88.8	91.2	90.5
NAV per share	$25.47	$22.76	$21.91
Fully diluted shares outstanding (MM)	94.5	95.9	98.0
Fully diluted NAV per share	$23.94	$21.64	$20.22
NAV per share total return	8.1%	4.4%	2.8%
DPS	$0.3675	$0.3575	$0.3475

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

- **Net Income ($145.7 million):** Please see Figure 13 for more details and a breakdown of the net income.
- **Return on Equity (6.7%):** Net Income ($145.7 million) divided by Net Assets at the start of the year ($2,189.4 million).
- **Fully Diluted Shares Outstanding (94.5 million):** Adjusts the IFRS or GAAP shares outstanding (88.8 million) for various dilutive factors (5.7 million shares). Please see Figure 21 for more details.
- **EPS ($1.64):** Calculated as Net Income ($145.7 million) divided by the time-weighted average IFRS or GAAP shares during the period (89.0 million).
- **Fully Diluted NAV Per Share ($23.94):** Calculated as Net Assets ($2,262.5 million) divided by Fully Diluted Shares Outstanding (94.5 million).

Consolidated Statement of Comprehensive Income

FIGURE 13

Tetragon Financial Group Consolidated Statement of Comprehensive Income H1 2018 - H1 2019	**H1 2019 ($millions)**	**H1 2018 ($millions)**
Net gain on financial assets at fair value through profit or loss	187.7	111.0
Net gain / (loss) on derivative financial assets and liabilities	5.5	29.9
Other income	4.0	3.7
Investment income	**197.2**	**144.6**
Management and incentive fees	(45.8)	(34.5)
Other operating and administrative expenses	(3.8)	(4.1)
Interest expense	(1.9)	(1.7)
Total operating expenses	**(51.5)**	**(40.3)**
Net income	**145.7**	**104.3**

This table shows, for H1 2018, a consolidated view of the comprehensive income for both Tetragon and the Tetragon Master Fund. On 31 December 2018, the Master Fund was amalgamated with Tetragon (please refer to the 2018 Annual Report for details).

During the period, an incentive fee of $29.3 million was expensed, of which $2.1 million remains outstanding at 30 June 2019.

Consolidated Statement of Financial Position

FIGURE 14

Tetragon Financial Group Consolidated Statement of Financial Position as at 31 December 2018 and 30 June 2019	**30 Jun 2019 ($millions)**	**31 Dec 2018 ($millions)**
ASSETS		
Investments	2,071.8	1,905.6
Cash and cash equivalents	189.0	301.3
Amounts due from brokers	44.9	35.3
Derivative financial assets	7.6	3.5
Other receivables	6.0	8.0
Total assets	**2,319.3**	**2,253.7**
LIABILITIES		
Other payables and accrued expenses	(4.0)	(19.5)
Loans and borrowings	(38.0)	(38.0)
Derivative financial liabilities	(14.8)	(6.8)
Total Liabilities	**(56.8)**	**(64.3)**
NET ASSETS	**2,262.5**	**2,189.4**

The consolidated net assets are identical to the IFRS net assets reported by Tetragon, however, 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 $30.9 million (2018: $31.5 million) and decreasing investments by $30.9 million (2018: $31.5 million). This treatment is consistent with how Tetragon has reported these investments in prior periods. The net assets of $2,262.5 million are after accruing for an incentive fee of $2.1 million.

Other Information

JUDITH GOLDSTEIN
LCM

TFG Asset Management

One of Tetragon's significant investments is TFG Asset Management, a diversified alternative asset manager that owns majority and minority private equity stakes in asset management companies. TFG Asset Management, as a unified business, is intended to enhance the value of each individual investment and the entity as a whole through a shared strategic direction and operating infrastructure – encompassing critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters – while at the same time giving entrepreneurial independence to the managers of the underlying businesses. In light of the strategy to continue to grow TFG Asset Management with a view to a possible initial public offering and listing of its shares, the combination of a number of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream. As at 30 June 2019, TFG Asset Management comprised LCM, GreenOak, Polygon, Equitix, Hawke's Point and Tetragon Credit Income Partners; AUM for TFG Asset Management totalled $31.6 billion.[1] In July 2019, GreenOak merged with Bentall Kennedy, Sun Life Financial Inc.'s leading North American real estate and property management firm. The combined entity is called BentallGreenOak. Each of the asset managers on the platform is privately held.

FIGURE 15

TFG Asset Management at a glance

	LCM	GREENOAK	POLYGON
Established	2001	2010	2002
Joined Tetragon	2009	2010	2012
Asset class	A CLO asset management company.	A real-estate focused principal investing, lending and advisory firm.	A manager of open-ended hedge fund and private equity vehicles across a number of strategies.
AUM at 30 Jun 2019 ($Bn)	$9.1	$11.7	$1.4
Percentage Tetragon Ownership	100%	13%	100%
Valuation at 30 Jun 2019 ($m)	$173.0	$211.0	$58.6
Valuation at 31 Dec 2018 ($m)	$154.9	$208.5	$55.1
Year-on-year change	11.7%	1.2%	6.4%
Products	18 CLOs	Real estate investment strategies including Core, Core Plus and Value Added equity strategies and senior and mezzanine real estate debt strategies	Four hedge funds
Average fund duration	10-12 years[2]	7-10 years	Quarterly liquidity
Valuation Methodology[3]	DCF and market multiples	DCF (sum-of-parts)	DCF
Significant unobservable inputs	Discount rate 11.5%, P/AUM multiple 2.5%, DLOL 15% *(31 Dec 18: Discount rate 11.5%, P/AUM multiple 2.3%, DLOL 15%)*	Discount rate ranges from 4% to 25% for different cash flows with a base discount rate of 11.25%, DLOL 15% *(31 Dec 2018: Discount rate range from 5% to 25% with base at 11%, DLOL 15%)*	Discount rate 12.25%, DLOL 20% *(31 Dec 2018: Discount rate 12.5%, DLOL 20%)*

(1) AUM Includes 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, GreenOak funds and advisory assets, TCI II, TCI III and TCICM as calculated by the applicable administrators for value date 30 June 2019. The TCICM business is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans. TCICM consists of TCI Capital Management II LLC, which was established as a Delaware limited liability company in November 2015 and is a subsidiary of Tetragon Credit Income II L.P and TCI Capital Management II LLC, which was established as a Delaware limited liability company in September 2017. The TCICM business acts as a CLO collateral manager for certain CLO investments. It utilises, and has access to, the TFG Asset Management platform, including personnel from Polygon and LCM. TCICM has AUM of $2.6 billion at 30 June 2019. Includes, where relevant, investments by Tetragon and TCI II (in the case of LCM and TCICM). TFG Asset Management AUM as used in this report includes the AUM of several investment advisers, including TFG Asset Management L.P., and GreenOak (now BentallGreenOak), each of which is an investment manager registered under the U.S. Investment Advisers Act of 1940. Figures for GreenOak and Tetragon Credit Income Partners also include committed capital.

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

PRIMARY OFFICE LOCATIONS
London | New York

380
APPROX HEADCOUNT
Including GreenOak

GLOBAL OPERATING PLATFORM

FIGURE 15 (CONTINUED)

TFG Asset Management at a glance

	equitix	HAWKE'S POINT	TETRAGON CREDIT INCOME
Established	2007	2014	2015
Joined Tetragon	2015	2014	2015
Asset class	An integrated core infrastructure asset management and primary project platform.	An asset management company focused on mining finance that seeks to provide capital to companies in the mining and resource sectors.	The holding company of the general partner entities of two private equity vehicles focusing on CLO investments, including majority stakes in CLO equity tranches.
AUM at 30 Jun 2019 ($Bn)	$6.0	$0.04	$0.7
Percentage Tetragon Ownership	75%	100%	100%
Valuation at 30 Jun 2019 ($m)	$244.5	$1.7	$17.1
Valuation at 31 Dec 2018 ($m)	$230.9	$1.7	$11.0
Year-on-year change	5.9%	0.0%	55.5%
Products	Eight funds and several managed accounts	Two investments in early stage gold miners	Two private equity vehicles
Average fund duration	25 years	Not applicable	10 years
Valuation Methodology	DCF, debt at par + accrued interest	Replacement cost	DCF
Significant unobservable inputs	Discount rate 9.5%, DLOL 15% *(31 Dec 2018: Discount rate 9.75%, DLOL 15%)*		Discount rate 11.5%, DLOL 15% *(31 Dec 2018: Discount rate 11.5%)*

(3) Please see Note 5 of the 30 June 2019 Financial Statements for more information.

$31.6B
TOTAL ASSETS UNDER MANAGEMENT[1]
30 June 2019

$705.9M
TOTAL VALUATION
30 June 2019

6.6%
CHANGE DURING PERIOD
30 June 2019

TFG Asset Management Overview

Figure 16 shows the breakdown of the AUM by business and Figure 17 depicts the growth of that AUM over the last five years. AUM for TFG Asset Management as of 30 June 2019 totalled $31.6 billion.(i)

TFG Asset Management AUM at 30 June 2015 - 30 June 2019 ($billions)

FIGURE 16(i)

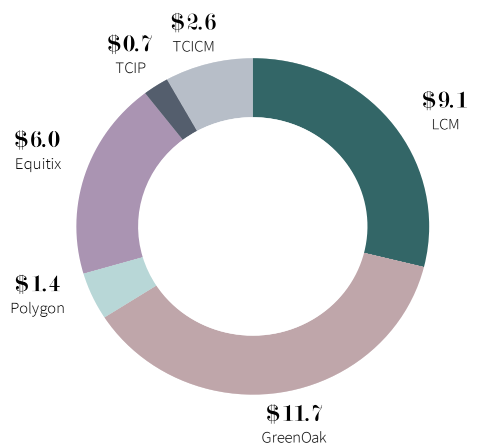
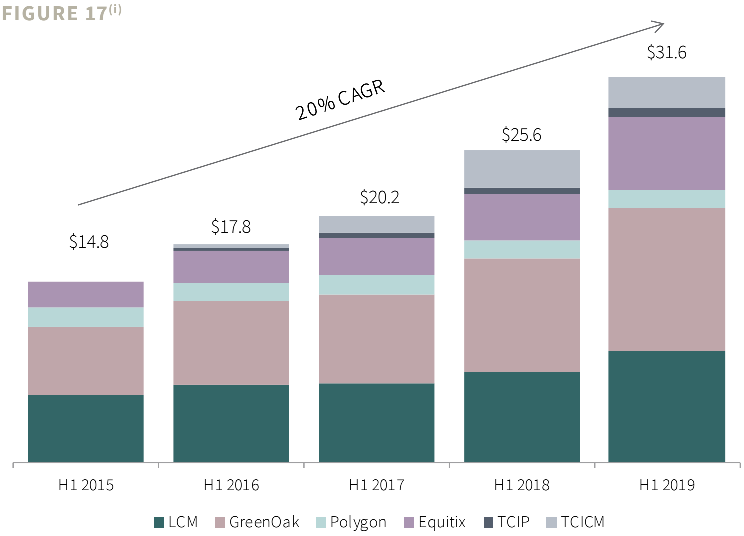


FIGURE 17(i)



(i) Please see Note 1 on page 30.

TFG Asset Management Overview (continued)

FIGURE 18

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

	H1 2019 ($millions)	H1 2018 ($millions)	H1 2017 ($millions)
Management fee income	48.7	41.1	35.4
Performance and success fees(ii)	16.2	3.7	13.9
Other fee income	7.9	5.2	6.9
Distributions from GreenOak	3.6	8.1	2.7
Interest income	1.6	1.6	1.2
Total income	**78.0**	**59.7**	**60.1**
Operating, employee and administrative expenses	(49.5)	(40.4)	(37.4)
Minority interest	(3.4)	(2.0)	(2.3)
Net income - "EBITDA equivalent"	**25.1**	**17.3**	**20.4**

(i) This table includes the income and expenses attributable to TFG Asset Management's majority owned businesses, Polygon, LCM, Equitix, Hawke's Point and Tetragon Credit Income Partners during that period. Although TFG Asset Management currently has an 85% effective economic share of its business, 100% of Equitix's income and expenses are reflected above; 15% of Equitix's income and expenses are reversed out through the minority interest line, being the proportion not attributable to Tetragon. GreenOak EBITDA is not included, but distributions relating to ordinary income and carried interest are included. The EBITDA equivalent is a non-GAAP measure and is designed to reflect the operating performance of the TFG Asset Management businesses rather than is or what was reflected in Tetragon's financial statements.

(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, net of accrued compensation. Similar amounts, if any, from LCM are recognised when received. Tetragon pays a mix of full and preferred fees on its investments in TFG Asset Management-managed investment vehicles. Tetragon pays full management and performance fees on its investments in the open Polygon funds. Success fees also include fees earned by Equitix on successfully completing certain primary projects and delivering de-risked investments into their secondary funds; these are recognised once Equitix is entitled to recover them.

Overview: Figure 18 shows a *pro forma* statement of operations that reflects the operating performance of the majority-owned asset management companies within TFG Asset Management. The fee income includes some amounts which were earned on capital invested in certain funds by Tetragon. During H1 2019, this included $4.1 million of management fees and $2.2 million of performance and success fees. GreenOak's contribution has been captured by including the distributions that it has made to Tetragon during the period.

- **EBITDA:** In H1 2019, TFG Asset Management's EBITDA was $25.1 million, which represents a substantial increase compared with the same periods in 2018 and 2017 and each of management fees, performance and success fees and other fee income reported increases compared with those prior periods.
- **Management fee income:** Management fee income continued to grow, increasing by 18.5% against the same period in 2018, with the majority of businesses contributing to this growth. Of note, Equitix management fee income increased by $3.9 million and LCM management fee income increased by $3.5 million as AUM continued to grow in both of those businesses.
- **Performance and success fees:** Unlike management fee income, performance and success fees can be quite volatile in nature and subject to timing differences, and this segment saw a significant increase compared with H1 last year, up $12.5 million. The most significant contributors were Equitix and Polygon: Equitix primary fee income increased by $6.9 million, and performance fees increased by $3.1 million; Polygon performance fees increased by $2.5 million, reflecting performance in the two largest funds.
- **Other fee income:** This category, which includes a number of different income streams, was up $2.7 million compared with H1 2018. Revenue generated by Equitix on certain management services contracts increased by $2.4 million period on period as this business continued to grow.
- **Operating expenses:** These increased compared with H1 2018, primarily driven by increased staff costs. In particular, Equitix's cost base has increased, reflecting the growth of that business.

Share Repurchases & Distributions

Tetragon Share Repurchase History

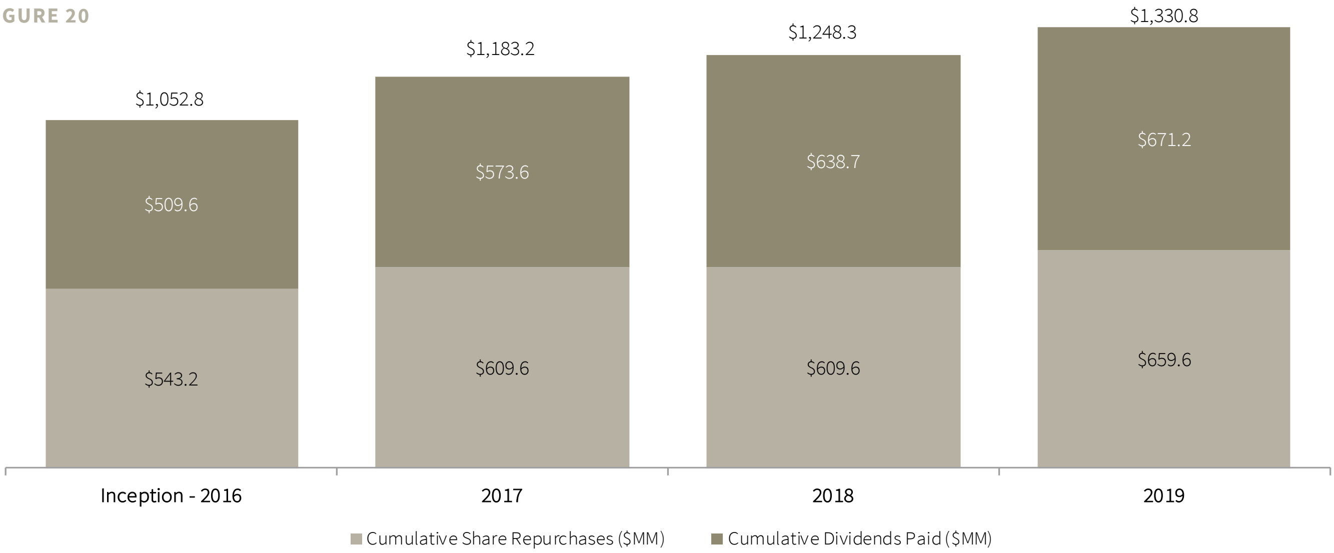
FIGURE 19

Tetragon Financial Group Share Repurchase and Dividend History ($millions)				
Year	**Amount repurchased**	**Cumulative amount**	**Dividends paid**	**Cumulative dividends paid**
2007	$2.2	$2.2	$56.5	$56.5
2008	$12.4	$14.5	$60.4	$117.0
2009	$6.6	$21.2	$18.8	$135.7
2010	$25.5	$46.7	$37.5	$173.3
2011	$35.2	$81.9	$46.4	$219.6
2012	$175.6	$257.5	$51.5	$271.1
2013	$16.1	$273.6	$55.5	$326.6
2014	$50.9	$324.5	$58.7	$385.3
2015	$60.9	$385.4	$63.3	$448.6
2016	$157.8	$543.2	$61.0	$509.6
2017	$66.4	$609.6	$64.0	$573.6
2018	-	$609.6	$65.1	$638.7
2019	$50.0	$659.6	$32.6	$671.2
TOTAL	**$659.6**		**$671.2**	

Share Repurchases and Dividend Distributions(1)

The below graph shows cumulative historical share repurchases and dividends distributed by Tetragon from inception to 30 June 2019 in millions of U.S. dollars.

FIGURE 20



(1) Tetragon has engaged, and may continue to engage, in share repurchases in the market from time to time. Such purchases may, at appropriate price levels below NAV, represent an attractive use of Tetragon's excess cash and an efficient means to return such cash to shareholders. Any decision to engage in share repurchases will be made by the investment manager, upon consideration of relevant factors, and will be subject to, among other things, applicable law and profits at the time. Tetragon also continues to explore other methods of improving the liquidity of its shares. Cumulative dividends paid includes the cash and stock dividends paid to shareholders, but excludes dividends declared on shares held in escrow.

Share Reconciliation and Shareholdings

FIGURE 21[1]

IFRS to Fully Diluted Shares Reconciliation	
	Shares at 30 June 2019 (millions)
Legal Shares Issued and Outstanding	**139.7**
Less: Shares Held in Treasury	42.1
Less: Total Escrow Shares[1.i]	8.8
IFRS Shares Outstanding	**88.8**
Add: Certain Escrow Shares[1.ii]	2.3
Add: Dilution for equity-based awards[1.iii]	3.4
Fully Diluted Shares Outstanding	**94.5**

Shareholdings

Persons affiliated with Tetragon maintain significant interests in Tetragon shares. For example, as of 30 June 2019, the following persons own (directly or indirectly) interests in shares in Tetragon in the amounts set forth below:

FIGURE 22

Individual	**Shareholding at 30 June 2019**
Mr. Reade Griffith	12,917,339
Mr. Paddy Dear	4,332,104
Mr. David Wishnow	749,144
Mr. Michael Rosenberg	575,080
Mr. David O'Leary	1,224
Other Tetragon/Polygon Employees	2,851,027
Equity-based awards[2]	5,254,827

(1) (i) The Total Escrow Shares of 8.8 million consists of 6.5 million shares held in a separate escrow account in relation to equity-based compensation and 2.3 million shares held in a separate escrow account relating to deferred incentive fees payable to the manager.

(ii) This comprises 2.3 million shares held in a separate escrow account relating to deferred incentive fees payable to the manager.

(iii) Dilution in relation to equity-based awards by TFG Asset Management for certain senior employees. At the reporting date, this was 3.4 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 40 for more details. Certain of these persons may from time to time enter into purchases or sales trading plans (each a, “Fixed Trading Plan”) providing for the sale of Vested Shares or the purchase of Tetragon shares in the market, or may otherwise sell their Vested Shares or purchase Tetragon shares, subject to applicable compliance policies. Applicable brokerage firms may be authorised to purchase or sell Tetragon shares under the relevant Fixed Trading Plan pursuant to certain irrevocable instructions. Each Fixed Trading Plan is intended to comply with Rule 10b5-1 under the United States Securities Exchange Act of 1934, as amended. Each Fixed Trading Plan has been or will be approved by Tetragon in accordance with its applicable compliance policies.

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

(2) 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 40 for further details.

Additional CLO Portfolio Statistics

FIGURE 23

Tetragon's CLO Portfolio Details at 30 June 2019

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 47	U.S. CLO	Called	Primary	28.3	2006	2021	2013	NA	47	NA	NA	4.3%	NA	23.7%	274.0%
Transaction 65	U.S. CLO	Called	Primary	26.9	2006	2021	2013	NA	47	NA	NA	5.0%	NA	16.2%	234.0%
Transaction 68	U.S. CLO	Wound Down	Primary	19.3	2006	2020	2013	NA	48	NA	NA	4.4%	NA	30.3%	399.8%
Transaction 69	U.S. CLO	Wound Down	Primary	28.2	2007	2019	2013	NA	44	NA	NA	5.6%	NA	28.7%	344.5%
Transaction 78	U.S. CLO	Wound Down	Primary	22.9	2012	2023	2015	NA	217	NA	NA	4.0%	NA	17.8%	178.7%
Transaction 81	U.S. CLO	Called	Primary	21.7	2012	2024	2016	NA	216	NA	NA	4.0%	NA	12.1%	156.2%
Transaction 83	U.S. CLO	Outstanding	Primary	20.8	2013	2029	2021	342	193	183	4.4%	6.2%	(0.3%)	13.2%	98.3%
Transaction 84	U.S. CLO	Outstanding	Primary	24.6	2013	2027	2021	320	183	199	3.3%	4.0%	(0.1%)	18.5%	118.8%
Transaction 87	U.S. CLO	Called	Primary	23.0	2013	2026	2018	NA	199	NA	NA	4.0%	NA	(2.0%)	80.0%
Transaction 85	U.S. CLO	Outstanding	Primary	1.0	2013	2031	2023	326	170	162	4.8%	5.0%	(0.0%)	10.9%	97.9%
Transaction 101	U.S. CLO	Outstanding	Primary	0.2	2018	2031	2023	326	163	162	4.8%	4.9%	(0.1%)	13.7%	15.6%
Transaction 88	U.S. CLO	Outstanding	Primary	30.1	2014	2030	2022	313	199	178	3.1%	4.0%	(0.2%)	13.3%	87.9%
Transaction 96	U.S. CLO	Outstanding	Secondary	2.7	2017	2030	2022	313	199	178	3.1%	3.0%	0.0%	7.7%	22.8%
Transaction 97	U.S. CLO	Outstanding	Primary	9.9	2017	2030	2022	313	178	178	3.1%	3.9%	(0.4%)	10.7%	24.6%
Transaction 89	U.S. CLO	Outstanding	Primary	33.6	2014	2031	2023	317	195	167	4.6%	4.0%	0.1%	14.3%	93.1%
Transaction 94	U.S. CLO	Outstanding	Secondary	6.6	2016	2031	2023	317	195	167	4.6%	3.3%	0.4%	17.1%	60.1%
Transaction 104	U.S. CLO	Outstanding	Primary	9.8	2018	2031	2023	317	166	167	4.6%	4.5%	0.1%	16.8%	6.9%
Transaction 90	U.S. CLO	Outstanding	Primary	20.7	2014	2031	2023	330	203	158	4.5%	4.0%	0.1%	13.3%	78.6%
Transaction 103	U.S. CLO	Outstanding	Primary	5.6	2018	2031	2023	330	159	158	4.5%	4.5%	(0.0%)	19.3%	9.0%
Transaction 91	U.S. CLO	Outstanding	Primary	27.8	2015	2031	2023	315	215	148	4.4%	4.0%	0.1%	12.7%	71.7%
Transaction 93	U.S. CLO	Outstanding	Secondary	6.1	2016	2031	2023	315	215	148	4.4%	3.6%	0.3%	17.1%	57.6%
Transaction 102	U.S. CLO	Outstanding	Primary	5.0	2018	2031	2023	315	148	148	4.4%	4.5%	(0.0%)	20.0%	19.3%
Transaction 92	U.S. CLO	Outstanding	Primary	34.6	2015	2027	2020	314	199	179	2.8%	4.0%	(0.3%)	11.5%	65.2%
Transaction 95	U.S. CLO	Outstanding	Primary	2.6	2016	2029	2022	328	194	194	3.6%	4.4%	(0.3%)	9.6%	29.9%
Transaction 98	U.S. CLO	Outstanding	Primary	33.2	2017	2030	2022	317	178	178	4.0%	4.5%	(0.2%)	10.9%	32.5%
Transaction 100	U.S. CLO	Outstanding	Primary	2.6	2018	2031	2023	336	111	111	7.9%	7.8%	0.1%	26.1%	28.8%
Transaction 99	U.S. CLO	Outstanding	Primary	8.3	2017	2030	2022	332	164	164	4.4%	4.5%	(0.1%)	10.0%	20.9%
Total CLO Portfolio:				**456.2**				**320**	**161**	**172**	**3.9%**	**4.4%**	**(0.1%)**	**15.4%**	**132.0%**

Notes

(i) Transactions are investments made on a particular investment date. Multiple transactions may be associated with the same tranche of the same CLO deal. Note that certain transactions may have been removed from the table above, as the remaining value of the assets of those CLOs is immaterial. The transactions continue to be held as of the date of this report.

(ii) "Outstanding" refers to investments in CLOs which have not yet been optionally redeemed, sold, or wound down to less-than-material remaining expected value. "Called" refers to investments in CLOs where Tetragon initiated or approved an optional redemption, and "wound down" refers to CLOs which have amortised or repaid without an optional redemption, in both cases with less-than-material remaining expected value.

(iii) "Primary" refers to investments made in the new issuance CLO market, whereas "Secondary" refers to investments made after the original issue date of the CLO.

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

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

(vi) Notional weighted average spread over LIBOR or EURIBOR (as appropriate) of the debt tranches issued by each CLO, as of the closing date of each transaction.

(vii) Notional weighted average spread over LIBOR or EURIBOR (as appropriate) of the debt tranches issued by each CLO, as of the most recent trustee report date.

(viii) The current junior-most O/C cushion is the excess (or deficit) of the junior-most O/C test ratio over the test requirement, as of the latest trustee report available as of the report date.

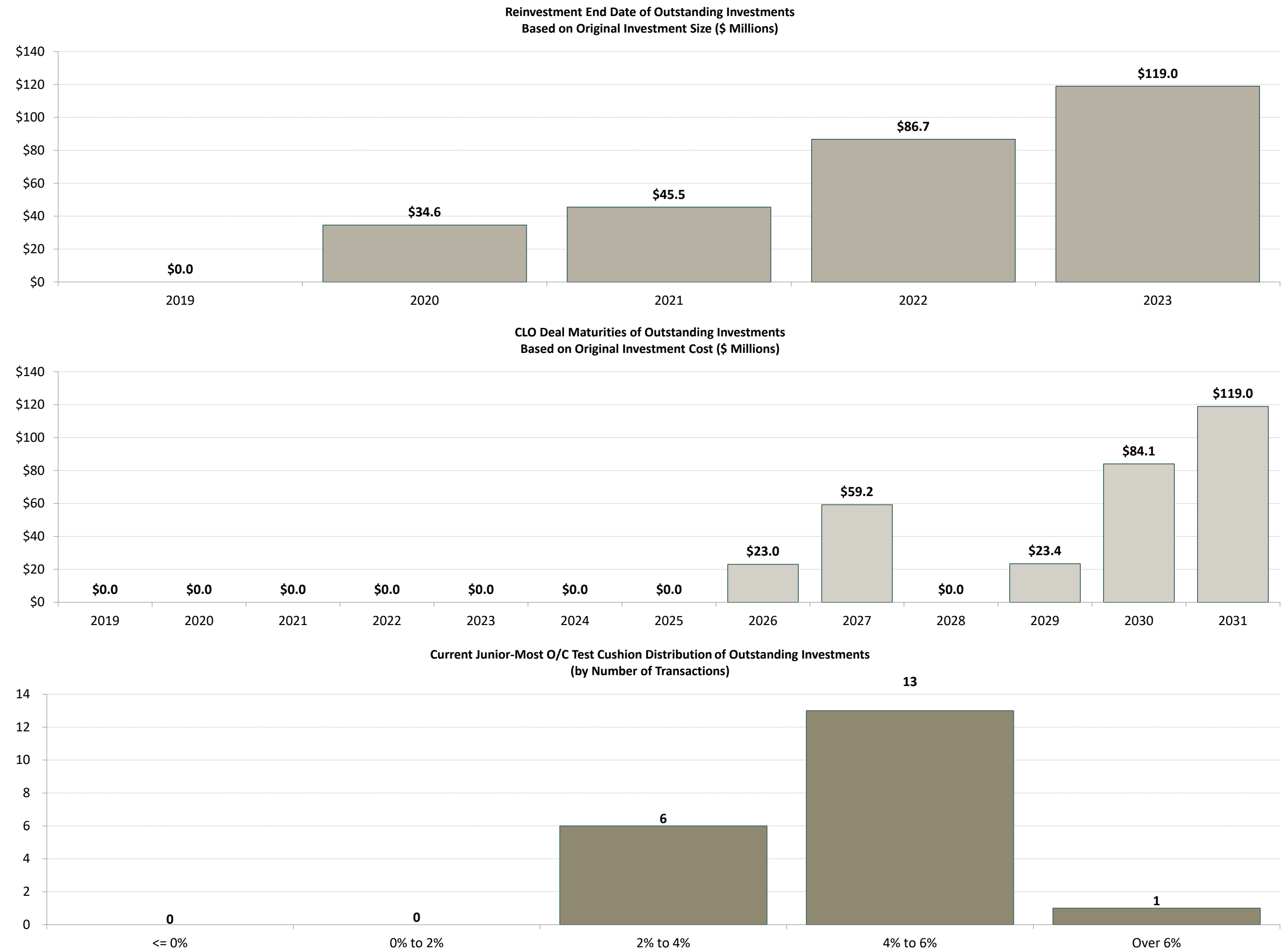
(ix) The junior-most O/C cushion at close is the excess (or deficit) of the junior-most O/C test ratio over the test requirement that was expected on each deal's closing date (or date of purchase, if later). Please note that two of Tetragon's investments are so called "par structures" which don't include a junior O/C test. They have been marked by an "N/A" in the relevant junior-most O/C test columns.

(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.

FIGURE 24


Reinvestment End Date of Outstanding Investments
Based on Original Investment Size ($ Millions)
$140
$120
$100
$80
$60
$40
$20
$0
$0.0
$34.6
$45.5
$86.7
$119.0
2019
2020
2021
2022
2023
CLO Deal Maturities of Outstanding Investments
Based on Original Investment Cost ($ Millions)
$0.0
$0.0
$0.0
$0.0
$0.0
$0.0
$0.0
$23.0
$59.2
$0.0
$23.4
$84.1
$119.0
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
Current Junior-Most O/C Test Cushion Distribution of Outstanding Investments
(by Number of Transactions)
14
12
10
8
6
4
2
0
0
0
6
13
1
<= 0%
0% to 2%
2% to 4%
4% to 6%
Over 6%

Certain Regulatory Information

This report (Semi-Annual Report) is made public by means of a press release, which contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation, and has been filed with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten). In addition, this report is also made available to the public by way of publication on the Tetragon website (www.tetragoninv.com). This Semi-Annual Report has not been audited or reviewed.

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

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

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

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

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

DIRECTORS' STATEMENTS

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

The directors of Tetragon confirm that the Tetragon management review for the six month period ended 30 June 2019 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 2019 for Tetragon have been prepared in accordance with applicable laws and in conformity with IFRS as adopted by the European Union and contain a fair review of that period.

Deron J. Haley (Independent Director)

Steven Hart (Independent Director)

David O'Leary (Independent Director)

Reade Griffith (Director)

Paddy Dear (Director)

Equity-Based Compensation Plans

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

Awards under the long-term incentive plan, along with other equity-based awards, are typically spread over multiple vesting dates up to 2024 which may vary for each employee and are subject to forfeiture provisions. The arrangements may also include additional periods, beyond the vesting dates, during which employees gain exposure to the performance of the Tetragon shares, but the shares are not issued to the employees. Such periods may range from one to five years beyond the vesting dates. The shares underlying these equity-based incentive programs typically will be held in escrow until they vest and will be eligible to receive shares under the Tetragon Optional Stock Dividend Plan (DRIP Shares).

As Tetragon has contributed these shares, under IFRS TFG Asset Management is considered to be the settling entity and as a result in Tetragon's accounts the imputed value of the shares contributed to escrow is recorded as a credit to a share-based compensation reserve in the year in which the shares were acquired for this purpose. For the purposes of determining the fully diluted NAV per Share, the dilutive effect of the equity-based compensation plans will be reflected in the fully diluted share count over the life of the plans. Such dilution will include, among other things and in addition to the award shares, any DRIP Shares and shares that will be required to cover employer taxes. At the end of H1 2019, approximately 3.4 million shares were included in the fully diluted share count.

Shareholder Information

Registered Office of Tetragon
Tetragon Financial Group Limited
1st Floor Dorey Court
Admiral Park
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General Partner of Investment Manager
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St. Peter Port, Guernsey
Channel Islands GY1 1WR

Sub-Registrar and CREST Transfer Agent
Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage
St Peter Port, Guernsey
Channel Islands GY1 1DB

Legal Advisor (as to U.S. law)
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United States of America

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

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

Stock Listing

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

Administrator and Registrar
State Street (Guernsey) Limited
1st Floor Dorey Court
Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 6HJ

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

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

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

Financial Statements

KUNAL PATEL
TECHNOLOGY

UNAUDITED CONDENSED FINANCIAL STATEMENTS

TETRAGON FINANCIAL GROUP LIMITED

FOR THE PERIOD ENDED 30 JUNE 2019

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the period ended 30 June 2019

CONTENTS

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	30 Jun 2019 US$ MM	31 Dec 2018 US$ MM
Assets			
Non-derivative financial assets at fair value through profit or loss	5	2,102.7	1,937.1
Derivative financial assets	5	7.6	3.5
Other receivables and prepayments		5.9	8.0
Amounts due from brokers		44.9	35.3
Cash and cash equivalents		158.2	269.8
Total assets		2,319.3	2,253.7
Liabilities			
Loans and borrowings	5	38.0	38.0
Derivative financial liabilities	5	14.8	6.8
Other payables and accrued expenses		4.0	19.5
Total liabilities		56.8	64.3
Net assets		2,262.5	2,189.4
Equity			
Share capital		0.1	0.1
Other equity		789.3	829.7
Capital reserve in respect of share options		-	-
Share-based compensation reserve		79.0	79.0
Retained earnings		1,394.1	1,280.6
		2,262.5	2,189.4
Shares outstanding		Millions	Millions
Number of shares	7	88.8	92.4
Net Asset Value per share		US$ 25.47	US$ 23.70

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

Signed on behalf of the Board of Directors by:

David O'Leary
Director

Steven Hart
Director

Date: 30 July 2019

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2019

	Note	Period ended 30 Jun 2019 US$ MM	Period ended 30 Jun 2018 US$ MM
Net gain on non-derivative financial assets at fair value through profit or loss	5	187.8	123.7
Net gain / (loss) on derivative financial assets and liabilities	5	5.4	-
Interest income		4.0	-
Total revenue		197.2	123.7
Management fee		(16.5)	-
Incentive fee	6	(29.3)	(19.4)
Legal and professional fees		(2.2)	-
Audit fees		(0.3)	-
Other operating and administrative expenses		(1.3)	-
Operating expenses		(49.6)	(19.4)
Operating profit before finance costs		147.6	104.3
Finance costs		(1.9)	-
Profit and total comprehensive income for the period		145.7	104.3
Earnings per share			
Basic	11	US$ 1.64	US$ 1.15
Diluted	11	US$ 1.49	US$ 1.05
Weighted average shares outstanding		Millions	Millions
Basic	11	89.0	90.7
Diluted	11	97.8	99.4

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

For the period ended 30 June 2018, the Fund was acting as a feeder fund to the Master fund. All operating expenses (except incentive fee) and finance costs, are included in the net gain on non-derivate financial assets at fair value through profit or loss for that period. Please refer to Note 2 for details of the amalgamation.

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2019

	Share capital US$ MM	Other equity US$ MM	Retained earnings US$ MM	Capital reserve US$ MM	Share-based compensation reserve US$ MM	Total US$ MM
As at 1 January 2019	0.1	829.7	1,280.6	-	79.0	2,189.4
Profit and total comprehensive income for the period	-	-	145.7	-	-	145.7
Transactions with owners recognised directly in equity						
Cash dividends	-	-	(22.3)	-	-	(22.3)
Stock dividends	-	9.9	(9.9)	-	-	-
Purchase of treasury shares	-	(50.3)	-	-	-	(50.3)
As at 30 June 2019	0.1	789.3	1,394.1	-	79.0	2,262.5
As at 1 January 2018	0.1	808.9	1,104.7	0.1	80.7	1,994.5
Profit and total comprehensive income for the period	-	-	104.3	-	-	104.3
Transactions with owners recognised directly in equity						
Cash dividends	-	-	(24.0)	-	-	(24.0)
Stock dividends	-	8.2	(8.2)	-	-	-
Issue of shares	-	0.1	-	-	-	0.1
As at 30 June 2018	0.1	817.2	1,176.8	0.1	80.7	2,074.9

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

TETRAGON FINANCIAL GROUP LIMITED

STATEMENT OF CASH FLOWS
For the period ended 30 June 2019

	Period ended 30 Jun 2019 US$ MM	Period ended 30 Jun 2018 Restated US$ MM
Operating activities		
Profit for the period	145.7	104.3
Adjustments for:		
Gains on investments and derivatives	(148.3)	(81.1)
Amortisation of CLOs	31.0	-
Operating cash flows before movements in working capital	28.4	23.2
Increase in receivables	(2.9)	-
(Decrease) / Increase in payables	(15.3)	0.8
Increase in amounts due from brokers	(9.6)	-
Cash generated from operating activities	0.6	24.0
Investing activities		
Proceeds from sale / prepayment / maturity of investments	155.9	-
Net proceeds on derivative financial instruments	0.1	-
Purchase of investments	(195.6)	-
Net cash used in investing activities	(39.6)	-
Financing activities		
Proceeds from issue of shares	-	-
Repurchase of shares	(50.3)	-
Dividends paid to shareholders*	(22.3)	(24.0)
Net cash used in financing activities	(72.6)	(24.0)
Net decrease in cash and cash equivalents	(111.6)	-
Cash and cash equivalents at beginning of period	269.8	-
Cash and cash equivalents at end of period**	158.2	-

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

* The gross dividend payable to shareholders was US$ 32.2 million (30 June 2018: US$ 32.2 million) with a value equivalent to US$ 9.9 million (30 June 2018: US$ 8.2 million) elected to be taken by the dividend recipient in shares rather than cash.

** Up to 31 December 2018, the Fund did not maintain any bank accounts or cash balances. All cash transactions took place within the Master Fund. Please refer to Note 2 for the details of the amalgamation.

Note 1 Corporate Information

Tetragon Financial Group Limited ("Tetragon" or the "Fund") was registered in Guernsey on 23 June 2005 as a company limited by shares, with registered number 43321. All voting shares of the Fund are held by Polygon Credit Holdings II Limited (the "Voting Shareholder"). The Fund continues to be registered and domiciled in Guernsey, and the Fund's non-voting shares (the "Shares") are listed on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. (ticker symbol: TFG.NA) and on the Specialist Fund Segment of the London Stock Exchange plc (ticker symbols: TFG.LN and TFGS.LN). The registered office of the Fund is 1st Floor Dorey Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands, GY1 6HJ.

Note 2 Legal Amalgamation of the Master Fund with the Fund

From inception to 31 December 2018, the Fund acted 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"). With effect from 31 December 2018, the Master Fund was amalgamated under Part VI of the Companies (Guernsey) Law, 2008 (as amended) with its parent company, the Fund. There was no change in beneficial ownership as a result of the amalgamation.

Prior to the amalgamation, the Fund had presented its Statement of Cash flows using the direct method as the Fund was acting as the feeder fund with limited transactions and no cash account to its name. For the period ended 30 June 2019, the Fund is presenting its Statement of Cash flows using the indirect method. The change in presentation method makes the Statement of Cash flows consistent with the Master Fund's statement of cash flows presented in prior periods. As a result of this change, the Statement of Cash flows for the period ended 30 June 2018 is restated using the indirect method.

Note 3 Basis of Preparation

Basis of Preparation

The unaudited condensed financial statements for the period ended 30 June 2019 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 2018.

The unaudited condensed financial statements do not contain all of the information and disclosures required in a full set of annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements are presented in United States Dollars ("USD" or "US$"), which is the functional currency of the Company, expressed in USD millions (unless otherwise stated).

In accordance with IFRS 10 *Consolidated Financial Statements*, the Fund is an investment entity and, as such, does not consolidate the entities it controls where they are deemed to be subsidiaries. Instead, interests in subsidiaries are classified as FVTPL. Investments in associates are also classified as fair value through profit or loss ("FVTPL").

After making enquiries and given the nature of the Fund and its investment, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Financial Statements and, after due consideration, the Directors consider that the Fund is able to continue as a going concern for the foreseeable future and at least twelve months from the date of this report.

Note 3 Basis of Preparation (continued)

New standards and amendments to existing standards

The Fund has considered all the standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. IFRS 17 Insurance Contracts will be applicable to the financial year ending 31 December 2021. This standard is not relevant to the Fund's activities.

Note 4 Significant Accounting Judgments, Estimates and Assumptions

As explained in the audited financial statements for the year ended 31 December 2018, following areas contain a higher degree of judgment, assumptions or estimates that are significant to the financial statements:

- Investment entity status
- Measurement of fair values (see Note 5)

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss

Fair value hierarchy

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

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

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Recurring fair value measurement of assets and liabilities

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as of 30 June 2019:

Non-derivative financial assets at FVTPL	Level 1 US$ MM	Level 2 US$ MM	Level 3 US$ MM	Total Fair Value US$ MM
CLO equity tranches	-	-	233.5	233.5
Loans and corporate bonds	-	25.3	-	25.3
Listed stock	101.9	-	66.2*	168.1
Unlisted stock	-	5.0	40.0	45.0
Investment funds and vehicles	-	505.8	419.1	924.9
TFG Asset Management	-	-	705.9	705.9
Total non-derivative financial assets at FVTPL	101.9	536.1	1,464.7	2,102.7
Derivative financial assets				
Contracts for difference (asset)	-	-	7.4	7.4
Forward foreign exchange contracts (asset)	-	0.2	-	0.2
Total derivative financial assets	-	0.2	7.4	7.6
Derivative financial liabilities				
Contracts for difference (liability)	-	(13.7)	-	(13.7)
Forward foreign exchange contracts (liability)	-	(1.1)	-	(1.1)
Total derivative financial liabilities	-	(14.8)	-	(14.8)

*Restricted for trading

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Recurring fair value measurement of assets and liabilities (continued)

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as at 31 December 2018:

Non-derivative financial assets at FVTPL	Level 1 US$ MM	Level 2 US$ MM	Level 3 US$ MM	Total Fair Value US$ MM
CLO equity tranches	-	-	257.1	257.1
Loans and corporate bonds	-	23.8	-	23.8
Listed stock	106.0	-	-	106.0
Unlisted stock	-	-	96.1	96.1
Investment funds and vehicles	-	430.1	361.9	792.0
TFG Asset Management	-	-	662.1	662.1
Total non-derivative financial at FVTPL	106.0	453.9	1,377.2	1,937.1
Derivative financial assets				
Contracts for difference (asset)	-	0.8	-	0.8
Forward foreign exchange contracts (asset)	-	2.7	-	2.7
Total derivative financial assets	-	3.5	-	3.5
Derivative financial liabilities				
Contracts for difference (liability)	-	-	(5.5)	(5.5)
Forward foreign exchange contracts (liability)	-	(1.3)	-	(1.3)
Total derivative financial liabilities	-	(1.3)	(5.5)	(6.8)

Transfers between levels

There were no transfers between levels in 2018 or 2019.

Other financial assets and liabilities

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

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Level 3 reconciliation

The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 30 June 2019.

	CLO Equity Tranches US$ MM	Listed Stock 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	257.1	-	96.1	361.9	662.1	1,377.2
Additions	-	-	-	73.3	-	73.3
Proceeds	-	-	(0.9)	(44.4)	(39.7)	(85.0)
Transfer between categories	-	70.7	(70.7)	-	-	-
Realised gain / (loss) and change in unrealised (depreciation) / appreciation	7.4	(4.5)	15.5	28.3	83.5	130.2
Amortisation	(31.0)	-	-	-	-	(31.0)
Balance at end of period	233.5	66.2	40.0	419.1	705.9	1,464.7
Unrealised gains and losses for the period for assets held at the end of the reporting period	4.0	(4.5)	15.5	5.4	83.5	103.9

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 2018.

	CLO Equity Tranches US$ MM	Unlisted Stock US$ MM	Investment Funds and Vehicles US$ MM	TFG Asset Management US$ MM	Master Fund US$ MM	Total US$ MM
Balance at start of year	-	-	-	-	2,008.4	2,008.4
Additions	-	-	-	-	19.5	19.5
Proceeds	-	-	-	-	(1.0)	(1.0)
Gain on investments	-	-	-	-	179.9	179.9
Transfer from the Master Fund on amalgamation	257.1	96.1	361.9	662.1	(2,206.8)	(829.6)
Balance at end of year	257.1	96.1	361.9	662.1	-	1,377.2

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

Valuation techniques

CLO equity tranches

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

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

As at 30 June 2019, key modelling assumptions used are disclosed below. The modelling assumptions disclosed below are a weighted average (by USD amount) of the individual deal assumptions. Each individual deal's assumptions may differ from this average and vary across the portfolio.

Constant Annual Default Rate ("CADR")	Approximately 2.38% (31 December 2018: 2.35%), 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 2018: 74%), 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 2018: 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 350 bps (31 December 2018: 348 bps) on broadly U.S. syndicated loan deals which are still in their reinvestment periods.

When determining the fair value of the equity tranches, a discount rate is applied to the expected future cash flows derived from the third-party valuation model. The discount rate applied to those future cash flows reflects the perceived level of risk that would be used by another market participant in determining fair value. In determining the discount rates to use an analysis of the observable risk premium data as well as the individual deal's structural strength and credit quality is undertaken. At 30 June 2019, a discount rate of 10% for U.S. 1.0 deals and European deals (31 December 2018: 10%) has been utilised. At 30 June 2019, for U.S. 2.0 deals the discount rate applied is 11% (31 December 2018: 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 10.7% (31 December 2018: 10.1%).

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)
CLO equity tranches (continued)

Sensitivity Analysis:

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

	30 Jun 2019 US$ MM	31 Dec 2018 US$ MM
-1% discount rate	8.3	7.4
+1% discount rate	(7.8)	(6.9)

Private equity in asset management companies

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

During 2018, the Fund announced the merger of GreenOak with Bentall Kennedy, Sun Life Financial Inc.'s real estate and property management firm. The merger closed on 2 July 2019. In addition to upfront cash payment, TFG Asset Management will continue to hold approximately 13% interest in the combined entity and will receive a series of fixed and variable profit distributions. Sun Life will have an option to acquire the remaining interest in the merged entity approximately seven years from the closing. TFG Asset Management and other minority owners are entitled to sell their interest to Sun Life approximately eight years from the close of the transaction. The Fund's investment in GreenOak, as at 30 June 2019, is valued using the DCF Approach on expected cash flows from the merged entity.

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

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

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)
Private equity in asset management companies (continued)

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

30 June 2019

Investment	Fair Value US$ MM	Valuation methodology	Significant unobservable inputs
Equitix	244.5	DCF, Debt at par + accrued interest	Discount rate 9.5%, DLOL 15%
GreenOak	211.0	DCF (sum-of-the-parts)	Discount rate ranges from 4% to 25% for different types of cash flows with a base discount rate of 11.25%, DLOL 15%
LCM	173.0	DCF and Market Multiples	Discount rate 11.5%, P/AUM multiple 2.5%, DLOL 15%
Polygon	58.6	DCF	Discount rate 12.25%, DLOL 20%
TCIP	17.1	DCF	Discount rate 11.5%, DLOL 15%
Hawke's Point	1.7	Replacement cost	

31 December 2018

Investment	Fair Value US$ MM	Valuation methodology	Significant unobservable inputs
Equitix	230.9	DCF, Debt at par + accrued interest	Discount rate 9.75%, DLOL 15%
GreenOak	208.5	DCF (sum-of-the-parts)	Discount rate ranges from 5% to 25% for different types of cash flows with a base discount rate of 11.0%, DLOL 15%
LCM	154.9	DCF and Market Multiples	Discount rate 11.5%, P/AUM multiple 2.3%, DLOL 15%
Polygon	55.1	DCF	Discount rate 12.5%, DLOL 20%
TCIP	11.0	DCF	Discount rate 11.5%, DLOL 15%
Hawke's Point	1.7	Replacement cost	

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)
Private equity in asset management companies (continued)

Sensitivity Analysis:

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

30 June 2019

Investment	Favorable	Unfavorable
Equitix	US$ 39.0 MM Discount rate 8.5%	(US$ 30.1 MM) Discount rate 10.5%
GreenOak	US$ 4.8 MM Discount rate 10.25%	(US$ 4.4 MM) Discount rate 12.25%
LCM	US$ 22.4 MM Discount rate 10.5%, P/AUM multiple 2.9%	(US$ 22.4 MM) Discount rate 12.5%, P/AUM multiple 2.1%
Polygon	US$ 6.0 MM Discount rate 11.25%	(US$ 6.0 MM) Discount rate 13.25%
TCIP	US$ 0.9 MM Discount factor 10.5%	(US$ 0.8 MM) Discount factor 12.5%

31 December 2018

Investment	Favorable	Unfavorable
Equitix	US$ 31.7 MM Discount rate 8.75%	(US$ 24.8 MM) Discount rate 10.75%
GreenOak	US$ 5.0 MM Discount rate 10.0%	(US$ 4.6 MM) Discount rate 12.0%
LCM	US$ 19.3 MM Discount rate 10.5%, P/AUM multiple 2.75%	(US$ 19.3 MM) Discount rate 12.5%, P/AUM multiple 2.0%
Polygon	US$ 5.6 MM Discount rate 11.5%	(US$ 5.6 MM) Discount rate 13.5%
TCIP	US$ 0.6 MM Discount factor 10.5%	(US$ 0.6 MM) Discount factor 12.5%

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)

Investment funds and vehicles

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

The Fund has an investment in an externally managed investment vehicle that holds farmlands in Paraguay. In 2019, these farmlands were valued by an independent third-party valuation agent.

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$ 4.2 million (31 December 2018: US$ 3.6 million). A decrease in net asset value of the funds will have an equal and opposite effect.

Unlisted stock

Unlisted stock investments are valued by reference to recently available data points. At 30 June 2019, the Fund holds one unlisted stock for which cost is judged to be equal to fair value as it is the latest data point.

Sensitivity analysis:

A 1% increase in the value of unlisted stock included in level 3 will increase net assets and profits of the Fund by US$ 0.4 million (31 December 2018: US$ 1.0 million).

Listed stock

For listed stock in an active market, the closing exchange price is utilised as the fair value price. For listed stock that are restricted for trading, an appropriate discount rate is applied to the closing exchange price.

Sensitivity analysis:

A 1% increase in the value of listed stock included in level 3 will increase net assets and profits of the Fund by US$ 0.7 million (31 December 2018: Nil).

Loans and corporate bonds

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.

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

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

Valuation techniques (continued)

Forward currency contracts and currency options

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

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

Contracts for difference

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

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

Note 6 Incentive Fee

The incentive fee for the period ended 30 June 2019 was US$ 29.3 million (30 June 2018: US$ 19.4 million). As at 30 June 2019, US$ 2.1 million was outstanding (31 December 2018: US$ 17.5 million).

Note 7 Share Capital

Share Transactions

	Voting Shares No.	Non-Voting Shares* No. MM	Treasury Shares No. MM	Shares held in Escrow No. MM
Shares in issue at 1 January 2018	10.0	90.1	41.3	8.3
Stock dividends	-	1.5	(2.0)	0.5
Issued through release of tranche of escrow shares	-	0.2	-	(0.2)
Issued through exercise of GreenOak options	-	0.7	(0.7)	-
Shares purchased during the year	-	(0.1)	0.1	-
Shares in issue at 31 December 2018	10.0	92.4	38.7	8.6
Stock dividends	-	0.7	(0.9)	0.2
Shares purchased during the period	-	(4.3)	4.3	-
Shares in issue at 30 June 2019	10.0	88.8	42.1	8.8

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

Note 7 Share Capital (continued)

Treasury Shares and Share Repurchases

During January 2019, under the terms of a "modified Dutch auction", the Fund accepted for purchase approximately 4.3 million non-voting shares at an aggregate cost of US$ 50.3 million, including applicable fees and expenses of US$ 0.3 million.

Note 8 Dividends

	30 Jun 2019 US$ MM	31 Dec 2018 US$ MM
Quarter ended 31 December 2017 of US$ 0.1775 per share	-	16.1
Quarter ended 31 March 2018 of US$ 0.1775 per share	-	16.1
Quarter ended 30 June 2018 of US$ 0.1800 per share	-	16.4
Quarter ended 30 September 2018 of US$ 0.1800 per share	-	16.5
Quarter ended 31 December 2018 of US$ 0.1825 per share	16.1	-
Quarter ended 31 March 2019 of US$ 0.1825 per share	16.1	-
	32.2	65.1

The second quarter dividend of US$ 0.1850 per share was approved by the Directors on 30 July 2019 and has not been included as a liability in these financial statements.

Note 9 Contingencies and Commitments

The Fund has the following unfunded commitments:

	30 Jun 2019 US$ MM	31 Dec 2018 US$ MM
GreenOak investment vehicles	64.3	97.0
TCI III	58.9	77.6
Private equity funds	25.1	18.8
	148.3	193.4

Note 10 Related-Party Transactions

There were no changes in the transactions or arrangements with related parties as described in the audited financial statements for the year ended 31 December 2018 that would have a material effect on the financial position or performance of the Fund for the period ended 30 June 2019 except for the following:

From Q1 2019, David O'Leary has elected to receive shares in lieu of half of his compensation. During the period ended 30 June 2019, David O'Leary received 1,224 shares. The number of shares issued instead of the fee for the second quarter will be determined as part of the second quarter 2019 dividend process.

Reade Griffith, Paddy Dear and David O'Leary - all Directors of the Fund during the period – maintained (directly or indirectly) interests in shares of the Fund as at 30 June 2019, with interests of 12,917,339, 4,332,104 and 1,224 shares respectively (31 December 2018: 12,553,798, 4,210,182 and Nil shares respectively).

Note 10 Related-Party Transactions (continued)

It was contractually agreed as part of the acquisition of TFG Asset Management that in addition to Tetragon non-voting shares granted to Reade Griffith (initially 5,539,954 shares) and to Paddy Dear (initially 1,955,291 shares) which vested between 2015 and 2017, any annual compensation actually paid to each of Reade Griffith and Paddy Dear in respect of their employment with the Fund and its subsidiaries in excess of an annual base salary of US$ 100,000 would be promptly returned to the Fund. During the period ended 30 June 2019, total compensation paid to them each in aggregate was US$ 50,000 (30 June 2018: US$ 50,000). For Mr. Griffith, this arrangement has been replaced by the employment agreement described below.

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

- US$ 9.5 million in cash in July 2019;
- US$ 3.75 million in cash in July 2020;
- 0.3 million Tetragon non-voting shares in July 2021;
- 2.1 million Tetragon non-voting shares in June 2024; and
- between zero and an additional 3.15 million Tetragon non-voting shares – with the number of shares based on agreed-upon investment performance criteria – vesting in years 5, 6 and 7.

All of the Tetragon non-voting shares, as well as the July 2020 payment, covered by Mr. Griffith's employment agreement are subject to forfeiture conditions. The shares are held in escrow for release upon vesting and are eligible to participate in the optional stock dividend program, and as a result of subsequent dividends, further shares will be added to the escrow.

Note 11 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:	Period ended 30 Jun 2019 US$ MM	Period ended 30 Jun 2018 US$ MM
Earnings for the purposes of basic earnings per share being net profit attributable to shareholders for the period	145.7	104.3
Weighted average number of shares for the purposes of basic earnings per share	89.0	90.7
Effect of dilutive potential shares:		
Share-based employee compensation – equity-based awards	6.5	6.3
Share options	-	0.2
Deferred incentive fee shares	2.3	2.2
Weighted average number of shares for the purposes of diluted earnings per share	97.8	99.4

Note 11 Earnings per share (continued)

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

In respect of 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.

In respect of share options, the intrinsic value of the options is calculated using the Fund's quoted share price on the last business day prior to the year 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

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

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

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

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

The Fund's investment geographical exposure is as follows

Region	30 Jun 2019	31 Dec 2018
North America	42.5%	43.4%
Europe	48.0%	45.8%
Asia	7.6%	8.6%
Latin America	1.9%	2.2%

Note 13 Subsequent Events

The Directors have evaluated the period up to 30 July 2019, the Directors have concluded that there are no material events that require disclosure or adjustment to the financial statement.

Note 14 Approval of Financial Statements

The Directors approved and authorised for issue the financial statements on 30 July 2019.