

Performance Report
First Quarter 2015

TETRAGON

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TFG Limited Q1 2015 Financial Statements

TFG Master Fund Limited Q1 2015 Consolidated Financial Statements

Executive Summary

Tetragon Financial Group Limited (“TFG” or the “Company”) is a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol “TFG.”⁽¹⁾ In this report, we provide an update on TFG’s results of operations for the period ending 31 March 2015.

30 April 2015

TFG had a strong Q1 2015 with an annualised Return on Equity (“RoE”) of 16.8%, ahead of the company’s over the cycle target of 10-15% per annum.⁽²⁾

Performance was positive for the quarter for both the balance sheet (asset returns) and TFG Asset Management or “TFG AM” (operating income) with net economic income before tax for the former of \$73.7 million and EBITDA equivalent⁽³⁾ for the latter of \$18.8 million.

The investment portfolio returns had a strong contribution for the quarter from investments held directly on the balance sheet. This was particularly pleasing given the performance in Q4 2014 in this part of the business. In addition, the Company had some notable profits and return of cash from GreenOak Real Estate’s⁽⁴⁾ real estate investments in the quarter.

On the operating, TFG AM, side of the business, the EBITDA equivalent for TFG AM grew to \$18.8 million in Q1 (against \$6.3 million in Q1 last year), helped by the addition of Equitix Holdings Limited (“Equitix”) (the acquisition completed on 2 February 2015), plus positive performance from the other businesses that make up TFG AM.

There were good positive asset inflows across TFG AM during Q1 2015, with total Assets Under Management (“AUM”) standing at approximately \$13.8 billion at 31 March 2015.⁽⁵⁾ This is up from \$11.1 billion at year end excluding Equitix.

The first quarter dividend was declared at 15.75 cents per share, giving 12 months’ rolling dividend growth of 7.8%.

TFG is considering seeking admission for TFG’s shares to trade on the Specialist Fund Market of the London Stock Exchange. TFG believes that the principal benefit of having this additional trading platform should be improved liquidity through (1) access to a broader investor base and (2) expanded analyst coverage. TFG would maintain its listing on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. (“Euronext Amsterdam”). As is the case for Euronext Amsterdam, the Specialist Fund Market is a regulated market for the purposes of the Markets in Financial Instruments Directive. There can be no assurance that TFG will decide to go ahead and seek admission or that it will be approved. Further details will be provided in due course.

TFG Overview

Tetragon Financial Group Limited (“TFG”) is a Guernsey closed-ended company traded on Euronext Amsterdam N.V. under the ticker symbol “TFG” that aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. TFG’s investment objective is to generate distributable income and capital appreciation.

To achieve this objective, TFG’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 the Investment Manager⁽⁶⁾ to negotiate favourable terms for its investments.
- ▶ To seek to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital.

THROUGH THIS INVESTMENT STRATEGY, TFG HAS BECOME A DIVERSIFIED ALTERNATIVE ASSET MANAGEMENT BUSINESS THAT OWNS MAJORITY AND MINORITY STAKES IN ASSET MANAGERS AND USES ITS BALANCE SHEET TO INVEST IN, BUILD AND GROW THOSE BUSINESSES.

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 TFG’s capital; and seeks for TFG to own a share of the asset management company. TFG aims to not only produce asset level returns, but also aims to enhance these returns with profits from owning asset management businesses that derive income from external investors. Thus, TFG seeks to use its balance sheet to facilitate the growth of TFG Asset Management to help create value for TFG shareholders.

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 business are also important considerations. Additionally, the core capabilities, investment focus,

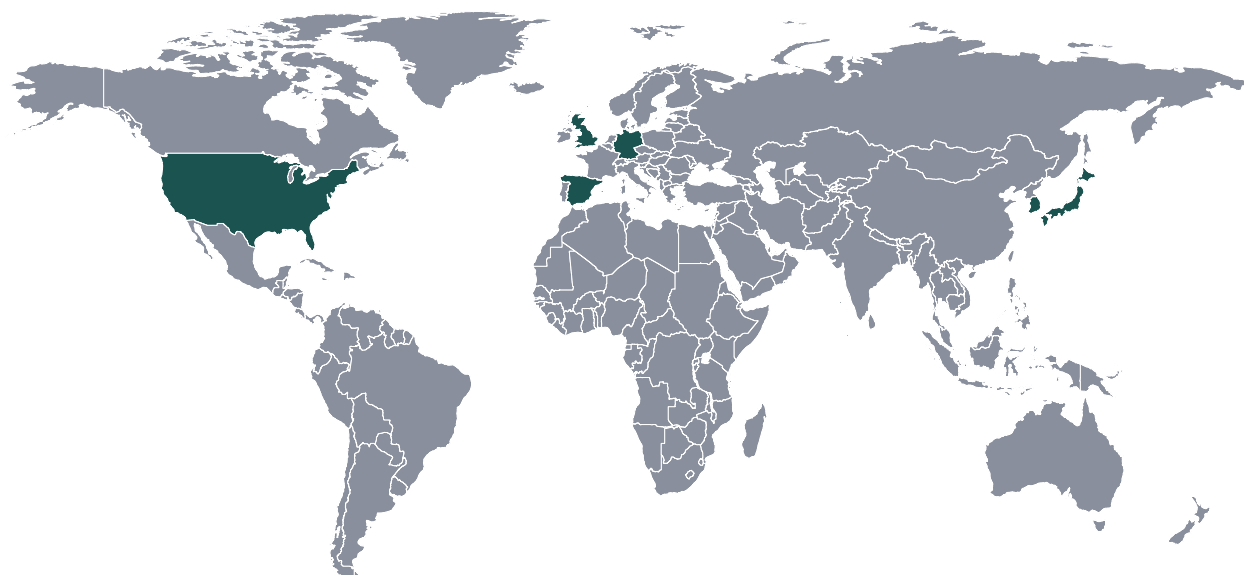
and strategy of any new business should offer a complementary operating income stream to TFG Asset Management’s existing businesses. The Investment Manager looks to mitigate potential correlated risks across TFG Asset Management’s investment managers by diversifying its exposure across asset classes, investment vehicles, durations, and investor types, among other factors.

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

TFG’s permanent capital base should increase the likelihood of success for this strategy of investing in alternative asset managers and the assets they manage, as its capital is available both for supporting operations of the management businesses and for co-investing, seeding or anchoring new investment funds of the managers. In this sense, TFG is not only an investor, but also a business builder.

At 31 March 2015, TFG’s global alternative asset management businesses had approximately \$13.8 billion of assets under management.⁽⁷⁾ These businesses consisted of LCM Asset Management (“LCM”), the GreenOak Real Estate (“GreenOak”) joint venture, Polygon Global Partners (“Polygon”), Equitix Holdings (“Equitix”) and Hawke’s Point.

Figure 1⁽⁸⁾



\$14B
Assets Under Management

194
Employees Globally

TFG
Euronext Listed

Shareholder Return

The numbers below show annualised total shareholder return to 31 March 2015, defined as share price appreciation including dividends reinvested, for one year, three years, five years, and since the Company's initial public offering in April 2007.

Figure 2

+2%

ONE YEAR

+18%

THREE YEARS

+24%

FIVE YEARS

+7%

FROM IPO

APRIL 2007

Source: Bloomberg TRA function

LCM™

- LCM is a specialist in below-investment grade U.S. senior secured leveraged loans.
- The business was established in 2001 and has offices in New York and London.
- TFG acquired 75% of LCM in 2010 and the remainder in 2012.
- AUM was approximately \$5.8 billion at 31 March 2015.
- 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 often four 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.
- CLO managers typically earn a management fee of up to 0.50% of total assets, and a performance fee of 20% over a CLO equity IRR hurdle.

Further information is available at www.lcmam.com.

GREENOAK™

- GreenOak is a real estate-focused principal investing, lending and advisory firm that seeks to create long-term value for its investors and provide strategic advice to its clients.
- The business was established in 2010 as a joint venture with TFG and has a presence in New York, London, Tokyo, Los Angeles, Luxembourg, Madrid, Munich, and Seoul.
- TFG owns 23% of the business and carries it at fair value.
- AUM was approximately \$4.6 billion at 31 March 2015.
- GreenOak currently has funds with investments focused on the United States, Japan, Spain, and the United Kingdom.
- Funds are typically structured with management fees of 2% and carried interest over a preferred return. The funds generally have a multi-year investment period, with a fund term of seven years after the final close, with possible extensions subject to certain approvals.

Further information is available at www.greenoakrealestate.com.



POLYGON

- Polygon manages open-ended hedge fund and private equity vehicles across a number of strategies.
- Polygon was established in 2002 and has offices in New York and London.
- TFG acquired 100% of the business in 2012.
- AUM was approximately \$1.5 billion at 31 March 2015.
- Polygon manages funds focusing on the following strategies: European event-driven equities, global convertible bonds, mining company equities, and distressed securities. Polygon also manages a private equity vehicle comprised of certain illiquid investments. Each fund manager has its own CIO and investment team. Polygon's open-ended funds have capacity levels set which seek to optimize the investment opportunity. The investor liquidity of these products is calibrated to match the duration of the underlying investments.
- Fees in these products include a management fee that is generally between 1.5% and 2.0% and the typical performance fee or carried interest is 20%.

Further information is available at www.polygoninv.com.



- Equitix is an integrated core infrastructure asset management and primary project platform.
- Equitix was established in 2007 and is based in London.
- TFG acquired 85% of the business in February 2015; over time, TFG's holding is expected to decline to approximately 74.8%. Management own the balance.
- AUM was approximately \$2.0 billion at 31 March 2015.
- Since inception of the business, Equitix has raised over £1.2 billion across four UK-focused funds and managed accounts, investing in sectors including health-care, education, utility infrastructure, social housing, renewable energy, transport, waste, and accommodation.
- Fees in this product include a management fee, and a carry interest fee that is over a hurdle currently set at 7.5%. The carried interest fee is typically 20% over the hurdle, and the management fee after the investment period is typically between 1.25% and 1.65%; during the investment period it has ranged between 0.95% and 2.0% on invested capital. The core funds also have an additional fee on committed capital of approximately 0.30%.

Further information is available at www.equitix.co.uk.

HAWKE'S POINT

- Hawke's Point Resource Finance seeks to provide capital to companies in the mining and resource sectors.
- TFG established Hawke's Point in Q4 2014 and owns 100% of the business.
- Hawke's Point is currently actively evaluating a range of mine financing opportunities.

KEY METRICS

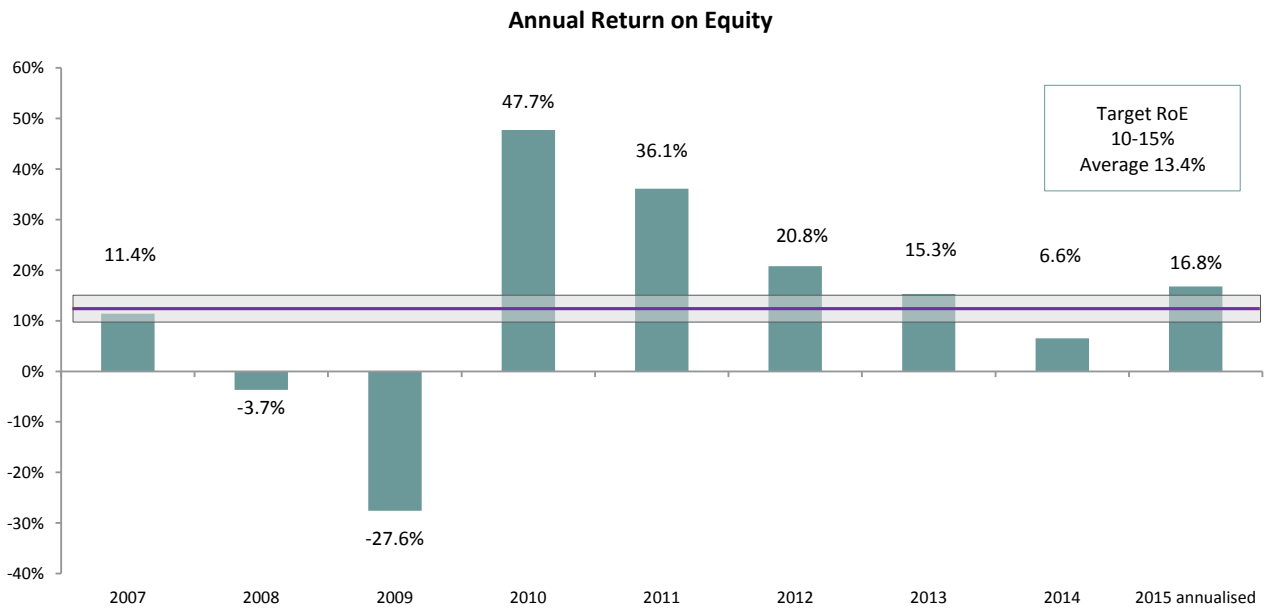
The Company focuses on four key metrics when assessing how value is being created for, and delivered to, TFG shareholders: Earnings, Net Asset Value (“NAV”) per share, Dividends, and AUM. Drivers for each of the metrics are discussed in the following sections of the report.

EARNINGS - RETURN ON EQUITY (“RoE”)

RoE for the Q1 2015 was an annualised 16.8%, above TFG’s long-term range of 10-15%⁽⁹⁾, reflecting a strong start to the year across many of the business areas

TFG generated Net Economic Income⁽¹⁰⁾ of \$76.2 million in Q1 2015, compared with \$47.2 million in the equivalent quarter last year, representing an increase of 61%.

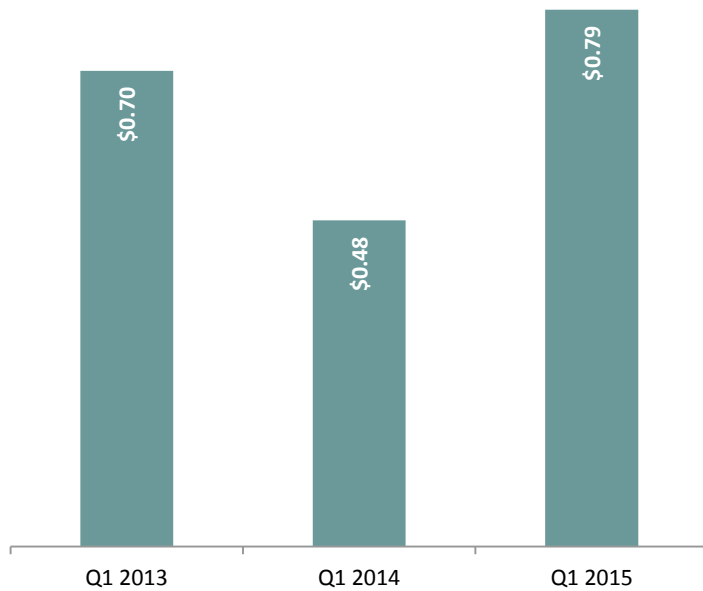
Figure 3



EARNINGS PER SHARE (“EPS”)**TFG generated an Adjusted EPS of \$0.79 in Q1 2015**

The Q1 Net Economic Income⁽¹¹⁾ of \$76.2 million resulted in an EPS of \$0.79, the highest quarterly adjusted EPS result for the Company since Q4 2013.

Figure 4

Adjusted EPS Comparison Q1 2013 - 2015 (USD)

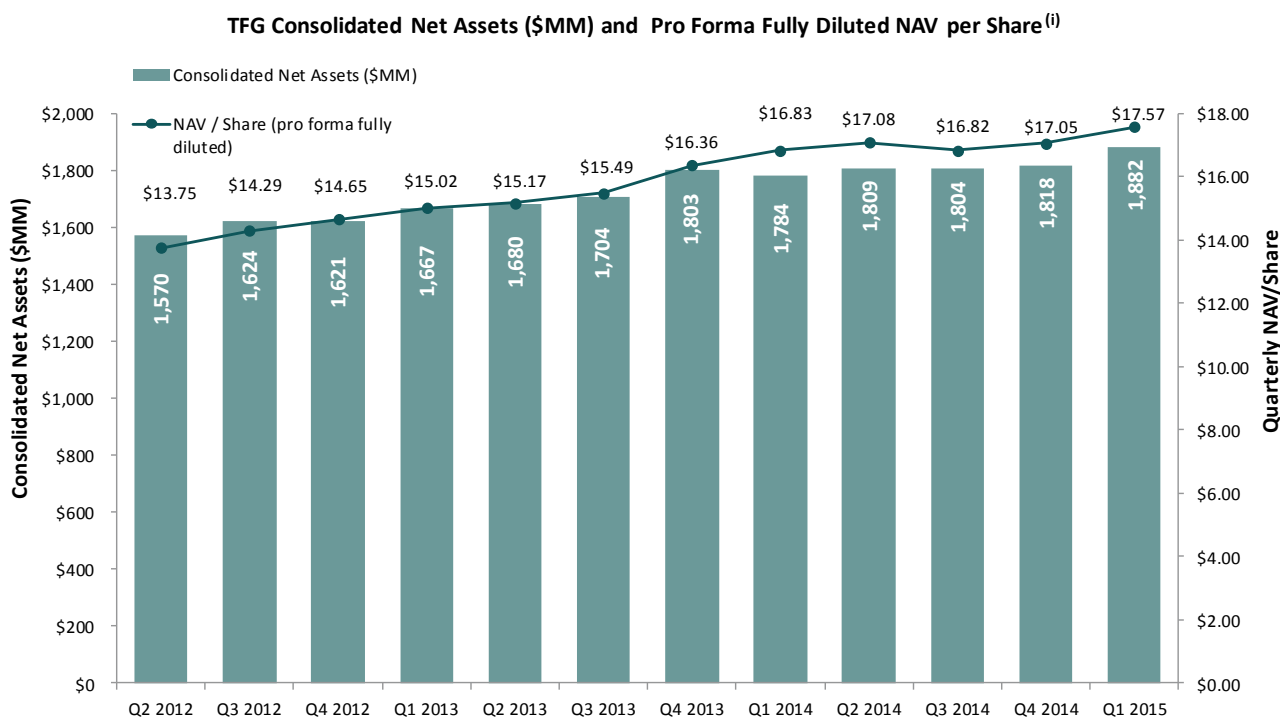
Further detailed information on the drivers of the Company's performance is provided later in this report.

NAV PER SHARE

Pro Forma Fully Diluted NAV per Share was \$17.57 at the end of Q1 2015, up 3.0% from the end of Q4 2014 and up 4.4% from the end of Q1 2014

- Total NAV for TFG rose to \$1,882.0 million at 31 March 2015, which equated to Pro Forma Fully Diluted NAV per Share⁽¹²⁾ of \$17.57, compared to \$17.05 at the end of 2014.
- The 3% growth in NAV per Share recorded in the quarter is after distributing dividends of \$0.1575 during that period. The NAV per Share growth adjusting for the dividend distribution was 4%.

Figure 5



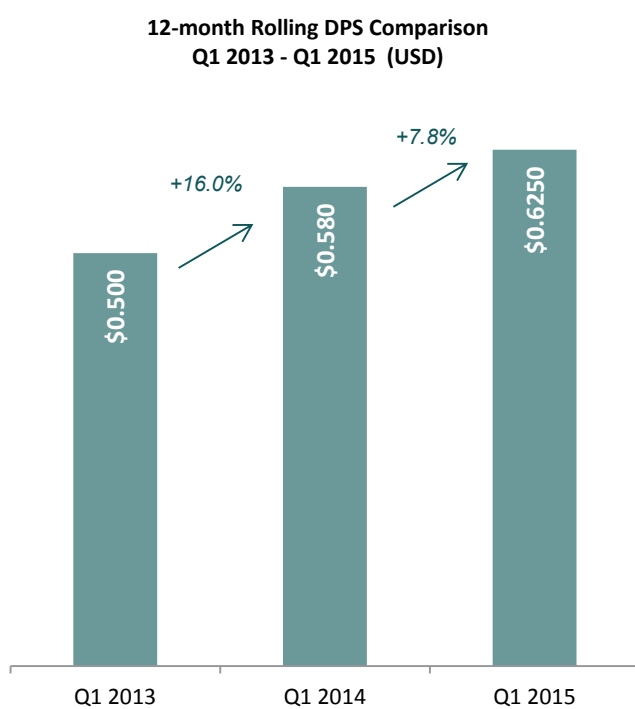
(i) Source: NAV per share based on TFG’s financial statements as of the relevant quarter-end date. Please note that the Pro Forma Fully Diluted NAV per share reported as of each quarter-end date excludes any shares held in treasury or in a subsidiary as of that date, but includes shares held in escrow which are expected to be released and incorporated into the U.S. GAAP NAV per Share over a five-year period and the number of shares corresponding to the applicable intrinsic value of the options issued to the Investment Manager at the time of the Company’s IPO. Please see Figure 19 on page 27 for more details.

DIVIDENDS PER SHARE (“DPS”)

TFG held its dividend steady quarter on quarter

- TFG declared a Q1 2015 DPS of \$0.1575, the same as in Q4 2014. On a rolling 12-month basis, the dividend of \$0.625 per share represents a 7.8% increase over the prior 12-month period and equated to an annualised dividend yield of 6.3% on the quarter-end share price of \$9.89.
- This dividend declaration continues TFG’s progressive dividend policy, which targets a payout ratio of 30-50% of normalised earnings. The Q1 2015 DPS of \$0.1575 brings the cumulative DPS declared since TFG’s IPO to \$3.60.

Figure 6

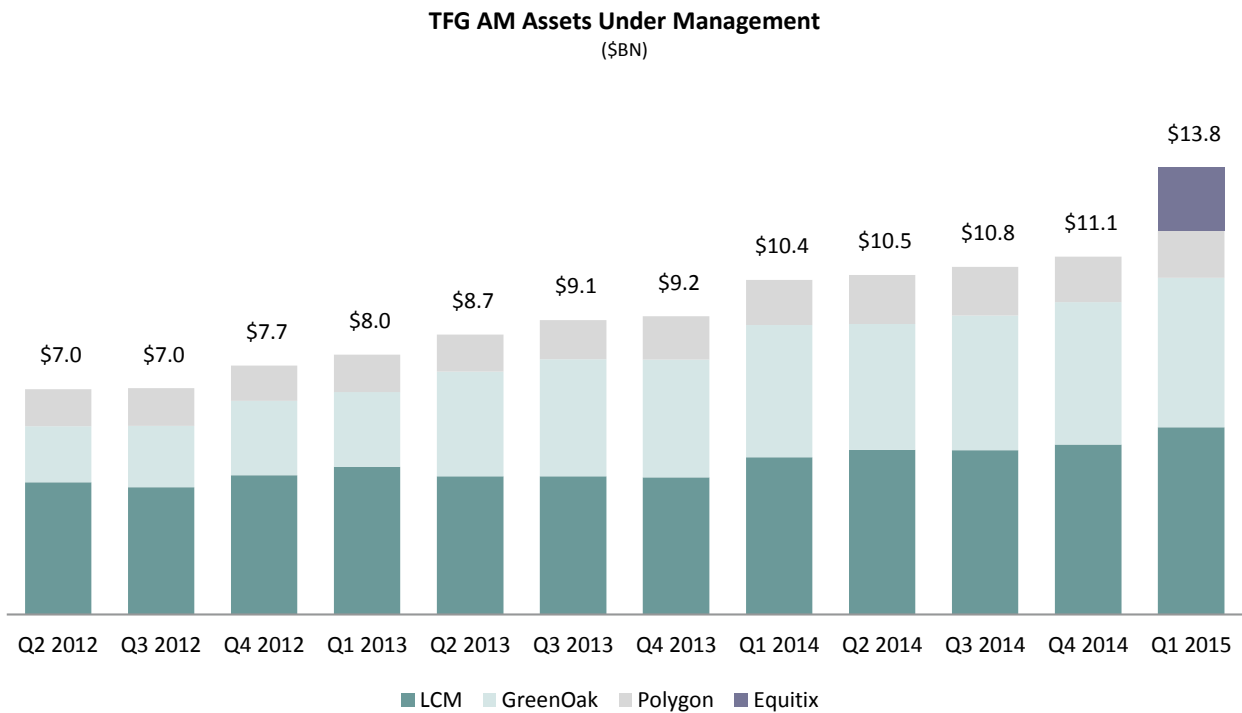


AUM GROWTH

TFG Asset Management grew its total AUM by 25% in Q1 2015 driven in large part by the acquisition of Equitix, although the non Equitix businesses grew AUM by 7% and most business lines added fee-paying capital

AUM for TFG Asset Management was approximately \$13.8 billion at end of Q1 2015, up from \$11.1 billion at year-end 2014.

Figure 7⁽ⁱ⁾



(i) GreenOak AUM includes funds and advisory assets managed by GreenOak Real Estate, LP, a separately registered investment adviser under the U.S. Investment Advisers Act of 1940. Polygon AUM includes Polygon Recovery Fund LP, Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund and Polygon Distressed Opportunities Master Fund, as calculated by the applicable fund administrator. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited. All data is at 31 March 2015.

RETURNS BY ASSET TYPE AND TFG ASSET MANAGEMENT

Figure 8

Asset Type	Q1 2015 Net Assets (\$MM)	Q1 2015 Income (\$MM)
U.S. CLO 1.0⁽ⁱ⁾	425.2	25.5
U.S. CLO 2.0⁽ⁱ⁾	281.7	9.4
European CLOs	100.1	2.8
U.S. Direct Loans	18.3	0.6
Hedges⁽ⁱⁱ⁾	0.6	-
Polygon Equity Funds	187.3	9.4
Polygon Credit, Convertibles & Distressed Funds	144.9	2.0
Other Equities, Credit, Convertibles & Distressed⁽ⁱⁱⁱ⁾	133.7	44.4
Real Estate	106.8	15.0
Infrastructure	12.5	-
TFG Asset Management	242.0	9.3 ^(iv)

(i) "U.S. CLO 1.0" refers to U.S. CLOs issued before or during 2008. "U.S. CLO 2.0" refers to U.S. CLOs issued after 2008. The U.S. CLO 1.0 segment includes an investment in the BB tranche of a U.S. CLO 1.0 with fair value of \$1.7 million.

(ii) "Hedges" refers to interest rate swaption hedges put in place in relation to certain interest rate risks relating to the CLO portfolio.

(iii) Assets characterised as "Other Equities, Credit, Convertibles, Distressed" consist of the fair value of, or capital committed to, investment assets held directly on the balance sheet.

(iv) TFG Asset Management income figure is "Net Economic Income Before Tax."

Figure 8 above shows the returns by asset type for Q1 2015 and the returns for TFG Asset Management.

- CLOs continued to make a strong contribution to income generated by the investment portfolio. In particular, the U.S. CLO 1.0 deals enjoyed a return significantly above the discount rate of 12%.
- Real Estate enjoyed a strong quarter, buoyed by a combination of realisations and the recognition of 2014 year-end revaluations of certain properties in some of the underlying investment vehicles.
- The Polygon Equity Fund investments also performed well in the quarter. See page 20 for further details on the performance of the funds.
- Other Equities, Credit, Convertibles, & Distressed income was the single biggest sector contributing to the quarterly performance. A few investments generated positive income, although the majority came from a single position, which was put on in 2014.
- TFG Asset Management also had a good start to 2015, with the acquisition of Equitix becoming effective from the beginning of February in terms of income generation. There is further detail on TFG AM later in this section.

Figure 9

TETRAGON FINANCIAL GROUP		
TFG Asset Management Statement of Operations Q1 2015 vs. Q1 2014		
	Q1 2015 \$MM	Q1 2014 \$MM
Fee income ⁽ⁱ⁾	34.2	12.7
Unrealised Polygon performance fees ⁽ⁱⁱ⁾	1.4	3.4
Interest income	-	0.1
Total income	35.6	16.2
Operating, employee and administrative expenses ⁽ⁱ⁾	(16.8)	(9.9)
Net income - "EBITDA equivalent"	18.8	6.3
Performance and management fee allocation to TFM	(2.0)	(0.4)
Amortisation expense on management contracts	(6.8)	(1.7)
Interest expense	(0.7)	-
Net economic income before taxes	9.3	4.2

- (i) Nets off cost of recovery on "Other fee income" against this cost contained in "Operating, employee, and administrative expenses." Operating costs also removes amortisation expense from the U.S. GAAP segmental report. Fee income includes amounts earned through third-party fee sharing arrangements. It also includes any fees earned through fees paid on investments made by TFG in Polygon hedge funds or other investment vehicles. TFG is able to invest at a preferred level of fees.
- (ii) Unrealised Polygon performance fees 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 quarter end, less certain assumed costs. Similar amounts, if any, from LCM and GreenOak are excluded from this line item. Such fees would typically not be realised or recognised under U.S. GAAP until calendar year end, and are therefore subject to change based on fund performance during the remainder of the year. There can be no assurance that the company will realise all or any portion of such amounts. Through 31 March 2015, this amount equalled \$1.4 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to \$0.8 million as shown in Figure 9 and further represented in Figures 21 and 22 of this report. It also includes any unrealised performance fees to potentially be paid on investments made by TFG in Polygon hedge funds or other investment vehicles. TFG is able to invest at a preferred level of fees.

Figure 9 shows the Q1 2015 statement of operations for TFG Asset Management, compared to the same quarter in 2014. The asset managers are at different stages of evolution and therefore different stages of profitability.

Revenues:

Fee income in the quarter increased significantly compared with the comparative period in 2014, boosted primarily by the addition of Equitix at the beginning of February. The timing of the Equitix acquisition closing resulted in only two months' performance being recognised through the TFGAM statement of operations. Equitix contributed both investment management income and primary income, which is derived when Equitix is successful in delivering primary investment opportunities for inclusion in Equitix managed funds. Primary income typically arises at the end of a two to five year bidding and development phase, and consequently is likely to have a less predictable income profile than the secondary asset management fee income.

Unrealised Polygon Performance Fees reflect performance fees that have been earned year-to-date, but not accrued under U.S. GAAP (net of any accrued compensation to the investment teams).⁽¹³⁾

Interest income earned by TFG AM has fallen to immaterial levels following the full repayment in Q1 2015 of the remaining working capital loan by GreenOak.

Costs:

As expected, costs have increased as the Equitix business has been consolidated onto the TFG AM platform. Given the Equitix team is over 60 strong, and that TFG AM added investment, compliance and marketing headcount during 2014, employee costs have been a significant contributor to the cost increase year on year.

On an EBITDA basis, however, income growth has far outstripped the increase in expenses, leading EBITDA to almost triple to \$18.8 million. “Below the line” expenses have increased as amortisation of the Equitix intangible assets is factored in, and there is also now interest expense on the external loan of £60 million which was used to partially fund the acquisition.

Finally, as with previous quarters, in the Company’s segmental reporting TFG AM is allocated its share of the performance fees payable to the Investment Manager (“TFM”). Starting from this quarter, TFG AM has also been allocated a share of the base management fee which is paid to TFM, whereas previously this had been 100% allocated to the investment portfolio segment. This reflects the growing net assets attributable to the asset management segment following the acquisition of Equitix (\$242.0 million as per Figure 10) and an allocation of \$0.7 million is included in the “performance and management fee allocation” included in the table in Figure 9.

Figure 10

TETRAGON FINANCIAL GROUP			
Analysis of Net Assets and Q1 2015 Profitability by Business Segment			
Business Segment	NAV	Net Economic Income Before Tax	EBITDA Equivalent
	\$MM	\$MM	\$MM
Investment Portfolio	1,640.0	73.7	N/A
TFG Asset Management	242.0	9.3	18.8
Total	1,882.0	83.0	18.8

EXPOSURE TO ASSET MANAGERS

Given that external managers now only manage 31% of Company assets, the table below has been created to show TFG’s exposure to each of TFG Asset Management’s underlying asset managers, both in terms of the NAV of TFG monies invested in that asset manager’s various funds, and the NAV of the carrying value of TFG’s ownership of the asset manager itself. This illustrates a significant accounting difference between GreenOak, where TFG owns 23% and thus holds it on its balance sheet as an investment, and the other asset managers, where TFG owns a majority stake and thus consolidates the earnings and holds the asset at purchase price less amortisation. This is important, as it is the combined exposure that is relevant from a risk perspective. In some cases, the NAV of the asset manager may not completely reflect the intrinsic value of the business: for example, under U.S. GAAP, the fair value of the LCM management contracts has amortised to zero since the business was purchased in 2010, whilst its AUM has more than doubled.

Figure 11

TFG Exposure to Asset Managers				
	TFG Investments in Products	Carrying Value of Asset Manager	Total NAV	Percentage of Total NAV
	(\$MM)	(\$MM)	(\$MM)	
LCM	248.9	0	248.9	13.2%
GreenOak	100.4	66.5	166.9	8.9%
Polygon	332.3	28.0	360.3	19.1%
Equitix	12.5	125.9	138.4	7.4%
Hawke's Point	0	0	0	0.0%
Direct Investments ⁽ⁱ⁾	127.6	0	127.6	6.8%
External Managers	588.8	0	588.8	31.3%
Cash and Other	229.4	21.7	251.1	13.3%
NAV	1,640.0	242.0	1,882.0	100.0%

(i) Adjusted net assets of such investments consists of the fair value of, or capital committed to, investment assets held directly on the balance sheet.

BUSINESS OVERVIEWS

The following pages outline the progress of each business during Q1 2015 in turn. All data is at 31 March 2015, unless otherwise stated.

LCM

Description of Business:	LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans.																																																				
Amount of TFG's Investment in Products:	<p>\$248.9 million.</p> <p>TFG held equity investments with total fair value of \$230.6 million (U.S. CLO 1.0: \$35.1 million, U.S. CLO 2.0: \$195.5 million) in LCM-managed CLOs.</p> <p>LCM additionally manages a portfolio of U.S. broadly-syndicated leveraged loans held directly on TFG's balance sheet. At the end of Q1 2015, the fair value of these loans was \$18.3 million.</p>																																																				
Carrying Value of Asset Manager:	\$0.0 million.																																																				
AUM:	<p>\$5.8 billion. LCM XVIII, a \$600 million CLO, closed on 31 March 2015.</p> <p>Figure 12</p> <p style="text-align: center;">LCM AUM History (\$BN)</p> <table border="1"> <caption>LCM AUM History (\$BN)</caption> <thead> <tr> <th>Quarter</th> <th>CLO 1.0 (\$BN)</th> <th>CLO 2.0 (\$BN)</th> <th>Total AUM (\$BN)</th> </tr> </thead> <tbody> <tr><td>Q2 2012</td><td>~1.5</td><td>~2.6</td><td>\$4.1</td></tr> <tr><td>Q3 2012</td><td>~1.4</td><td>~2.5</td><td>\$3.9</td></tr> <tr><td>Q4 2012</td><td>~1.5</td><td>~2.8</td><td>\$4.3</td></tr> <tr><td>Q1 2013</td><td>~1.6</td><td>~2.9</td><td>\$4.5</td></tr> <tr><td>Q2 2013</td><td>~1.5</td><td>~2.8</td><td>\$4.3</td></tr> <tr><td>Q3 2013</td><td>~1.5</td><td>~2.8</td><td>\$4.3</td></tr> <tr><td>Q4 2013</td><td>~1.5</td><td>~2.7</td><td>\$4.2</td></tr> <tr><td>Q1 2014</td><td>~1.6</td><td>~3.2</td><td>\$4.8</td></tr> <tr><td>Q2 2014</td><td>~1.7</td><td>~3.4</td><td>\$5.1</td></tr> <tr><td>Q3 2014</td><td>~1.6</td><td>~3.3</td><td>\$4.9</td></tr> <tr><td>Q4 2014</td><td>~1.7</td><td>~3.6</td><td>\$5.3</td></tr> <tr><td>Q1 2015</td><td>~1.8</td><td>~4.0</td><td>\$5.8</td></tr> </tbody> </table>	Quarter	CLO 1.0 (\$BN)	CLO 2.0 (\$BN)	Total AUM (\$BN)	Q2 2012	~1.5	~2.6	\$4.1	Q3 2012	~1.4	~2.5	\$3.9	Q4 2012	~1.5	~2.8	\$4.3	Q1 2013	~1.6	~2.9	\$4.5	Q2 2013	~1.5	~2.8	\$4.3	Q3 2013	~1.5	~2.8	\$4.3	Q4 2013	~1.5	~2.7	\$4.2	Q1 2014	~1.6	~3.2	\$4.8	Q2 2014	~1.7	~3.4	\$5.1	Q3 2014	~1.6	~3.3	\$4.9	Q4 2014	~1.7	~3.6	\$5.3	Q1 2015	~1.8	~4.0	\$5.8
Quarter	CLO 1.0 (\$BN)	CLO 2.0 (\$BN)	Total AUM (\$BN)																																																		
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Q2 2014	~1.7	~3.4	\$5.1																																																		
Q3 2014	~1.6	~3.3	\$4.9																																																		
Q4 2014	~1.7	~3.6	\$5.3																																																		
Q1 2015	~1.8	~4.0	\$5.8																																																		
Performance in Q1 2015:	<p>LCM performed well in the first quarter of 2015, with all of LCM's Cash Flow CLOs⁽¹⁴⁾ that were still within their reinvestment periods continuing to pay senior and subordinated management fees. There were no loan defaults in any LCM Cash Flow CLOs during the quarter. In aggregate, LCM-managed U.S. CLO equity investments generated cash flow of \$11.9 million.</p>																																																				

GREENOAK

Description of Business:	GreenOak is a real-estate focused principal investing and advisory firm.																																																																	
Amount of TFG’s Investment in Products:	\$100.4 million.																																																																	
Carrying Value of Asset Manager:	\$66.5 million. The fair value of TFG’s holding in the GreenOak joint venture is determined primarily by reference to a private equity-style valuation framework in which a range of multiples is applied to GreenOak’s projected earnings (EBITDA). Please refer to the 2014 TFG Master Fund Audited financial statements for further details on this valuation determination.																																																																	
AUM:	<p>\$4.6 billion.</p> <p>Figure 13</p> <p style="text-align: center;">GreenOak AUM History ⁽ⁱ⁾(\$BN)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>GreenOak AUM History Data (Estimated from Chart)</caption> <thead> <tr> <th>Quarter</th> <th>Europe (\$BN)</th> <th>U.S. (\$BN)</th> <th>Japan (\$BN)</th> <th>Total (\$BN)</th> </tr> </thead> <tbody> <tr><td>Q2 2012</td><td>1.5</td><td>0.1</td><td>0.1</td><td>1.7</td></tr> <tr><td>Q3 2012</td><td>1.6</td><td>0.1</td><td>0.2</td><td>1.9</td></tr> <tr><td>Q4 2012</td><td>1.7</td><td>0.2</td><td>0.4</td><td>2.3</td></tr> <tr><td>Q1 2013</td><td>1.8</td><td>0.3</td><td>0.9</td><td>3.0</td></tr> <tr><td>Q2 2013</td><td>1.9</td><td>0.4</td><td>0.9</td><td>3.2</td></tr> <tr><td>Q3 2013</td><td>2.0</td><td>0.5</td><td>1.1</td><td>3.6</td></tr> <tr><td>Q4 2013</td><td>2.0</td><td>0.5</td><td>1.1</td><td>3.6</td></tr> <tr><td>Q1 2014</td><td>2.1</td><td>0.6</td><td>1.4</td><td>4.1</td></tr> <tr><td>Q2 2014</td><td>2.0</td><td>0.6</td><td>1.3</td><td>3.9</td></tr> <tr><td>Q3 2014</td><td>2.1</td><td>0.7</td><td>1.4</td><td>4.2</td></tr> <tr><td>Q4 2014</td><td>2.2</td><td>0.8</td><td>1.4</td><td>4.4</td></tr> <tr><td>Q1 2015</td><td>2.3</td><td>0.9</td><td>1.4</td><td>4.6</td></tr> </tbody> </table> <p>(i) Includes investment funds and advisory assets managed by GreenOak at 31 March 2015. TFG owns a 23% stake in GreenOak. AUM include all third-party interests and total projected capital investment costs.</p>	Quarter	Europe (\$BN)	U.S. (\$BN)	Japan (\$BN)	Total (\$BN)	Q2 2012	1.5	0.1	0.1	1.7	Q3 2012	1.6	0.1	0.2	1.9	Q4 2012	1.7	0.2	0.4	2.3	Q1 2013	1.8	0.3	0.9	3.0	Q2 2013	1.9	0.4	0.9	3.2	Q3 2013	2.0	0.5	1.1	3.6	Q4 2013	2.0	0.5	1.1	3.6	Q1 2014	2.1	0.6	1.4	4.1	Q2 2014	2.0	0.6	1.3	3.9	Q3 2014	2.1	0.7	1.4	4.2	Q4 2014	2.2	0.8	1.4	4.4	Q1 2015	2.3	0.9	1.4	4.6
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POLYGON

Description of Business:	Polygon manages open-ended hedge fund and private equity vehicles across a number of strategies.																										
Amount of TFG's Investment in Products:	\$332.3 million.																										
Carrying Value of Asset Manager:	\$28.0 million.																										
AUM:	<p>\$1.5 billion for all funds; \$1.2 billion for open strategies.</p> <p>Figure 14⁽ⁱ⁾</p> <p style="text-align: center;">Polygon Hedge Funds Assets Under Management (\$MM) (Convertibles, European Event-Driven Equity, Mining Equities, Distressed, Other Equity)</p> <table border="1"> <caption>Polygon Hedge Funds Assets Under Management (\$MM)</caption> <thead> <tr> <th>Quarter</th> <th>Total AUM (\$MM)</th> </tr> </thead> <tbody> <tr><td>Q2 2012</td><td>\$451</td></tr> <tr><td>Q3 2012</td><td>\$448</td></tr> <tr><td>Q4 2012</td><td>\$529</td></tr> <tr><td>Q1 2013</td><td>\$605</td></tr> <tr><td>Q2 2013</td><td>\$624</td></tr> <tr><td>Q3 2013</td><td>\$686</td></tr> <tr><td>Q4 2013</td><td>\$855</td></tr> <tr><td>Q1 2014</td><td>\$930</td></tr> <tr><td>Q2 2014</td><td>\$1,094</td></tr> <tr><td>Q3 2014</td><td>\$1,149</td></tr> <tr><td>Q4 2014</td><td>\$1,113</td></tr> <tr><td>Q1 2015</td><td>\$1,161</td></tr> </tbody> </table> <p>(i) Includes AUM for Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund and Polygon Distressed Opportunities Master Fund, as calculated by the applicable fund administrator at 31 March 2015. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.</p>	Quarter	Total AUM (\$MM)	Q2 2012	\$451	Q3 2012	\$448	Q4 2012	\$529	Q1 2013	\$605	Q2 2013	\$624	Q3 2013	\$686	Q4 2013	\$855	Q1 2014	\$930	Q2 2014	\$1,094	Q3 2014	\$1,149	Q4 2014	\$1,113	Q1 2015	\$1,161
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POLYGON (continued)

Performance in Q1 2015:	Performance in the Polygon hedge funds was positive in Q1 2015 for all open products.																																				
	Figure 15 ⁽¹⁵⁾																																				
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	<table border="1"> <thead> <tr> <th>Fund</th> <th>AUM at 31 Mar 2015 (\$MM)</th> <th>YTD Net Performance</th> <th>Annualised Net LTD Performance</th> </tr> </thead> <tbody> <tr> <td>Convertibles^(15.i)</td> <td>411.0</td> <td>1.7%</td> <td>18.9%</td> </tr> <tr> <td>European Event-Driven Equity^(15.ii)</td> <td>554.8</td> <td>6.7%</td> <td>12.1%</td> </tr> <tr> <td>Mining Equities^(15.iii)</td> <td>68.6</td> <td>2.8%</td> <td>3.0%</td> </tr> <tr> <td>Distressed Opportunities^(15.iv)</td> <td>104.9</td> <td>2.2%</td> <td>9.4%</td> </tr> <tr> <td>Other Equity^(15.v)</td> <td>21.9</td> <td>1.9%</td> <td>17.2%</td> </tr> <tr> <td>Total AUM - Open Funds</td> <td>1,161.1</td> <td></td> <td>Estimated approx. LTD Multiple</td> </tr> <tr> <td>Private Equity Vehicle^(15.vi)</td> <td>293.7</td> <td>N/A</td> <td>1.85x</td> </tr> <tr> <td>Total AUM</td> <td>1,454.8</td> <td></td> <td></td> </tr> </tbody> </table>	Fund	AUM at 31 Mar 2015 (\$MM)	YTD Net Performance	Annualised Net LTD Performance	Convertibles ^(15.i)	411.0	1.7%	18.9%	European Event-Driven Equity ^(15.ii)	554.8	6.7%	12.1%	Mining Equities ^(15.iii)	68.6	2.8%	3.0%	Distressed Opportunities ^(15.iv)	104.9	2.2%	9.4%	Other Equity ^(15.v)	21.9	1.9%	17.2%	Total AUM - Open Funds	1,161.1		Estimated approx. LTD Multiple	Private Equity Vehicle ^(15.vi)	293.7	N/A	1.85x	Total AUM	1,454.8		
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Note: The AUM noted above includes investments in the relevant strategies by TFG, other than in respect of the Private Equity Vehicle, where there is no such investment. The Private Equity vehicle, at the time of the Polygon transaction and currently, remains a closed investment strategy.																																					
Past performance or experience (actual or simulated) does not necessarily give a guide for the future and no representation is being made that the funds listed will or are likely to achieve profits or losses similar to those shown. Past performance or experience (actual or simulated) does not necessarily give a guide for the future and no representation is being made that the funds listed will or are likely to achieve profits or losses similar to those shown. Except as otherwise noted, all performance numbers provided herein reflects the actual net performance of the funds net of management and performance fees, as well as any commissions and direct expenses incurred by the funds, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown.																																					
P&L for the Private Equity Vehicle was \$9.8 million in Q1 2015 before FX movements of -\$20.1 million. P&L is +\$135.3 million from closing date net asset value before FX movements of -\$40.8 million. The fund is generally precluded from hedging FX exposure. The fund has made life to date distributions of \$515 million to its partners. The estimated approximate LTD multiple is based on the fund's quarter end net asset value and historical distributions and other returns over an original aggregate purchase price for the fund's initial assets of approximately \$459 million and excludes the effects of FX and certain assets purchased through recycled capital. The estimated approximate LTD multiple including those two items (FX and recycled capital) would be approximately 1.72 x. Each of these multiples will be different than the multiples reflected for specific limited partners in the fund, which would be calculated with respect to relevant class of partners in accordance with the fund's limited partnership agreement.																																					

EQUITIX

Description of Business:	Equitix is an integrated core infrastructure asset management and primary project platform.														
Amount of TFG's Investment in Products:	\$12.5 million. The majority of this amount was acquired as part of the Equitix acquisition.														
Carrying Value of Asset Manager:	Approximately \$125.9 million (net of financing) at 31 March 2015.														
AUM:	<p>\$2.0 billion (£1.3 billion)</p> <p>Figure 16</p> <table border="1"> <thead> <tr> <th>Fund Name</th> <th>AUM at 31 March 2015 (\$MM)⁽ⁱ⁾</th> </tr> </thead> <tbody> <tr> <td>Equitix Fund I</td> <td>186</td> </tr> <tr> <td>Equitix Fund II</td> <td>545</td> </tr> <tr> <td>Equitix Fund III</td> <td>750</td> </tr> <tr> <td>Energy Efficiency Funds</td> <td>327</td> </tr> <tr> <td>Managed Accounts</td> <td>148</td> </tr> <tr> <td>Total Equitix AUM</td> <td>1,955</td> </tr> </tbody> </table> <p>(i) USD-GBP exchange rate at 31 March 2015.</p>	Fund Name	AUM at 31 March 2015 (\$MM) ⁽ⁱ⁾	Equitix Fund I	186	Equitix Fund II	545	Equitix Fund III	750	Energy Efficiency Funds	327	Managed Accounts	148	Total Equitix AUM	1,955
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Equitix Fund II	545														
Equitix Fund III	750														
Energy Efficiency Funds	327														
Managed Accounts	148														
Total Equitix AUM	1,955														
Performance in Q1 2015:	Given the recent closure of the acquisition, TFG will report on updates to any investments and developments in the business over the coming quarters.														

HAWKE'S POINT RESOURCE FINANCE

Description of Business:	Hawke's Point is a mining finance company established by TFG in Q4 2014.
Amount of TFG's Investment in Products:	As this is a start-up business, there are not yet any investments on which to report.
Carrying Value of Asset Manager:	\$0.0 million.

EXTERNAL MANAGERS

Description of Business:	External managers (primarily third-party CLO managers).
Amount of TFG's Investment in Products:	\$588.8 million of which the major exposures were: U.S. CLO 1.0: \$388.4 million, U.S. CLO 2.0: \$86.2 million, European CLO: \$100.1 million. In certain cases, TFG Asset Management receives asset management fee income derived from one-off and long-term fee sharing arrangements with third-party CLO managers.
Carrying Value of Asset Manager:	Not applicable.
AUM:	Not applicable.
Performance in Q1 2015:	TFG's third-party-managed U.S. CLO 1.0 and 2.0 equity investments performed well during Q1 2015, with all such CLOs passing their O/C tests as of the end of the period. ⁽¹⁶⁾ In aggregate, TFG's third-party-managed U.S. CLO equity investments generated cash flow of \$42.5 million in Q1 2015. All European CLO investments were passing their O/C coverage tests at quarter-end. ⁽¹⁷⁾ During the quarter, this portfolio segment generated cash flow of €8.4 million.

DIRECT BALANCE SHEET / CO-INVESTMENT OPPORTUNITIES

- Whilst TFG's Investment Manager does not make investment decisions at the various TFG Asset Management affiliated managers, it does sit on the various investment committees, and, in addition to investing in various funds, it also gets opportunities to make co-investments or additional investments. TFG may invest in opportunities directly from its balance sheet rather than through, for example, investments in other funds or collective investment schemes, when the Investment Manager sees an opportunity that fits its investment criteria, particularly where the structuring ability and the Company's long duration capital may give it a potential investment advantage. In some cases, TFG may also have exposure to the investment indirectly through fund investments.
- The adjusted net assets of this part of the portfolio at the end of Q1 2015 were \$127.6 million.⁽¹⁸⁾ The majority of this is invested in publicly quoted equities.
- This segment of the portfolio experienced gains in the first quarter, primarily from European equity-related investments.

CASH

- As of the end of Q1 2015, TFG continued to have no long-term debt. Investible Cash⁽¹⁹⁾ fell during the quarter from approximately \$352.9 million to \$275.8 million, primarily due to the Company funding the acquisition of Equitix. There is also now \$87.6 million of loans and borrowings as a result of obtaining third party debt to partly fund the aforementioned acquisition.
- Cash flows from operations remained strong, with cash flows from operations reaching \$106.3 million in Q1 2015.

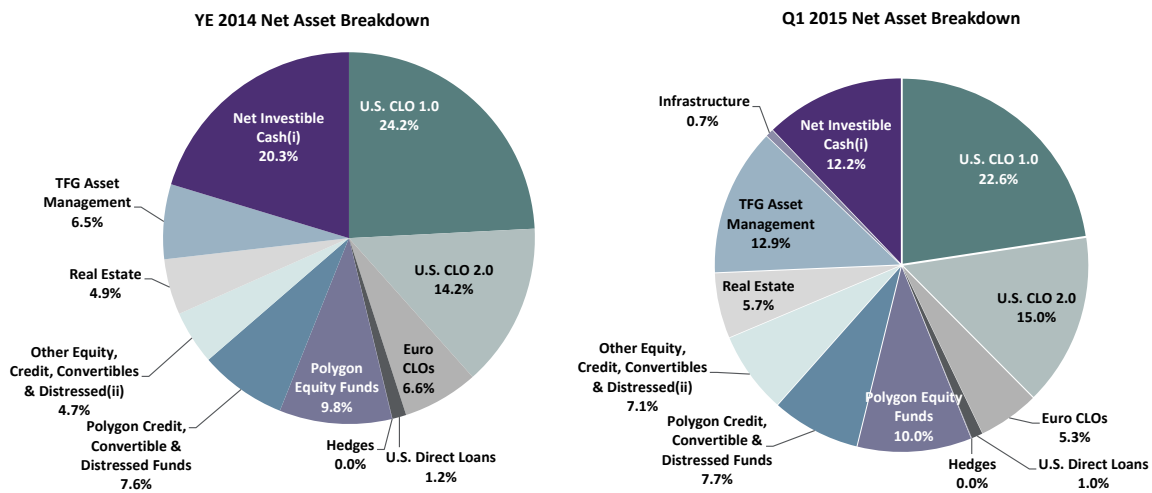
BALANCE SHEET COMPOSITION OVERVIEW

The Investment Manager seeks to invest TFG’s capital in a manner consistent with the Company’s goal of providing stable returns to its investors across various credit, equity, interest rate, inflation and real estate cycles. Given the long duration of many of the Company’s assets, TFG’s asset allocation methodology is not a fully dynamic, continuous process of risk adjustment, but is rather an evolution and diversification of income streams. The Investment Manager seeks to balance not just the risks and rewards of various asset classes, but also the risks and rewards of each asset manager that it owns.

Q1 2015 Net Asset Composition Review

Figures 17 and 18 illustrate the composition of TFG’s net assets as of the end of Q1 2015 and Q4 2014.

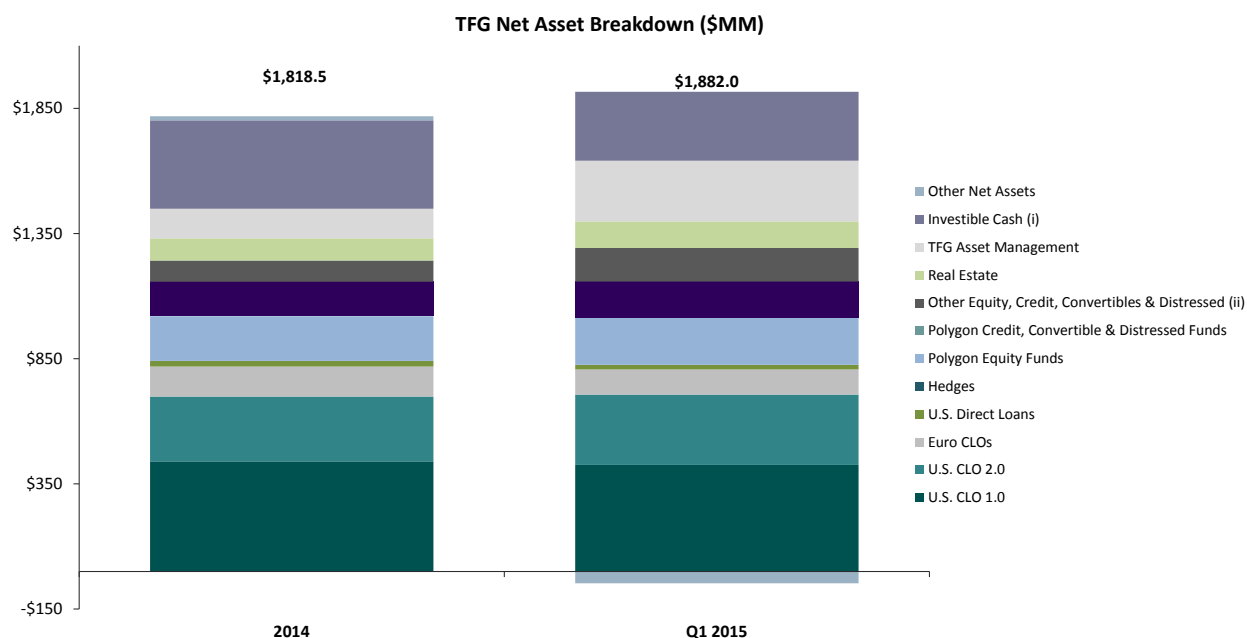
Figure 17



(i) Net Investible Cash consists of: (1) cash held directly by Tetragon Financial Group Master Fund Limited, (2) excess margin held by brokers associated with assets held directly by Tetragon Financial Group Master Fund Limited, and (3) cash held in certain designated accounts related to TFG’s investments, which may only be used for designated purposes without incurring significant tax and transfer costs, net of “Other Net Assets.”

(ii) Assets characterised as “Equities” consist of the fair value of investments in Polygon-managed equity funds as well as the fair value of, or capital committed to, equity assets (as applicable) held directly on TFG’s balance sheet.

Figure 18



- (i) Investible Cash consists of: (1) cash held directly by Tetragon Financial Group Master Fund Limited, (2) excess margin held by brokers associated with assets held directly by Tetragon Financial Group Master Fund Limited, and (3) cash held in certain designated accounts related to TFG's investments, which may only be used for designated purposes without incurring significant tax and transfer costs, net of "Other Net Assets."
- (ii) Assets characterised as "Equities" consist of the fair value of investments in Polygon-managed equity funds as well as the fair value of, or capital committed to, equity assets (as applicable) held directly on TFG's balance sheet.

Q1 2015 Major New Investments

- **U.S. 2.0 CLOs:** In Q1 2015, TFG acquired a majority equity position in one LCM-managed CLOs for a total cost of \$27.8 million.
- **Real estate:** During Q1 2015, TFG invested \$21.3 million into various real estate funds and vehicles focused on investments in the United States, Europe, and Asia.
- **Polygon credit, convertible and distressed funds:** During Q1 2015, TFG invested \$5.0 million into Polygon-managed credit, convertible and distressed funds.
- **Equitix:** On 2 February 2015, TFG completed the acquisition of Equitix for a total enterprise value of £159.5 million, which was partially financed by a £60 million bank facility made to Equitix. Part of the acquisition included investments in Equitix-managed infrastructure funds, which is segregated from the carrying value of the asset manager for purposes of the Balance Sheet Composition Overview.

Q1 2015 Major Asset Sales and Optional Redemptions

- **U.S. CLOs:** Shortly after the end of Q1 2015, TFG exercised its optional call rights on two U.S. CLO 1.0 deals.
- **European CLOs:** TFG exercised its optional call rights on one European CLO in the first quarter of 2015. TFG received a significant portion of the expected optional redemption proceeds shortly after the end of the quarter.
- **Real estate:** During Q1 2015, TFG received \$12.1 million back representing both capital and income on certain investments. The majority of these receipts were from investments focused on the United States.

Q1 2015 FINANCIAL REVIEW

This section shows consolidated financial data incorporating TFG and its 100% subsidiary, Tetragon Financial Group Master Fund Limited (the “Master Fund”), and provides comparative data where applicable.⁽²⁰⁾

Financial Highlights

Figure 19

TETRAGON FINANCIAL GROUP			
Financial Highlights (Q1 2013 - Q1 2015)			
	Q1 2015	Q1 2014	Q1 2013
U.S. GAAP net income (\$MM)	\$69.7	\$39.7	\$63.0
Net economic income (\$MM)	\$76.2	\$47.2	\$69.3
U.S. GAAP EPS	\$0.73	\$0.41	\$0.64
Adjusted EPS	\$0.79	\$0.48	\$0.70
Return on equity	4.2%	2.6%	4.3%
Net assets (\$MM)	\$1,882.0	\$1,783.6	\$1,666.9
U.S. GAAP number of shares outstanding (MM)	96.6	94.1	97.9
U.S. GAAP NAV per share	\$19.49	\$18.94	\$17.03
Pro Forma number of shares outstanding (MM)	107.1	106.0	110.9
Pro Forma fully diluted NAV per share	\$17.57	\$16.83	\$15.02
DPS	\$0.1575	\$0.150	\$0.135

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

- **Net Economic Income (\$76.2 million):** adds back to the U.S. GAAP net income (\$69.7 million) the imputed 2014 share based employee compensation (\$5.8 million), which is generated on an ongoing basis resulting from the 2012 Polygon transaction, and also includes net unrealised Polygon performance fees (\$0.8 million).⁽²¹⁾
- **Return on Equity (4.2%):** Net Economic Income (\$76.2 million) divided by Net Assets at the start of the year (\$1,818.5 million).
- **Pro Forma Fully Diluted Shares (107.1 million):** adjusts the U.S. GAAP shares outstanding (96.6 million) for the impact of escrow shares used as consideration in the Polygon transaction and associated stock dividends (10.6 million).
- **Adjusted EPS (\$0.79):** calculated as Net Economic Income (\$76.2 million) divided by weighted-average U.S. GAAP shares⁽ⁱ⁾ during the period (96.0 million).
- **Pro Forma Fully Diluted NAV per Share (\$17.57):** calculated as Net Assets (\$1,882.0 million) divided by Pro Forma Fully Diluted shares (107.1 million).⁽²²⁾

(i) The time-weighted average daily U.S. GAAP Shares outstanding during the applicable year.

EPS Analysis Q1 2013-Q1 2015

Figure 20

TETRAGON FINANCIAL GROUP			
TFG Earnings per Share Analysis (Q1 2013 - Q1 2015)			
	Q1 2015	Q1 2014	Q1 2013
Investment portfolio segment			
U.S. CLO 1.0	\$0.26	\$0.19	\$0.69
U.S. CLO 2.0	\$0.10	\$0.05	\$0.04
European CLOs	\$0.03	\$0.05	\$0.17
Hedges	-	(\$0.06)	\$0.01
Other income	\$0.01	-	\$0.02
Polygon Equity Funds	\$0.10	\$0.16	\$0.03
Polygon Credit, Convertibles & Distressed Funds	\$0.02	\$0.04	-
Other Equities, Credit, Convertibles, Distressed	\$0.45	\$0.23	NA
Real Estate	\$0.16	\$0.06	\$0.02
FX and Options	(\$0.08)	(\$0.01)	(\$0.02)
Expenses	(\$0.29)	(\$0.24)	(\$0.27)
Net EPS investment portfolio	\$0.76	\$0.47	\$0.69
Asset Management Segment - TFG AM	\$0.10	\$0.04	\$0.03
Corporate Income taxes	(\$0.07)	(\$0.03)	(\$0.02)
Adjusted EPS	\$0.79	\$0.48	\$0.70
Weighted Average Shares (millions)	96.0	97.8	98.4

Statement of Operations

Figure 21

TETRAGON FINANCIAL GROUP			
Statement of Operations Q1 2013 - Q1 2015			
	Q1 2015	Q1 2014	Q1 2013
	\$MM	\$MM	\$MM
Interest income	30.7	45.0	56.6
Fee income	34.2	12.7	11.6
Unrealised Polygon performance fees	1.4	3.4	0.9
Other income - cost recovery	4.5	5.6	5.8
Investment income	70.8	66.7	74.9
Management and performance fees	(27.6)	(18.1)	(25.0)
Other operating and administrative expenses	(24.4)	(21.8)	(14.7)
Amortisation of intangible assets	(6.8)	(1.7)	(1.7)
Total operating expenses	(58.8)	(41.6)	(41.4)
Net investment income	12.0	25.1	33.5
Net change in unrealised appreciation in investments	72.3	16.8	35.2
Realised gain on investments	5.4	15.2	3.0
Realised and unrealised losses from hedging and fx	(6.7)	(7.8)	(0.8)
Net realised and unrealised gains from investments and fx	71.0	24.2	37.4
Net economic income before tax	83.0	49.3	70.9
Income tax	(6.8)	(2.1)	(1.6)
Net economic income	76.2	47.2	69.3

Performance Fee

A performance fee of \$20.5 million was accrued in Q1 2015 in accordance with TFG's investment management agreement. The hurdle rate for the Q2 2015 incentive fee has been reset at 2.918608% (Q1 2015: 2.903458%) as per the process outlined in TFG's 2014 audited financial statements and in accordance with TFG's investment management agreement. Please see TFG's website, www.tetragoninv.com, and the 2014 TFG audited financial statements for more details on the calculation of this fee.

Statement of Operations by Segment

Figure 22

TETRAGON FINANCIAL GROUP			
Statement of Operations by Segment Q1 2015			
	Investment Portfolio \$MM	TFG AM \$MM	Total \$MM
Interest income	30.7	-	30.7
Fee income	-	34.2	34.2
Unrealised Polygon performance fees	-	1.4	1.4
Other income - cost recovery	-	4.5	4.5
Investment and management fee income	30.7	40.1	70.8
Management and performance fees	(25.6)	(2.0)	(27.6)
Other operating and administrative expenses	(2.4)	(22.0)	(24.4)
Amortisation of intangible assets	-	(6.8)	(6.8)
Total operating expenses	(28.0)	(30.8)	(58.8)
Net change in unrealised appreciation in investments	72.3	-	72.3
Realised gain on investments	5.4	-	5.4
Realised and unrealised losses from hedging, fx and options	(6.7)	-	(6.7)
Net realised and unrealised gains from investments and fx	71.0	-	71.0
Net economic income before tax	73.7	9.3	83.0

Balance Sheet

Figure 23

TETRAGON FINANCIAL GROUP		
Balance Sheet as at 31 December 2014 and 31 March 2015		
	Q1 2015 \$MM	2014 \$MM
Assets		
Investments, at fair value	1,419.6	1,356.2
Intangible assets	238.1	29.7
Goodwill	24.8	-
Cash and cash equivalents	293.9	402.0
Amounts due from brokers	51.2	52.1
Derivative financial assets	33.7	19.2
Property, plant and equipment	0.5	0.1
Deferred tax asset and income tax receivable	9.2	10.0
Other receivables	57.2	33.4
Total assets	2,128.2	1,902.7
Liabilities		
Other payables and accrued expenses	76.9	54.5
Loans and borrowings	87.6	-
Amounts payable on share options	13.4	12.3
Deferred tax liability and income tax payable	64.9	11.5
Derivative financial liabilities	3.4	5.9
Total liabilities	246.2	84.2
Net assets	1,882.0	1,818.5

Statement of Cash Flows

Figure 24

TETRAGON FINANCIAL GROUP			
Statement of Cash Flows Q1 2013 - Q1 2015			
	Q1 2015 \$MM	Q1 2014 \$MM	Q1 2013 \$MM
Operating Activities			
Operating cash flows after incentive fees and before movements in working capital	117.5	53.4	89.6
Purchase of fixed assets	(0.4)	-	-
Change in payables / receivables	(10.8)	0.1	(3.3)
Cash flows from operating activities	106.3	53.5	86.3
Investment Activities			
<u>Proceeds on sales of investments</u>			
- Net proceeds from derivative financial instruments	-	13.4	-
- Proceeds sale of bank loans and maturity and prepayment of investments	4.1	3.4	69.5
- Proceeds on realisation of real estate investments	12.1	4.2	4.5
- Proceeds from GreenOak working capital repayment	6.4	-	-
<u>Purchase of investments</u>			
- Purchase of CLOs	(27.8)	(30.1)	(45.5)
- Purchase of bank loans	-	(1.4)	(5.7)
- Purchase of real estate investments	(21.3)	(36.0)	(6.3)
- Purchase of goodwill and intangible assets	(235.2)	-	-
- Investments in asset managers	-	-	(0.5)
- Investments in Polygon Equity Funds	-	-	(40.0)
- Investments in Polygon Credit, Convertibles and Distressed Funds	(5.0)	(25.0)	-
- Investments in Other Equities, Credit, Convertibles and Distressed	(12.2)	(23.6)	-
- Investments in Infrastructure Funds	(12.7)	-	-
- Net payment or purchase of derivative financial instruments	(0.3)	-	-
Cash flows from operating and investing activities⁽ⁱ⁾	(185.6)	(41.6)	62.3
Amounts due from broker	0.9	(21.5)	9.4
Net purchase of shares	3.1	(50.2)	(9.0)
Dividends paid to shareholders	(15.1)	(14.8)	(13.3)
Borrowings and loans	88.2	-	-
Cash flows from financing activities	77.1	(86.5)	(12.9)
Net increase in cash and cash equivalents	(108.5)	(128.1)	49.4
Cash and cash equivalents at beginning of period	402.0	245.9	175.9
Effect of exchange rate fluctuations on cash and cash equivalents	0.4	-	(0.3)
Cash and cash equivalents at end of period	293.9	117.8	225.0

(i) The Q1 2015 figure reconciles to the U.S. GAAP Statement of Cash flows, "net cash provided by operating activities" figure of \$(181.5) million, adjusted for "dividends paid to Feeder in lieu of incentive fee liability" (\$4.1 million).

Net Economic Income to U.S. GAAP Reconciliation

Figure 25

Net Economic Income to U.S. GAAP Reconciliation	
	Q1 2015 \$MM
Net economic income	76.2
Share based employee compensation	(5.8)
Unrealised Polygon performance fees	(1.4)
Imputed tax charge on unrealised Polygon performance fees	0.4
Estimated TFM incentive fee on unrealised Polygon performance fees	0.2
U.S. GAAP net income	69.7

TFG is primarily reporting earnings through a non-GAAP measurement called Net Economic Income.

The reconciliation on the table above shows the adjustment required to get from this measure of earnings to U.S. GAAP net income. There are currently two adjusting items. Share based employee compensation of \$5.8 million and performance fee earned but not accrued of \$0.8 million. In relation to the share based compensation, under ASC 805 TFG is recognizing the value of the shares given in consideration for the Polygon transaction as employee compensation over the period in which they are vesting.

This mechanic and future vesting schedule are described in more detail in the Master Fund audited financial statements for the year ended 31 December 2014.

Unrealised Polygon performance fees represent the fees calculated by the applicable administrator of the relevant Polygon funds, in accordance with the applicable fund constitutional documents, when determining net asset value at quarter end, less certain assumed costs. Similar amounts, if any, from Equitix, LCM, GreenOak and Hawke's Point are excluded from this line item. Such fees would typically not be realised or recognised under U.S. GAAP until calendar year end, and are therefore subject to change based on fund performance during the remainder of the year. There can be no assurance that the company will realise all or any portion of such amounts.

Through 31 March 2015, this amount equalled \$1.4 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to \$0.8 million as shown in Figure 9 and further represented in Figures 21 and 22 of this report.

APPENDICES

APPENDIX I

Certain Regulatory Information

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

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

This release does not contain or constitute an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction. The securities of TFG have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act"), 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. TFG does not intend to register any portion of its securities in the United States or to conduct a public offer of securities in the United States. In addition, TFG has not been and will not be registered under the U.S. Investment Company Act of 1940, and investors will not be entitled to the benefits of such Act. TFG is registered in the public register of the Netherlands Authority for the Financial Markets under Section 1:107 of the FMSA as a collective investment scheme from a designated country. This release constitutes regulated information ("gereguleerde informatie") within the meaning of Section 1:1 of the FMSA.

TFG shares (the "Shares") are subject to legal and other restrictions on resale and the Euronext Amsterdam N.V. trading market is less liquid than other major exchanges, which could affect the price of the Shares.

There are additional restrictions on the resale of 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.

APPENDIX II

Fair Value Determination of CLO Equity Investments

In accordance with the valuation policies set forth on TFG’s website, the values of TFG’s CLO equity investments are determined using a third-party cash flow modelling tool. 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 TFG’s 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, when determining the U.S. GAAP-compliant fair value of TFG’s portfolio, the Company seeks to derive a value at which market participants could transact in an orderly market and also seeks to benchmark the model inputs and resulting outputs to observable market data when available and appropriate.

The below modelling assumptions are unchanged from last quarter. The Company will provide analytical information on these assumptions as needed going forward, rather than each quarter.

Figure 26

U.S. CLOs Modelling Assumption

Variable	Year	Current Assumptions
CADR	Until deal maturity	1.0x WARF-implied default rate (2.2%)
Recovery Rate	Until deal maturity	73%
Prepayment Rate	Until deal maturity	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price	Until deal maturity	100%

Figure 27

European CLOs Modelling Assumption

Variable	Year	Current Assumptions
CADR	Until deal maturity	1.0x WARF-implied default rate (2.1%)
Recovery Rate	Until deal maturity	68%
Prepayment Rate	Until deal maturity	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price	Until deal maturity	100%

Figure 28

Discount Rates

CLO Type	Q1 2015	Q4 2014
U.S. 1.0	12.0%	12.0%
European 1.0	13.0%	13.0%
U.S. 2.0 - seasoned	11.0%	11.0%
U.S. 2.0 - less than 12 months old	Deal IRR	Deal IRR

APPENDIX III

Additional CLO Portfolio Statistics

Each individual deal's metrics used in the calculation of the figures below will differ from the overall averages and vary across the portfolio.

Figure 29

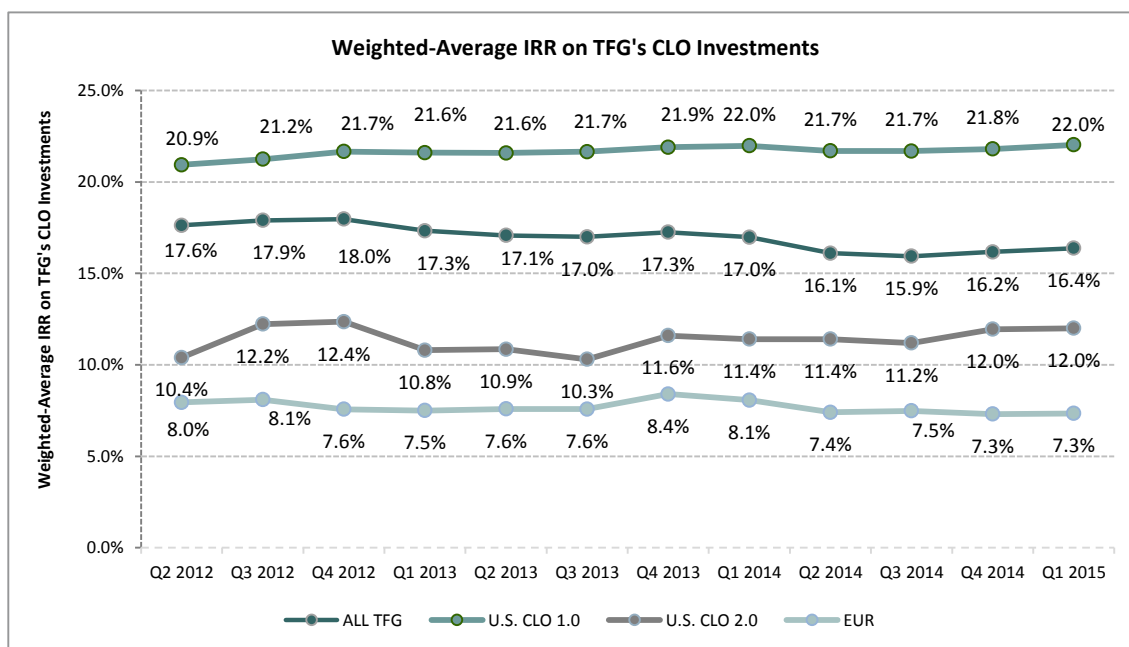
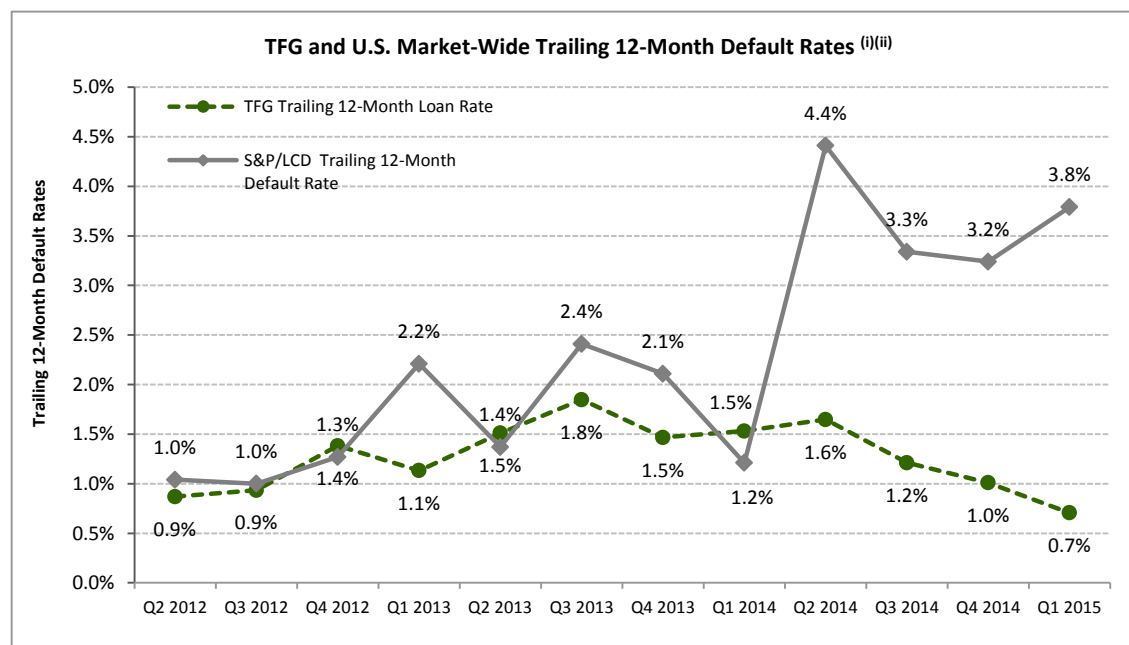


Figure 30



(i) The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a "Selective Default" rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's CLO equity and direct loan investment portfolio includes approximately 15.6% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.

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

CLO PORTFOLIO CREDIT QUALITY

Figure 31

ALL CLOs	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Caa1/CCC+ or Below Obligors:	5.7%	6.4%	6.0%	5.1%	5.0%	4.9%	5.4%	4.6%	3.7%	4.5%	3.3%	3.2%
WARF:	2,578	2,605	2,599	2,541	2,568	2,553	2,542	2,565	2,621	2,554	2,442	2,350

U.S. CLOs	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Caa1/CCC+ or Below Obligors:	4.2%	4.9%	4.5%	4.0%	4.1%	3.9%	3.8%	3.4%	3.0%	4.4%	2.5%	2.2%
WARF:	2,491	2,528	2,524	2,510	2,550	2,534	2,513	2,544	2,556	2,489	2,347	2,257

EUR CLOs	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Caa1/CCC+ or Below Obligors:	11.6%	12.2%	11.7%	9.7%	8.7%	9.1%	11.8%	9.4%	6.9%	4.8%	6.5%	7.2%
WARF:	2,910	2,903	2,896	2,670	2,642	2,631	2,658	2,650	2,894	2,819	2,826	2,729

CLO EQUITY PORTFOLIO DETAILS AS OF 31 MARCH 2015

Figure 32

Transaction(i)	Deal Type	Original Invest. Cost (\$MM USD)(ii)	Deal Closing Date	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps)(iii)	Original Cost of Funds (bps)(iv)	Current Cost of Funds (bps)(v)	Current Jr-Most O/C Cushion at Close(vi)	Jr-Most O/C Cushion at Close(vii)	Annualized (Loss) Gain of Cushion(viii)	IRR(ix)	ITD Cash Received as % of Cost(x)
Transaction 1	EUR CLO	37.5	2007	2024	2014	381	55	83	0.27%	3.86%	(0.46%)	-	43.5%
Transaction 2	EUR CLO	29.7	2006	2023	2013	398	52	89	2.62%	3.60%	(0.12%)	9.9%	128.9%
Transaction 3	EUR CLO	22.2	2006	2022	2012	-	58	N/A	10.83%	5.14%	0.62%	11.7%	174.9%
Transaction 4	EUR CLO	33.0	2007	2023	2013	387	48	65	12.57%	5.76%	0.85%	16.1%	149.8%
Transaction 5	EUR CLO	36.9	2007	2022	2014	395	60	55	1.06%	5.74%	(0.61%)	11.1%	105.6%
Transaction 6	EUR CLO	33.3	2006	2022	2012	399	51	87	14.69%	4.70%	1.13%	4.3%	56.6%
Transaction 7	EUR CLO	38.5	2007	2023	2013	426	46	70	11.52%	3.64%	0.98%	5.7%	50.8%
Transaction 8	EUR CLO	26.9	2005	2021	2011	381	53	130	27.83%	4.98%	2.37%	9.2%	113.1%
Transaction 10	EUR CLO	27.0	2006	2022	2012	386	50	104	4.82%	4.54%	0.03%	0.1%	53.6%
Transaction 86	EUR CLO	3.6	2006	2022	2012	386	50	104	4.82%	3.11%	0.20%	6.8%	35.8%
EUR CLO Subtotal:		288.6				364	52	77	9.05%	4.61%	0.48%		92.3%
Transaction 11	US CLO	20.5	2006	2018	2012	288	45	66	14.60%	4.55%	1.18%	20.5%	197.8%
Transaction 12	US CLO	22.8	2006	2019	2013	338	46	67	15.29%	4.45%	1.29%	20.2%	197.4%
Transaction 13	US CLO	15.2	2006	2018	2012	296	47	58	8.98%	4.82%	0.48%	21.8%	223.8%
Transaction 14	US CLO	26.0	2007	2021	2014	328	49	59	3.00%	5.63%	(0.33%)	19.2%	208.8%
Transaction 15	US CLO	28.1	2007	2021	2014	399	52	49	3.86%	4.21%	(0.05%)	29.9%	270.0%
Transaction 16	US CLO	23.5	2006	2020	2013	365	46	54	5.29%	4.44%	0.10%	21.2%	225.7%
Transaction 17	US CLO	26.0	2007	2021	2014	305	40	40	4.92%	4.24%	0.08%	24.6%	229.0%
Transaction 18	US CLO	16.7	2005	2017	2011	284	45	60	13.67%	4.77%	0.95%	20.0%	211.1%
Transaction 19	US CLO	1.2	2005	2017	2011	284	45	60	13.67%	4.77%	0.95%	23.9%	205.4%
Transaction 20	US CLO	26.6	2006	2020	2012	387	52	105	11.78%	5.28%	0.77%	22.2%	209.7%
Transaction 21	US CLO	20.7	2006	2020	2012	371	53	120	8.69%	4.76%	0.45%	18.2%	187.5%
Transaction 22	US CLO	37.4	2007	2021	2014	384	53	61	4.64%	5.00%	(0.04%)	22.0%	211.3%
Transaction 24	US CLO	16.9	2006	2018	2012	398	46	74	16.84%	4.17%	1.47%	17.7%	193.2%
Transaction 25	US CLO	20.9	2006	2018	2013	388	46	80	24.41%	4.13%	2.45%	22.3%	210.4%
Transaction 26	US CLO	27.9	2007	2019	2013	403	43	68	16.56%	4.05%	1.56%	19.1%	192.2%
Transaction 29	US CLO	19.1	2005	2018	2011	-	66	N/A	N/A	4.82%	N/A	19.4%	210.7%
Transaction 30	US CLO	12.4	2006	2018	2012	389	67	240	18.70%	5.16%	1.54%	18.0%	182.4%
Transaction 32	US CLO	24.0	2007	2021	2014	307	59	60	4.31%	5.57%	(0.17%)	22.6%	210.3%
Transaction 33	US CLO	16.2	2006	2020	2012	359	56	211	16.53%	6.99%	1.05%	13.8%	169.0%
Transaction 34	US CLO	22.2	2006	2020	2012	359	50	92	11.25%	6.66%	0.55%	18.9%	200.6%
Transaction 36	US CLO	28.4	2007	2021	2013	354	46	71	3.36%	5.18%	(0.23%)	19.4%	188.9%
Transaction 38	US CLO	23.7	2007	2021	2013	350	42	75	12.98%	5.07%	0.98%	27.7%	246.5%
Transaction 40	US CLO	13.0	2006	2020	2011	367	39	105	N/A	N/A	N/A	20.9%	194.6%
Transaction 44	US CLO	22.3	2006	2018	2012	-	54	N/A	N/A	4.16%	N/A	10.1%	142.9%
Transaction 45	US CLO	23.0	2006	2018	2012	-	46	N/A	11.80%	4.46%	0.88%	8.2%	143.9%
Transaction 46	US CLO	21.3	2007	2019	2013	287	51	145	8.92%	4.33%	0.59%	6.9%	113.8%
Transaction 47	US CLO	28.3	2006	2021	2013	331	47	50	4.32%	4.34%	(0.00%)	22.8%	225.3%
Transaction 49	US CLO	12.6	2005	2017	2011	-	40	N/A	N/A	3.94%	N/A	11.1%	170.0%
Transaction 50	US CLO	12.3	2006	2018	2012	-	40	N/A	N/A	4.25%	N/A	12.7%	184.1%
Transaction 56	US CLO	23.0	2007	2019	2014	340	42	64	9.87%	4.53%	0.66%	22.1%	204.7%
Transaction 57	US CLO	0.6	2007	2019	2014	340	42	64	9.87%	4.53%	0.66%	47.1%	1204.9%
Transaction 58	US CLO	21.8	2007	2019	2014	337	49	65	6.07%	4.04%	0.26%	24.7%	222.2%

(continued)

CLO EQUITY PORTFOLIO DETAILS AS OF 31 MARCH 2015 (continued)

Figure 32 (continued)

Transaction(i)	Deal Type	Original	Deal		End of	Wtd Avg	Original	Current	Current Jr-	Jr-Most O/C	Annualized	ITD Cash	
		Invest. Cost (\$MM USD)(ii)	Closing Date	Year of Maturity	Reinv Period	Spread (bps)(iii)	Cost of Funds (bps)(iv)	Cost of Funds (bps)(v)	Most O/C Cushion(vi)	Cushion at Close(vii)	(Loss) Gain of Cushion(viii)		IRR(ix)
Transaction 59	US CLO	0.4	2007	2019	2014	337	49	65	6.07%	4.04%	0.26%	51.8%	1758.7%
Transaction 61	US CLO	29.1	2007	2021	2014	324	45	47	2.55%	4.04%	(0.19%)	18.2%	180.1%
Transaction 63	US CLO	27.3	2007	2021	2013	358	53	74	4.66%	4.78%	(0.02%)	19.7%	200.7%
Transaction 64	US CLO	15.4	2007	2021	2013	366	38	48	N/A	N/A	N/A	23.4%	231.0%
Transaction 65	US CLO	26.9	2006	2021	2013	357	47	81	11.08%	4.96%	0.73%	14.8%	164.6%
Transaction 66	US CLO	21.3	2006	2020	2013	288	49	53	3.96%	4.05%	(0.01%)	23.1%	228.1%
Transaction 68	US CLO	19.3	2006	2020	2013	330	48	52	7.69%	4.41%	0.39%	28.2%	275.7%
Transaction 69	US CLO	28.2	2007	2019	2013	321	44	49	9.16%	5.61%	0.44%	27.0%	256.2%
Transaction 71	US CLO	1.7	2006	2018	2012	-	40	N/A	N/A	4.25%	N/A	27.4%	170.8%
Transaction 72	US CLO	4.8	2007	2019	2014	340	42	64	9.87%	4.53%	0.66%	17.9%	106.0%
Transaction 73	US CLO	1.9	2007	2019	2014	340	42	64	9.87%	4.53%	0.66%	17.9%	106.0%
Transaction 74	US CLO	5.5	2007	2019	2014	337	49	65	6.07%	4.04%	0.26%	21.1%	118.6%
Transaction 75	US CLO	32.7	2011	2022	2014	369	168	170	4.55%	4.05%	0.13%	11.7%	75.1%
Transaction 76	US CLO	1.9	2006	2018	2012	-	46	N/A	11.80%	2.43%	1.13%	39.5%	177.3%
Transaction 77	US CLO	14.5	2011	2023	2016	392	212	213	5.82%	5.04%	0.24%	13.9%	58.5%
Transaction 78	US CLO	22.9	2012	2023	2015	448	217	175	6.69%	4.00%	0.84%	17.3%	77.2%
Transaction 79	US CLO	19.4	2012	2022	2015	396	215	179	3.98%	4.00%	(0.01%)	8.8%	54.3%
Transaction 80	US CLO	22.7	2012	2022	2016	402	185	185	3.94%	4.17%	(0.08%)	10.9%	55.6%
Transaction 81	US CLO	21.7	2012	2024	2016	426	216	194	5.36%	4.00%	0.54%	9.5%	39.5%
Transaction 82	US CLO	25.4	2012	2022	2016	404	206	207	4.06%	4.00%	0.02%	8.0%	41.8%
Transaction 83	US CLO	20.8	2013	2025	2017	454	193	193	7.10%	6.17%	0.44%	14.7%	42.4%
Transaction 84	US CLO	24.6	2013	2023	2017	395	183	184	4.09%	4.02%	0.04%	16.2%	52.4%
Transaction 85	US CLO	1.0	2013	2025	2017	400	170	171	5.08%	5.01%	0.04%	9.8%	35.8%
Transaction 87	US CLO	23.0	2013	2026	2018	411	199	199	4.23%	4.00%	0.17%	6.2%	22.6%
Transaction 88	US CLO	30.1	2014	2024	2018	412	199	200	3.99%	4.02%	(0.02%)	12.2%	25.9%
Transaction 89	US CLO	33.6	2014	2026	2018	423	195	195	3.95%	3.96%	(0.01%)	13.7%	20.9%
Transaction 90	US CLO	20.7	2014	2026	2018	432	203	203	3.99%	4.00%	(0.02%)	12.8%	0.0%
Transaction 91	US CLO	27.8	2015	2027	2019	376	215	215	4.00%	4.00%	-	12.0%	0.0%
US CLO Subtotal:		1,178.8				337	92	103	7.02%	4.46%	0.36%		156.8%
Total CLO Portfolio:		1,467.4				342	84	98	7.42%	4.49%	0.39%		144.1%

Notes

- (i) Transactions are investments made on a particular investment date. Multiple transactions may be associated with the same tranche of the same CLO deal. Note that certain transactions may have been removed from the table above, as the remaining value of the assets of those CLOs is immaterial. TFG may continue to hold such transactions as of the date of this report.
- (ii) The USD investment cost reflects a USD-EUR exchange rate fixed at a single historical rate to avoid the impact of skewed weightings and FX volatility over time. As such, the investment costs of European CLOs as shown in this table may not be comparable to the investments costs as shown in TFG's financial statements.
- (iii) Par weighted-average spread over LIBOR or EURIBOR (as appropriate) of the underlying loan assets in each CLO's portfolio.
- (iv) 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.
- (v) 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.
- (vi) 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. Calculations are ignored and stated as "N/A" in certain cases where debt has been substantially, but not fully, repaid, resulting in a junior-most O/C test cushion that is not meaningful.
- (vii) The junior-most O/C cushion at close is the excess (or deficit) of the junior-most O/C test ratio over the test requirement that was expected on each deal's closing date. Please note that two of TFG's investments are so 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.
- (viii) Calculated by annualising the change from the expected closing date junior-most O/C cushion to the current junior-most O/C cushion.
- (ix) Calculated from TFG's investment date. Includes both historical cash flows received to-date and prospective cash flows expected to be received, based on TFG's base case modeling assumptions.
- (x) Inception to report date cash flow received on each transaction as a percentage of its original cost.

CLO EQUITY PORTFOLIO DETAILS AS OF 31 MARCH 2015 (continued)

Figure 33



(i) 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. Calculations are stated as "N/A" in certain cases where debt has been substantially, but not fully, repaid, resulting in a junior-most O/C test cushion that is not meaningful.

APPENDIX IV

Share Reconciliation and Shareholdings

Figure 34⁽²³⁾

U.S. GAAP to Fully Diluted Shares Reconciliation	
	Q1 2015 Shares (MM)
Legal Shares Issued and Outstanding	136.5
Less: Shares Held In Subsidiary	(16.6)
Less: Shares Held In Treasury	(12.8)
Less: Escrow Shares ^(22.i)	(10.6)
U.S. GAAP Shares Outstanding	96.6
Add: Manager (IPO) Share Options ^(22.ii)	-
Add: Escrow Shares ^(22.i)	10.6
Pro Forma Fully Diluted Shares	107.1

Shareholdings

Persons affiliated with TFG maintain significant interests in TFG shares. For example, as of 31 March 2015, the following persons own (directly or indirectly) interests in shares in TFG in the amounts set forth below:

Mr. Reade Griffith*	7,739,452
Mr. Paddy Dear*	2,709,937
Mr. David Wishnow [†]	346,262
Mr. Jeff Herlyn [†]	273,652
Mr. Michael Rosenberg [†]	125,899
Mr. Rupert Dorey	97,972
Mr. Frederic Hervouet	2,480

*The amounts set forth above in regards to Messrs. Griffith and Dear include their interests with respect to the Escrow Shares.^(22.i) In addition to the foregoing, as of 31 March 2015, certain employees of subsidiaries of TFG and other affiliated persons own in the aggregate approximately 3.3 million shares, including interests with respect to the Escrow Shares,^(22.i) in each case, however, excluding any TFG shares held by the GreenOak principals or employees.

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

Certain of these Employees may from time to time enter into sales trading plans (each a, "Fixed Trading Plan") providing for the sale of Vested Shares in the market or may otherwise sell their Vested Shares subject to applicable compliance policies. Applicable brokerage firms may be authorised to sell such TFG 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 TFG in accordance with its applicable compliance policies.

[†]Each of Messrs. Wishnow, Herlyn and Rosenberg expect to sell, subject to applicable compliance policies, an aggregate of 262,963 shares of their holdings set forth above.

For additional information regarding the Polygon Transaction and the future vesting schedule for shares issued thereunder, see Note 22 to the 2014 Tetragon Financial Group Master Fund Limited audited financial statements, included in the TFG 2014 Annual Report.

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, nonpublic information.

APPENDIX V

BOARD OF DIRECTORS

Rupert Dorey has over 30 years of experience in financial markets. Mr. Dorey was at CSFB for 17 years from 1988 to 2005 where he specialised in credit related products, including derivative instruments where his expertise was principally in the areas of debt distribution, origination and trading, covering all types of debt from investment grade to high yield and distressed debt. He held a number of senior positions at CSFB, including establishing CSFB's high yield debt distribution business in Europe, fixed income credit product coordinator for European offices and head of UK Credit and Rates Sales. Since 2005, he has been acting in a Non-Executive Directorship capacity for a number of Hedge Funds, Private Equity & Infrastructure Funds, for both listed and unlisted vehicles. Mr. Dorey is a former President of the Guernsey Chamber of Commerce and is a member of the Institute of Directors.

Frederic Hervouet has over 17 years of experience in financial markets and hedge funds, including in multi-asset class investment and risk management, structured products and structured finance. Until September 2013, Mr. Hervouet was a Managing Director and Head of Commodity Derivatives Asia for BNP Paribas, where he was focused on trading, structuring and sales. Previously, Mr. Hervouet was a Director and Global Head of Sales at Diapason Commodities Management SA, a partner at Systeia Capital Management, which is now part of Amundi Asset Management, and a Director and Head of European Market Distribution at BAREP Asset Management, the hedge fund management subsidiary of Société Générale. Mr. Hervouet has a MSc in Applied Mathematics and International Finance and a Masters Degree (DESS) in Financial Markets, Commodities Markets and Risk Management from the Université Paris Dauphine. He is a member of the Institute of Directors (IoD) and of the Guernsey Chamber of Commerce. Mr. Hervouet who is based in Guernsey, is a Non-Executive, Independent Director.

David Jeffreys provides directorship services to a small number of fund groups. From 1993 until June 2004, Mr. Jeffreys was managing director of Abacus Fund Managers (Guernsey) Limited, where he was involved with private client trust arrangements, corporate administration, pension schemes and fund administration. He was a board member of Abacus' principal administration operating companies and served on the boards of various administrated client companies. Previously, Mr. Jeffreys worked as an auditor and accountant for 12 years with Coopers & Lybrand (and its predecessor firms). He has an undergraduate degree in Economics and Accounting from the University of Bristol and is a fellow of the Institute of Chartered Accountants in England and Wales. Mr. Jeffreys who is based in Guernsey, is a Non-Executive, Independent Director.

Byron Knief is Managing Director of Court Square Capital Advisor, LLC. Since 1989, he has raised and invested over \$3 billion of capital through a series of mezzanine and leveraged debt funds. Prior to 1989, he ran a variety of businesses for Citigroup in the United States, Europe, Canada and Latin America. Mr. Knief received an undergraduate degree from Northwestern University and an MBA from Columbia University. He has served as a director on the boards of several public and private companies. Current corporate board memberships include DavCo Restaurants, Inc., JAC Products, Inc. and Olameter, Inc. He was also formerly a director of Polygon Global Opportunities Fund and certain of its affiliates. Mr. Knief's charitable board memberships include The Milbank Memorial Fund and The Mountain Top Arboretum. Mr. Knief who is based in the United States of America, is a Non-Executive, Independent Director.

Reade Griffith co-founded Polygon in 2002 and Tetragon Financial Management LP in 2005. He was previously the founder and chief executive officer of the European office of Citadel Investment Group, a multi-strategy hedge fund that he joined in 1998. He was a partner and senior managing director responsible for running the Global event-driven arbitrage team of 25 people in Tokyo, London and Chicago for the firm. He was previously with Baker, Nye, where he was an analyst working on an arbitrage and special situations portfolio. Mr. Griffith holds a JD from Harvard Law School and an undergraduate degree in Economics from Harvard College. He also served as an officer in the United States Marine Corps and left as a Captain following the 1991 Gulf War. He is a Principal of Tetragon Financial Group Management LP. Mr. Griffith, who is based in the United Kingdom, is an Internal Director.

Paddy Dear co-founded Polygon in 2002 and Tetragon Financial Management LP in 2005. He was previously managing director and the global head of Hedge Fund Coverage for UBS Warburg Equities. As global head of Hedge Fund Coverage and Chairman of the Global Hedge Fund Committee, he was responsible for the delivery of all of the bank's products and services to hedge fund clients globally. He was on the board of UBS Netherlands, and was a member of both the European Equity Business Committee and the Extended Global Equity Business Committee. Prior to this, Mr. Dear was co-head of European sales trading, execution, arbitrage sales and flow derivatives. He had been with UBS since 1988, including six years in New York. Mr. Dear was in equity sales at Prudential Bache before UBS. Prior to moving into investment banking, Mr. Dear was a petroleum engineer with Marathon Oil Co. He received a Bachelor of Science in Petroleum Engineering from Imperial College in London. He is a Principal of Tetragon Financial Group Management LP. Mr. Dear, who is based in the United Kingdom, is an Internal Director.

FURTHER INFORMATION

Registered Office of TFG and the Master Fund

Tetragon Financial Group Limited
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Channel Islands GY1 6HJ

Investment Manager

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United States of America

General Partner of Investment Manager

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Channel Islands GY1 1WR

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United States of America

Issuing Agent, Dutch Paying and Transfer Agent

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1012 VT Amsterdam
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United States of America

Legal Advisor (as to Guernsey law)

Ogier
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St. Peter Port, Guernsey
Channel Islands GY1 1WA

Legal Advisor (as to Dutch law)

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1082 MD Amsterdam
The Netherlands

Stock Listing

Euronext Amsterdam N.V.

Administrator and Registrar

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

ENDNOTES

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

Shareholder Letter

- (1) TFG invests substantially all its capital through a master fund, Tetragon Financial Group Master Fund Limited (“TFGMF”), in which it holds 100% of the issued non-voting shares. In this report, unless otherwise stated, we report on the consolidated business incorporating TFG and TFGMF. References to “we” are to Tetragon Financial Management LP, TFG’s investment manager (the “Investment Manager”).
- (2) LIBOR directly flows through some of TFG’s investments and, as it can be seen as the risk-free short-term rate, it should affect all of TFG’s investments. In high-LIBOR environments, TFG should achieve higher sustainable returns; in low-LIBOR environments, TFG should achieve lower sustainable returns.
- (3) Please see Figure 9 on page 15 for details of EBITDA equivalent.
- (4) GreenOak Real Estate, LP; hereinafter referred to in this report as “GreenOak.” GreenOak is separately registered as an investment adviser under the U.S. Investment Advisers Act of 1940. TFG owns a 23% interest in GreenOak.
- (5) Includes GreenOak funds and advisory assets, LCM Asset Management LLC, Polygon Recovery Fund LP, Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund, Polygon Distressed Opportunities Master Fund, and Equitix Holdings as calculated by the applicable administrator for value date 31 March 2015. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited. TFG Asset Management AUM as used in this report includes the assets under management of several investment advisers, including Tetragon Asset Management L.P., and GreenOak Real Estate, LP, each of which is an investment manager registered under the U.S. Investment Advisers Act of 1940.
- (6) Please see note 1.
- (7) Please see note 5.
- (8) Assets Under Management (“AUM”) and “Employees Globally” include Equitix, which was acquired in February 2015, and the GreenOak joint venture.

Key Metrics

- (9) Please see note 2.
- (10) Please refer to Financial Highlights on page 27 of this report for the definition of Net Economic Income.
- (11) Please see note 10.
- (12) Please refer to Financial Highlights on page 27 of this report for the definition of Pro Forma Fully Diluted Shares and Pro Forma Fully Diluted NAV per Share.

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- (13) Unrealised Polygon performance fees 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 quarter end, less certain assumed costs. Similar amounts, if any, from LCM and GreenOak are excluded from this line item. Such fees would typically not be realised or recognised under U.S. GAAP until calendar year end, and are therefore subject to change based on fund performance during the remainder of the year. There can be no assurance that the company will realise all or any portion of such amounts. Through 31 March 2015, this amount equalled \$1.4 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to \$0.8 million as shown in Figure 9 and further represented in Figures 21 and 22 of this report. It also includes any unrealised performance fees to potentially be paid on investments made by TFG in Polygon hedge funds or other investment vehicles. TFG is able to invest at a preferred level of fees.

- (14) The LCM III, LCM IV, LCM V, LCM VI, LCM IX, LCM X, LCM XI, LCM XII, LCM XIII, LCM XIV, LCM XV, LCM XVI, LCM XVII, and LCM XVIII CLOs are referred to as the “LCM Cash Flow CLOs.” LCM-managed CLOs that are no longer outstanding are not included in the LCM Cash Flow CLO statistics. In addition, these statistics do not include the performance of certain transactions that were developed and previously managed by a third-party prior to being assigned to LCM, some of which continue to be managed by LCM.
- (15) (i) The fund began trading with Class B shares, which carry no incentive fees, on 20 May 2009. Class A shares of the fund were first issued on 1 April 2010 and returns from inception through March 2010 have been *pro forma* adjusted to match the fund's Class A share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee over a hurdle and other items, in each case, as set forth in the Offering Memorandum). AUM figure and net performance is for the Polygon Convertible Opportunity Master Fund as calculated by the applicable fund administrator.
- (ii) The fund began trading 8 July 2009 with Class B shares which carry no incentive fee. Class A shares commenced trading on 1 December 2009. Returns from inception through November 2009 for Class A shares have been *pro forma* adjusted to match the fund's Class A share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee and other items, in each case, as set forth in the offering Memorandum). From December 2009 to February 2011, the table reflects actual Class A share performance on the terms set forth in the Offering Memorandum. From March 2011, forward, the table reflects actual Class A1 share performance on the terms set forth in the Offering Memorandum. Class A1 share performance is equivalent to Class A share performance for prior periods. AUM figure and net performance is for the Polygon European Equity Opportunity Master Fund and associated managed account as calculated by the applicable fund administrators.
- (iii) The fund began trading with Class B1 shares, which carry no incentive fees, on 1 June 2012. Returns through October 2013 have been *pro forma* adjusted to account for a 2.0% management fee, a 20% incentive fee, and non trading expenses capped at 1%, in each case, as set forth in the Offering Memorandum. Class A1 shares of the Fund were first issued on 1 November 2013. From November 2013, forward, performance reflects actual Class A1 share performance on the terms set forth in the Offering Memorandum. AUM figure and net performance is for the Polygon Mining Opportunity Master Fund as calculated by the applicable fund administrator.
- (iv) The fund began trading on 2 September 2013. Class A shares of the fund were first issued in September 2013 and returns from inception through September 2014 have been adjusted to match the fund's class A share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee and other items, in each case, as set forth in the Offering Memorandum). AUM figure and net performance is for the Polygon Distressed Opportunities Master Fund as calculated by the applicable fund administrator.
- (v) The fund began trading with Class B/B1 shares, which carry no incentive fees, on 12 September 2011. Returns shown from inception through August 2013 have been *pro forma* adjusted to account for a 2.0% management fee and a 20% incentive fee, in each case, as to be set forth in further definitive documents. The fund began trading Class A shares, which are not new issue eligible, on 23 September 2011. Class A1 shares of the Fund, which are new issue eligible, were first issued on 1 November 2013, and returns from inception through October 2013 have been *pro forma* adjusted to match the Fund's Class A1 performance. AUM figure and net performance is for the Polygon Global Equities Master Fund as calculated by the applicable fund administrator.
- (vi) The Private Equity Vehicle noted is the Polygon Recovery Fund L.P. (“PRF”). The manager of the PRF is a subsidiary of TFG. The management fees earned in respect of PRF are included in the TFG Asset Management business segment described herein. PRF is a limited-life vehicle seeking to dispose of its portfolio securities prior to the expiration of its term, recently extended to March 2016, and subject to a further one-year extension based on investor approval. Individual investor performance will vary based on their high water mark. Currently, the majority of Class C share class investors have not reached their high water mark, so their performance is the same as their gross performance. The AUM figure for PRF is as calculated by the applicable fund administrator.
- (16) Based on the most recent trustee reports available as of 31 March 2015.
- (17) Based on the most recent trustee reports available as of 31 March 2015.
- (18) Adjusted net assets of such investments consists of the fair value of, or capital committed to, investment assets held directly on the balance sheet.
- (19) Investible Cash consists of: (1) cash held directly by Tetragon Financial Group Master Fund Limited, (2) excess margin held by brokers associated with assets held directly by Tetragon Financial Group Master Fund Limited, and (3) cash held in certain designated accounts related to TFG's investments, which may only be used for designated purposes without incurring significant tax and transfer costs.

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- (20) On occasion, figures may not total due to rounding.
- (21) Please see Note 13.
- (22) Pro Forma Fully Diluted NAV per Share seeks to reflect certain potential changes to the total non-voting shares over the next few years, which may be utilised in the calculation of NAV per Share. Specifically, the number of shares used to calculate U.S. GAAP NAV per Share has been adjusted to incorporate:
- (i) The Escrow Shares, which have been used as consideration for the acquisition of Polygon and applicable stock dividends relating thereto, and which are held in escrow and are expected to be released and incorporated into the U.S. GAAP NAV per Share over the next three years.
 - (ii) The number of shares corresponding to the applicable intrinsic value of the options issued to the Investment Manager at the time of the company's IPO with a strike price of \$10.00, to the extent such options are in the money at period end. The intrinsic value of the manager (IPO) share options is calculated as the excess of (x) the closing price of the shares as of the final trading day in the relevant period over (y) \$10.00 (being the exercise price per share) times (z) 12,545,330 (being a number of shares subject to the options before the application of potential anti-dilution). The terms of exercise under the options allow for exercise using cash, as well as, with the consent of the board of the company, certain forms of cashless exercise. Each of these prescribed methods of exercise may give rise to the issuance of a different number of shares than the approach described herein. If the options were to be surrendered for their intrinsic value with the board's consent, rather than exercised, the number of shares issued would equal the intrinsic value divided by the closing price of the shares as of the final trading day in the relevant period. This approach has been selected because we currently believe it is more reasonably illustrative of a likely outcome if the options are exercised. The options are exercisable until 26 April 2017.

Appendix IV

- (23) Please see Note 22.

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

This release does not contain or constitute an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction. The securities of TFG have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act"), 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. TFG does not intend to register any portion of its securities in the United States or to conduct a public offer of securities in the United States. In addition, TFG has not been and will not be registered under the U.S. Investment Company Act of 1940, and investors will not be entitled to the benefits of such Act. TFG is registered in the public register of the Netherlands Authority for the Financial Markets under Section 1:107 of the FMSA as a collective investment scheme from a designated country. This release constitutes regulated information ("gereguleerde informatie") within the meaning of Section 1:1 of the FMSA.

UNAUDITED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP LIMITED

**FOR THE QUARTER ENDED 31 MARCH 2015 AND FOR THE QUARTER
ENDED 31 MARCH 2014**

TETRAGON FINANCIAL GROUP LIMITED
UNAUDITED QUARTERLY REPORT
FOR THE QUARTER ENDED 31 MARCH 2015 AND FOR THE QUARTER
ENDED 31 MARCH 2014

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TETRAGON FINANCIAL GROUP LIMITED
STATEMENTS OF ASSETS AND LIABILITIES
As at 31 March 2015 (unaudited)

	31 Mar 2015	31 Dec 2014
	US\$ MM	US\$ MM
Assets		
Investment in the Master Fund*	1,915.9	1,834.9
Total assets	1,915.9	1,834.9
Liabilities		
Accrued incentive fee	20.5	4.1
Amounts payable on share options	13.4	12.3
Total liabilities	33.9	16.4
Net assets	1,882.0	1,818.5
Equity		
Share capital	0.1	0.1
Share premium	935.1	929.4
Capital reserve in respect of share options	11.8	11.8
Share based employee compensation reserve	34.9	31.4
Retained earnings	900.1	845.8
	1,882.0	1,818.5
Shares outstanding		
	Millions	Millions
Shares	96.6	95.9
Net Asset Value per share	US\$ 19.49	US\$ 18.96

* Tetragon Financial Group Master Fund Limited

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF OPERATIONS

**For the quarter ended 31 March 2015 and for the quarter
ended 31 March 2014 (unaudited)**

	Quarter Ended 31 Mar 2015 US\$ MM	Quarter Ended 31 Mar 2014 US\$ MM
Investment income allocated from the Master Fund		
Interest income	30.7	45.0
Fee income	34.2	12.7
Other income – cost recovery	4.5	5.6
Total investment income allocated from the Master Fund	69.4	63.3
Direct expenses		
Incentive fee	(20.5)	(10.7)
Total direct expenses	(20.5)	(10.7)
Operating expenses allocated from the Master Fund		
Employee costs	(14.3)	(10.4)
Management fees	(6.9)	(6.8)
Legal and professional fees	(2.3)	(6.2)
Share based employee compensation	(7.1)	(5.8)
Audit fees	(0.1)	(0.1)
Interest expense	(0.7)	-
Other operating and administrative expenses	(12.3)	(6.9)
Total operating expenses allocated from the Master Fund	(43.7)	(36.2)
Total operating expenses	(64.2)	(46.9)
Net investment income	5.2	16.4
Net increase in unrealized depreciation on:		
Share options	(1.1)	(1.1)
Net increase in unrealized depreciation arising from direct operations	(1.1)	(1.1)
Net realized and unrealized gain from investments and foreign currency allocated from the Master Fund		
Net realized gain / (loss) from:		
Investments	6.0	2.1
Derivative financial instruments	(0.6)	13.1
Foreign currency transactions	12.5	1.2
	17.9	16.4

TETRAGON FINANCIAL GROUP LIMITED
STATEMENTS OF OPERATIONS (continued)
For the quarter ended 31 March 2015 and for the quarter
ended 31 March 2014 (unaudited)

	Quarter Ended 31 Mar 2015 US\$ MM	Quarter Ended 31 Mar 2014 US\$ MM
Net increase / (decrease) in unrealized appreciation / (depreciation) on:		
Investments	58.6	8.4
Derivative financial instruments	20.2	0.9
Translation of assets and liabilities in foreign currencies	(24.7)	(0.3)
	<u>54.1</u>	<u>9.0</u>
Net realized and unrealized gain from investments and foreign currency allocated from the Master Fund	<u>72.0</u>	<u>25.4</u>
Net increase from operations before tax	<u>76.1</u>	<u>40.7</u>
Income and deferred tax expense	(6.4)	(1.1)
Net income	<u>69.7</u>	<u>39.6</u>
Earnings per share		
Basic	US\$ 0.73	US\$ 0.41
Diluted	US\$ 0.65	US\$ 0.36
	Millions	Millions
Weighted average shares outstanding		
Basic	96.0	97.8
Diluted	106.6	109.7

TETRAGON FINANCIAL GROUP LIMITED
STATEMENTS OF CHANGES IN NET ASSETS
For the quarter ended 31 March 2015 and for the quarter
ended 31 March 2014 (unaudited)

	Quarter Ended 31 Mar 2015 US\$ MM	Quarter Ended 31 Mar 2014 US\$ MM
From operations :		
Total investment income	69.4	63.3
Total operating expenses	(64.2)	(46.9)
Net unrealized depreciation on share options	(1.1)	(1.1)
Net realized gain from investments and foreign currency allocated from the Master Fund	17.9	16.4
Net unrealized appreciation from investments and translation of assets and liabilities in foreign currencies allocated from the Master Fund	54.1	9.0
Income and deferred tax expense	(6.4)	(1.1)
Net income	<u>69.7</u>	<u>39.6</u>
Share based employee compensation	5.8	5.8
Net increase in net assets resulting from operations	<u>75.5</u>	<u>45.4</u>
Dividends paid to shareholders	(15.1)	(14.8)
Issue of shares	3.1	0.7
Purchase of Treasury shares	-	(50.9)
Increase / (decrease) in net assets resulting from net share transactions	<u>3.1</u>	<u>(50.2)</u>
Total increase / (decrease) in net assets	63.5	(19.6)
Net assets at start of period	1,818.5	1,803.2
Net assets at end of period	<u>1,882.0</u>	<u>1,783.6</u>

TETRAGON FINANCIAL GROUP LIMITED
STATEMENTS OF CASH FLOWS
For the quarter ended 31 March 2015 and for the quarter
ended 31 March 2014 (unaudited)

	Quarter Ended 31 Mar 2015 US\$ MM	Quarter Ended 31 Mar 2014 US\$ MM
Operating activities		
Net income	69.7	39.6
Adjustments for:		
Net unrealized depreciation on share options	1.1	1.1
Share based employee compensation reserve	5.8	5.8
Net unrealized (appreciation) / depreciation on investments in the Master Fund	(81.0)	40.7
Operating cash flows before movements in working capital	(4.4)	87.2
Increase / (decrease) in payables	16.4	(22.2)
Net cash provided by operating activities	12.0	65.0
Financing activities		
Issue of shares	3.1	0.7
Purchase of Treasury shares	-	(50.9)
Dividends paid to shareholders	(15.1)	(14.8)
Net cash used in financing activities	(12.0)	(65.0)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

**FOR THE QUARTER ENDED 31 MARCH 2015 AND FOR THE QUARTER
ENDED 31 MARCH 2014**

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
UNAUDITED CONSOLIDATED QUARTERLY REPORT
FOR THE QUARTER ENDED 31 MARCH 2015 AND FOR THE QUARTER
ENDED 31 MARCH 2014

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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 31 March 2015 (unaudited)

	31 Mar 2015	31 Dec 2014
	US\$ MM	US\$ MM
Assets		
Investments, at fair value	1,419.6	1,356.2
Intangible assets	238.1	29.7
Goodwill	24.8	-
Cash and cash equivalents	293.9	402.0
Amounts due from brokers	51.2	52.1
Derivative financial assets	33.7	19.2
Fixed assets	0.5	0.1
Deferred tax asset	9.2	10.0
Prepaid income tax	3.6	0.6
Other receivables	53.6	32.8
Total assets	2,128.2	1,902.7
Liabilities		
Derivative financial liabilities	3.4	5.8
Other payables and accrued expenses	56.4	50.5
Loans and borrowings	87.6	-
Income tax payable	14.2	2.9
Deferred tax liability	50.7	8.6
Total liabilities	212.3	67.8
Net assets	1,915.9	1,834.9
Equity		
Share capital	0.1	0.1
Share premium	894.4	888.6
Retained earnings	986.5	914.8
Capital contribution	34.9	31.4
	1,915.9	1,834.9
Shares outstanding	Millions	Millions
Shares	96.6	95.9
Net asset value per share	US\$ 19.84	US\$ 19.13

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the quarter ended 31 March 2015 and for the quarter
ended 31 March 2014 (unaudited)

	Quarter ended 31 Mar 2015 US\$ MM	Quarter ended 31 Mar 2014 US\$ MM
Interest income	30.7	45.0
Fee income	34.2	12.7
Other income – cost recovery	4.5	5.6
Investment income	69.4	63.3
Employee costs	(14.3)	(10.4)
Management fees	(6.9)	(6.8)
Legal and professional fees	(2.3)	(6.2)
Share based employee compensation	(7.1)	(5.8)
Audit fees	(0.1)	(0.1)
Interest expense	(0.7)	-
Other operating and administrative expenses	(12.3)	(6.9)
Operating expenses	(43.7)	(36.2)
Net investment income	25.7	27.1
Net realized and unrealized gain from investments and foreign currency		
Net realized gain / (loss) from:		
Investments	6.0	2.1
Derivative financial instruments	(0.6)	13.1
Foreign currency transactions	12.5	1.2
	17.9	16.4
Net increase / (decrease) in unrealized appreciation / (depreciation) on:		
Investments	58.6	8.4
Derivative financial instruments	20.2	0.9
Translation of assets and liabilities in foreign currencies	(24.7)	(0.3)
	54.1	9.0
Net realized and unrealized gain from investments and foreign currency	72.0	25.4
Net increase from operations before tax	97.7	52.5
Income and deferred tax expense	(6.4)	(1.1)
Net income	91.3	51.4

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the quarter ended 31 March 2015 and for the quarter
ended 31 March 2014 (unaudited)

	Quarter ended 31 Mar 2015 US\$ '000	Quarter ended 31 Mar 2014 US\$ '000
From operations:		
Net investment income	25.7	27.1
Net realized gain from investments and foreign currency	17.9	16.4
Net unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	54.1	9.0
Income and deferred tax expense	(6.4)	(1.1)
Net income after tax	<u>91.3</u>	<u>51.4</u>
Share based employee compensation	5.8	5.8
Net increase in net assets resulting from operations	<u>97.1</u>	<u>57.2</u>
Dividends paid to TFG Limited in lieu of incentive fee liability	(4.1)	(32.8)
Dividends paid to shareholders	(15.1)	(14.8)
Total distributions	<u>(19.2)</u>	<u>(47.6)</u>
Issue of shares	3.1	0.7
Purchase of Treasury shares	-	(50.9)
Increase / (decrease) in net assets resulting from capital transactions	<u>3.1</u>	<u>(50.2)</u>
Total increase / (decrease) in net assets	81.0	(40.6)
Net assets at start of period	1,834.9	1,846.7
Net assets at end of period	<u><u>1,915.9</u></u>	<u><u>1,806.1</u></u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarter ended 31 March 2015 and for the quarter
ended 31 March 2014 (unaudited)

	Quarter ended 31 Mar 2015 US\$ MM	Quarter ended 31 Mar 2014 US\$ MM
Operating activities		
Net income	91.3	51.4
Adjustments for:		
Realized gains on investments and derivatives	(5.4)	(15.2)
Cash received on investments in excess of interest income	34.3	52.6
Amortization on intangible assets	6.8	1.7
Share based employee compensation	5.8	5.8
Unrealized gains	(54.1)	(9.0)
Deferred tax	42.9	(1.1)
Operating cash flows before movements in working capital	121.6	86.2
(Increase) / decrease in receivables	(28.1)	12.8
Increase / (decrease) in payables	17.3	(12.7)
Cash flows from operations	110.8	86.3
Purchase of fixed assets	(0.4)	-
Proceeds from sale / prepayment / maturity of investments	22.6	7.6
Net (payment for) / proceeds from swap resets	(0.3)	13.4
Purchase of investments	(79.0)	(116.0)
Purchase of intangible assets and goodwill	(235.2)	-
Net cash used in operating activities	(181.5)	(8.7)
Financing activities		
Amounts due to / (from) brokers	0.9	(21.4)
Proceeds from issue of shares	3.1	0.7
Treasury shares	-	(50.9)
Borrowings	88.2	-
Dividends paid to shareholders	(15.1)	(14.8)
Dividends paid to Feeder in lieu of incentive fee liability	(4.1)	(32.9)
Net cash provided by / (used in) financing activities	73.0	(119.3)
Net decrease in cash and cash equivalents	(108.5)	(128.0)
Cash and cash equivalents at beginning of year	402.0	245.9
Effect of exchange rate fluctuations on cash and cash equivalents	0.4	(0.1)
Cash and cash equivalents at end of period	293.9	117.8