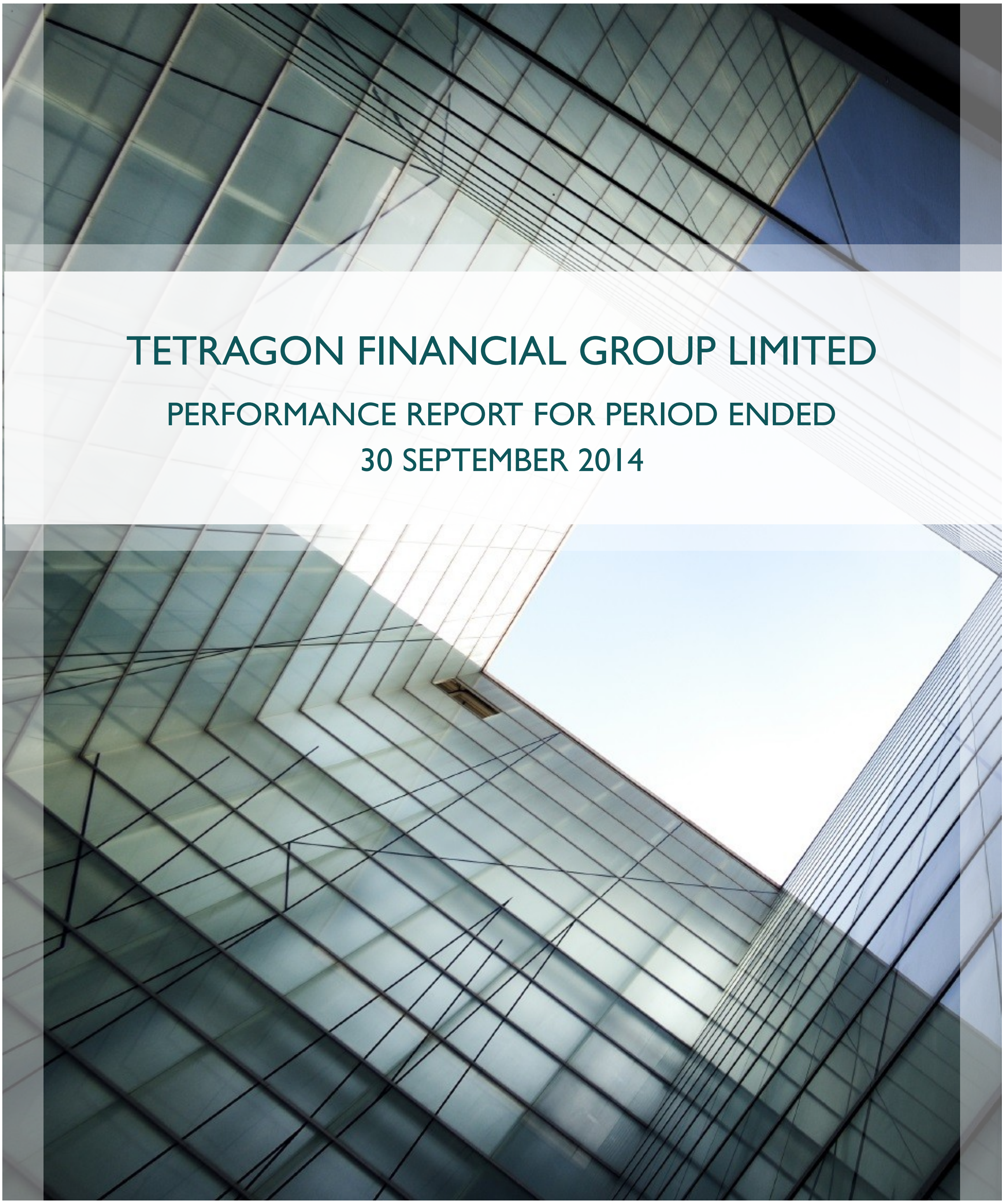
TETRAGON



TETRAGON FINANCIAL GROUP LIMITED

PERFORMANCE REPORT FOR PERIOD ENDED 30 SEPTEMBER 2014

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TETRAGON FINANCIAL GROUP LIMITED (TFG)
PERFORMANCE REPORT FOR PERIOD ENDED 30 SEPTEMBER 2014

31 October 2014

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 30 September 2014.

EXECUTIVE SUMMARY

TFG returned Net Economic Income of $7.9 million (8 cents of Earnings Per Share ("EPS")[(2)] in Q3 2014. Performance was positive in both the company's business segments, namely the investment portfolio and TFG Asset Management ("TFGAM"). For the first nine months of 2014, Net Economic Income was $93.9 million, Adjusted EPS was 98 cents,[(3)] and the company's annualised Return on Equity ("RoE") was 6.9%.[(4)]

The Q3 2014 dividend was declared at 15.5 cents per share, giving a rolling 12-month dividend increase of 10.9%.

On 23 October 2014, TFG announced the entry into definitive agreements for the acquisition of Equitix Holdings Limited ("Equitix"), a UK infrastructure asset management business, for an enterprise value of £159.5 million. The acquisition is expected to be financed with a combination of cash from TFG's balance sheet and debt financing supported by the Equitix business. This acquisition furthers TFG's desire to own both assets and asset management businesses. We believe that infrastructure assets fit well alongside the current TFG investment portfolio and are well suited to TFG's long term investment horizon. If structured correctly, infrastructure assets may allow access to government-backed cash flows at an attractive yield. Furthermore, we believe there are good reasons why there is likely to be longevity to the asset class, as many western governments are expected to maintain, and, in some cases, increase their domestic infrastructure spending over the coming years. In our view, Equitix has a different approach to infrastructure asset management in that it also runs a primary business; that is to say, the business benefits from having its own proprietary origination platform that seeks to develop infrastructure assets for the funds it manages. Not only does this provide a profitable additional business line, but as importantly, we believe it makes Equitix better as asset managers as they have a broader and deeper understanding of the assets themselves. We view TFG as a natural partner for Equitix. TFG plans to own the business for the long term, invest in their future funds alongside their LPs, give the management team investment autonomy and support and help to grow the asset management business. The deal has been structured to seek to incentivise a broad team to manage and grow the business for the long term. The acquisition is subject to regulatory approval and certain other conditions and the purchase price is subject to adjustment until the closing date.

We are excited about this acquisition and believe it will provide a strong return on capital invested as well as an opportunity to broaden TFG's investments into infrastructure assets over time.

In Q4 2014, TFG also started building a mining finance business. This business will, among other things, look at ways to fund small to mid-size exploration and production mining companies (e.g., equity, debt or derivatives). We believe there is a dearth of funding available for many such mining companies; gold miners in particular. We also believe that TFG could be an ideal provider of capital given its long term investment horizon, its detailed technical skills in mining and its depth of in-house structuring expertise.

EXECUTIVE SUMMARY (continued)

GOALS

Looking at the company's goals:

1. To deliver 10-15% RoE *per annum* to shareholders.[(5)]

The third quarter was below target, bringing down the annualised RoE in the first nine months of 2014 to 6.9%. Please see page 4 for further details.

2. To manage more of TFG's assets on the TFG Asset Management platform in order to reduce the proportion of TFG's capital that pays away fees to third-party managers.

The amount of TFG's capital that paid fees to external managers at the end of Q3 2014 was 37.0%, down from 53.4% at the end of 2013.[(6)] We believe that the addition of two new asset classes and asset management businesses – namely infrastructure asset management (Equitix) and mining finance – may allow TFG to further diversify its assets over time while continuing to reduce fees paid away to external managers.

3. To grow client AUM and fee income in TFG Asset Management.

Assets under management ("AUM") at 30 September 2014 stood at $10.6 billion, up from $9.2 billion at 2013 year-end.[(7)]

TFG Asset Management's fee income (including potential hedge fund performance fees that don't crystallise until year end) was $56.0 million, up 28.1% on the same period last year.[(8)]

4. To add further asset management businesses to the TFG Asset Management platform.

TFG added two new businesses in Q3 and early Q4 2014 as discussed above.

INVESTOR DAY

TFG held its second annual investor day in London in September. Both the webcast recording and applicable presentation slides are available through the company website.

KEY METRICS

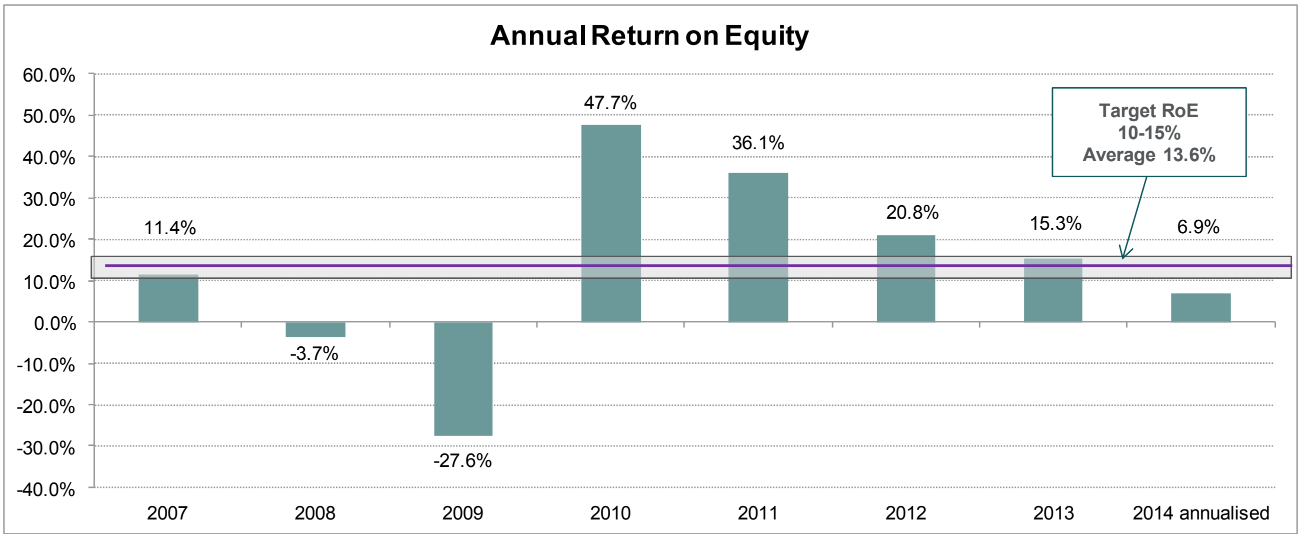
KEY METRICS

We continue to focus on three key metrics when assessing how value is being created for, and delivered to, TFG shareholders: Earnings, Net Asset Value (“NAV”) per share and Dividends.

EARNINGS - RETURN ON EQUITY (“RoE”)

- Year to date RoE[9] to Q3 2014 of 5.2% (6.9% annualised) was below TFG’s over-the-cycle target of 10-15% *per annum*.[10]
- TFG generated Net Economic Income[11] of $93.9 million in the first three quarters of 2014, compared with $136.5 million in the equivalent period in 2013, a fall of 31.2% year on year.
- Following encouraging results in the first half of the year, Q3 2014’s result was disappointing and was particularly affected by the following drivers:
    - Unrealised losses primarily on equity-related investments held on TFG’s balance sheet.
    - U.S. CLOs performing broadly in line with YTD quarterly averages, although the CLO portfolio continued to reduce through amortisation, redemptions and recent sales.
    - On a positive note, continuing progress in TFGAM in terms of AUM, which led to further increases in management fees although unrealised performance fees dipped slightly in the quarter. TFGAM contributed approximately $23.4 million of EBITDA equivalent in the first three quarters of 2014, an increase of 27.1% over the same period in 2013. Please see Figure 11 on page 18 for details.
    - Unrealised gains on European CLO investments as the discount rates used for fair valuing future cash flows were further reduced in response to observable data.

Figure 1

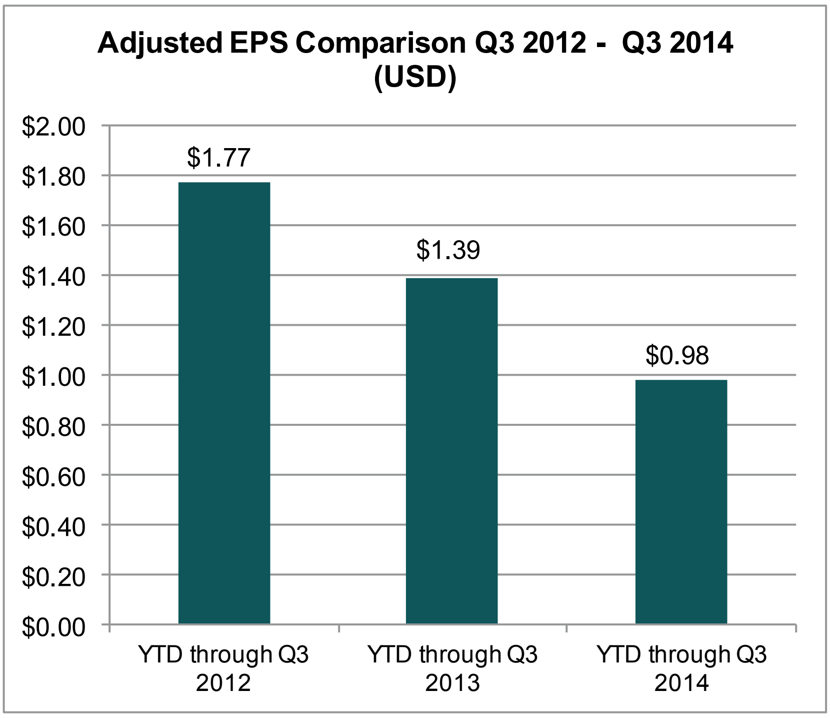


KEY METRICS

EARNINGS PER SHARE ("EPS")

- TFG generated an Adjusted EPS(12) of $0.98 year-to-date through Q3 2014 (YTD Q3 2013: $1.39).

Figure 2



- Despite the lower value of TFG's holdings in U.S. CLOs, the performance of both U.S. CLO 1.0 and CLO 2.0 has improved compared with the comparative period in 2013, boosted by, among other things, gains on sales in recent months.
- The further recalibration of discount rates used in determining the fair value of the European CLO portfolio, largely reflecting lower observed risk premia, added approximately $0.04 of EPS (please see page 34 for further detail).
- After a strong start to the year, the equity-related returns, held both indirectly via Polygon(13) funds and directly on TFG's balance sheet, have experienced a volatile and negative last few months. As a result, the "Other Equities, Credit, Convertibles and Distressed" category lost approximately $16.6 million or $0.18 of EPS in the quarter.
- Despite market volatility, TFG's exposure to convertible bonds and distressed credit via Polygon funds have held up well, adding small net gains during Q3 2014.
- It is also worth noting that a lower year-to-date performance fee accrual has contributed towards the reduction in overall expenses on a comparative basis.

We discuss the different aspects of the investment portfolio in more detail later in this report.

KEY METRICS

Figure 3

TETRAGON FINANCIAL GROUP TFG Earnings per Share Analysis Through Q3 2013 - 2014		
	YTD Q3 2014	**YTD Q3 2013**
Investment portfolio segment		
U.S. CLO 1.0	$1.04	$0.90
U.S. CLO 2.0	$0.19	$0.16
European CLOs	$0.24	$0.55
Hedges	($0.09)	$0.06
Other income	$0.01	$0.02
Polygon Equity Funds	$0.03	$0.12
Polygon Credit, Convertibles & Distressed Funds	$0.12	$0.02
Other Equities, Credit, Convertibles, Distressed	($0.25)	$0.06
Real Estate	$0.11	$0.02
FX and Options	($0.03)	($0.01)
Expenses	($0.54)	($0.58)
Net EPS investment portfolio	**$0.83**	**$1.32**
Asset Management Segment - TFG AM	**$0.22**	**$0.11**
Corporate Income taxes	($0.07)	($0.04)
Adjusted EPS	**$0.98**	**$1.39**
Weighted Average Shares (millions)[(i)]	95.4	97.9

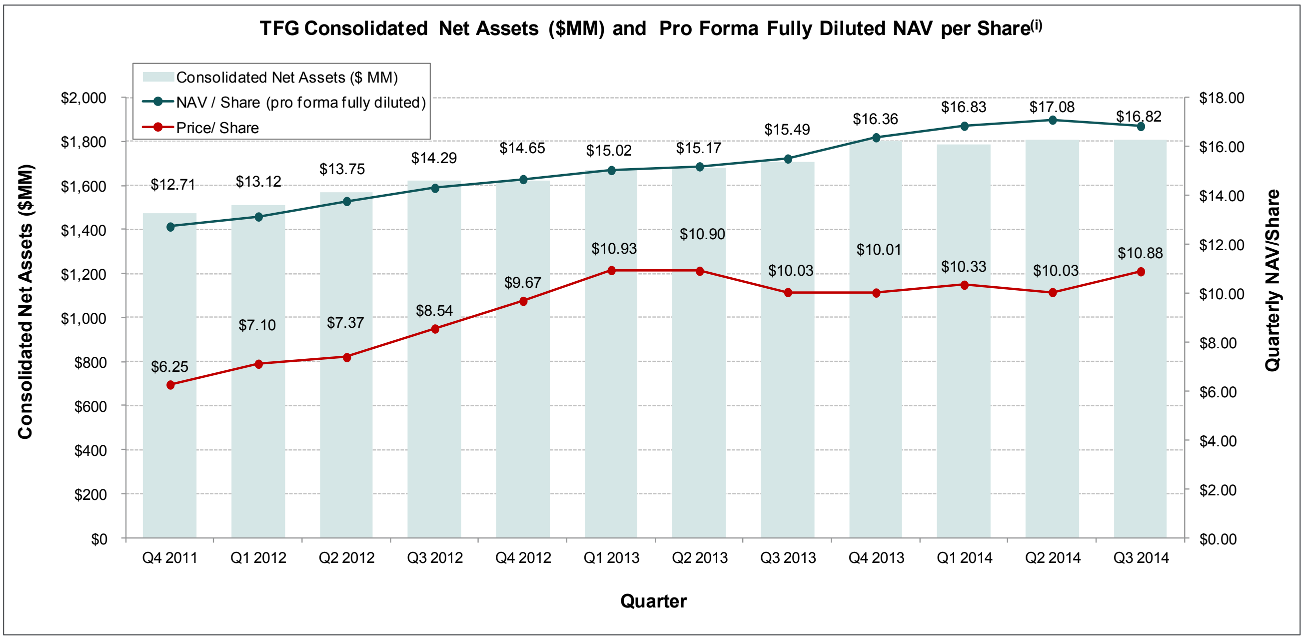
(i) The time-weighted average daily U.S. GAAP Shares outstanding during the applicable year.

KEY METRICS

NAV PER SHARE

- Total NAV fell slightly in Q3 2014 to $1,804.4 million which equated to Pro Forma Fully Diluted NAV per Share(14) of $16.82, down from $17.08 in Q2 2014.
- The majority of the decrease was due to the payment of the Q2 2014 dividend of $0.155 per share during the quarter. The accounting treatment for the Investment Manager IPO options also impacted the figure as did investment performance, among other factors.

Figure 4



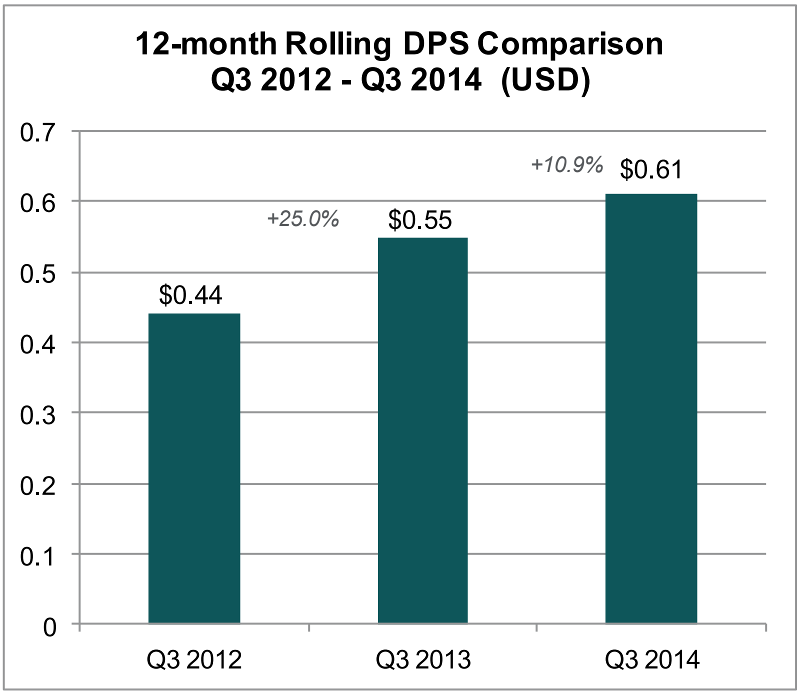
(i) Pro Forma Fully Diluted NAV per share based on TFG's financial statements as of the relevant quarter-end date; TFG's closing share price data as per Bloomberg as of the last trading day of each quarter. Please note that the Pro Forma Fully Diluted NAV per Share reported as of each quarter-end date excludes any shares held in treasury or in a subsidiary as of that date, but includes (1) 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 (2) 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.

KEY METRICS

DISTRIBUTIONS

- Dividends per Share ("DPS"): TFG declared a Q3 2014 DPS of $0.155, unchanged from Q2 2014. On a rolling 12-month basis, the dividend of $0.61 per share represents a 10.9% increase over the preceding four quarters.
- TFG continues to pursue a progressive dividend policy with a target payout ratio of 30-50% of normalised earnings recognising the long-term target RoE of 10-15%.(15) The Q3 2014 DPS of $0.155 brings the cumulative DPS since TFG's IPO to $3.285.

Figure 5



CASH FLOWS &
USES OF CASH

CASH FLOWS & USES OF CASH

CASH FLOWS AND USES OF CASH

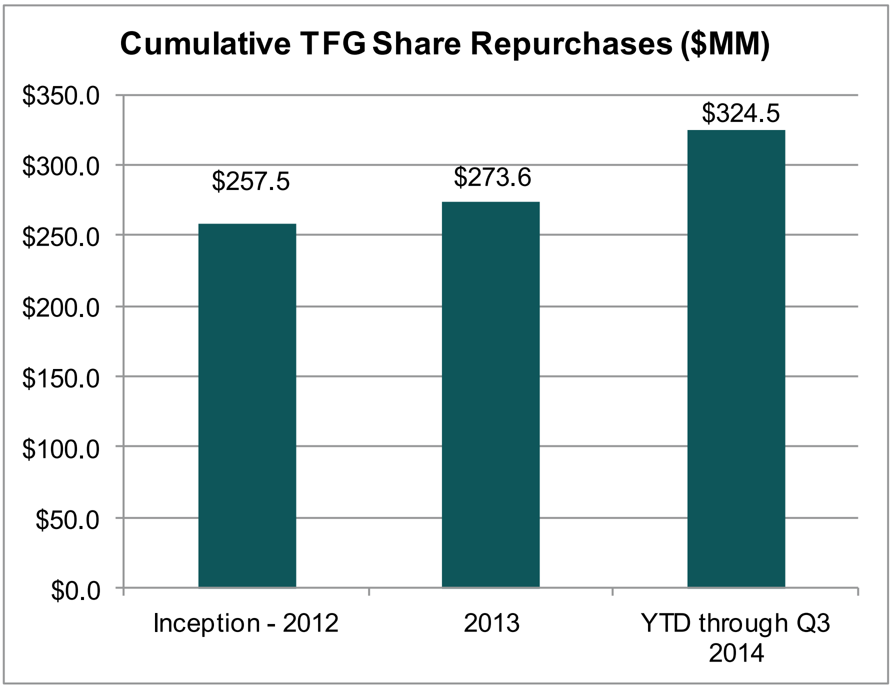
TFG's cash flows from operations remained strong at $213.0 million year-to-date through Q3 2014, driven mainly by CLOs, albeit at lower levels than in 2013. Cash flows generated by the CLO portfolio continued to be the primary source of operating cash at $86.2 million in the quarter and $279.5 million year to date (same period 2013: $361.5 million). CLO cash flows are discussed in more detail in the Investment Portfolio section of this report.

We believe that the CLO market in general continued to be less attractive in terms of new issue equity returns in the third quarter and TFG did not purchase any new CLO positions. Instead, it took advantage of market opportunities to sell or call CLO positions, and $25.1 million was received in the quarter relating to a Q2 2014 sale with a further $18.2 million receivable at the end of Q3. TFG continued to add to its investments in real estate vehicles managed by GreenOak.[16]

TFG utilised $43.6 million to pay dividends in the first three quarters of the year compared with $40.1 million in the equivalent period in 2013. A net $47.0 million was utilised to repurchase TFG's shares during the first three quarters of 2014 although there were no new repurchases in Q2 or Q3 2014 (see Figure 6).

At the end of Q3 2014, TFG's investible cash balance was $308.9 million, approximately 17.1% of net assets, which was at an elevated level compared with past quarters in anticipation of the planned Equitix acquisition described earlier in this report.

Figure 6



TFG'S BUSINESS SEGMENTS

INVESTMENT PORTFOLIO

&

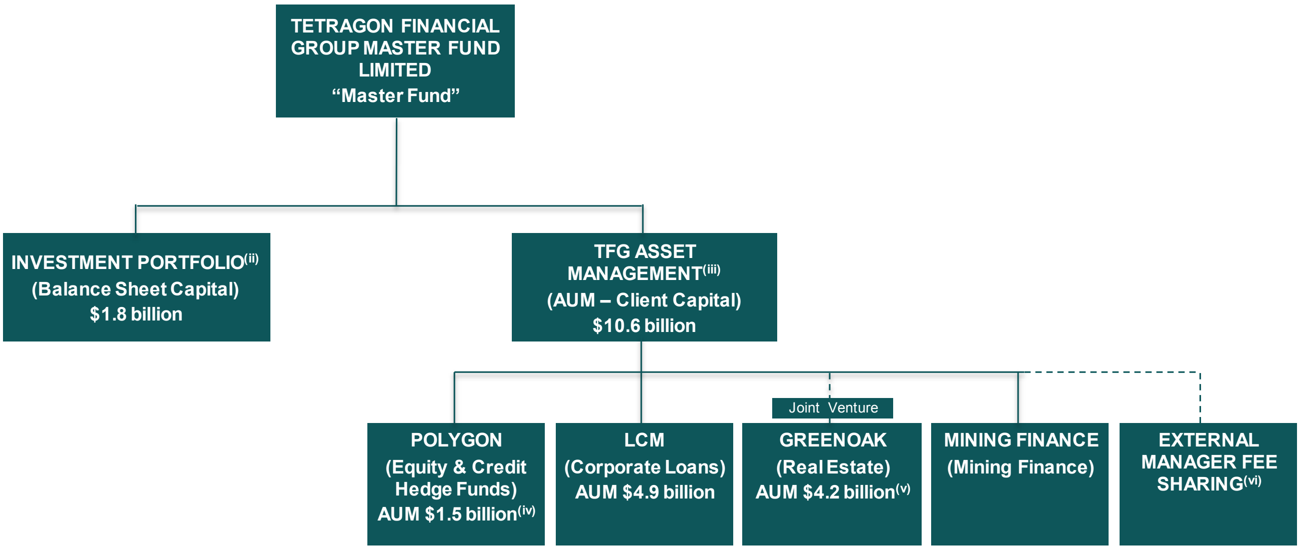
TFG ASSET MANAGEMENT

TFG'S BUSINESS SEGMENTS

TFG STRUCTURE OVERVIEW

TFG owns 1) an investment portfolio of approximately $1.8 billion of financial assets and 2) TFG Asset Management, a global alternative asset management business with approximately $10.6 billion of client AUM, as described below. Investors may find the below chart useful to better understand the company's structure.

Figure 7(i)



(i) This chart is a simplification of TFG's corporate structure and governance. Further information on the organisational structure and corporate governance of TFG can be found at www.tetragoninv.com.

(ii) Estimated Net Asset Value at 30 September 2014.

(iii) AUM for TFG Asset Management includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.

(iv) AUM for 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 Distressed Opportunities Master Fund and Polygon Global Equities Master Fund, as calculated by the applicable fund administrator at 30 September 2014. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.

(v) Includes investment funds and advisory assets managed by GreenOak Real Estate, LP (a separately registered investment adviser with the U.S. Securities and Exchange Commission) at 30 September 2014. TFG owns a 23% stake in GreenOak.

(vi) TFG currently receives asset management fee income derived from a number of one-off and long-term fee sharing arrangements with third parties.

INVESTMENT PORTFOLIO

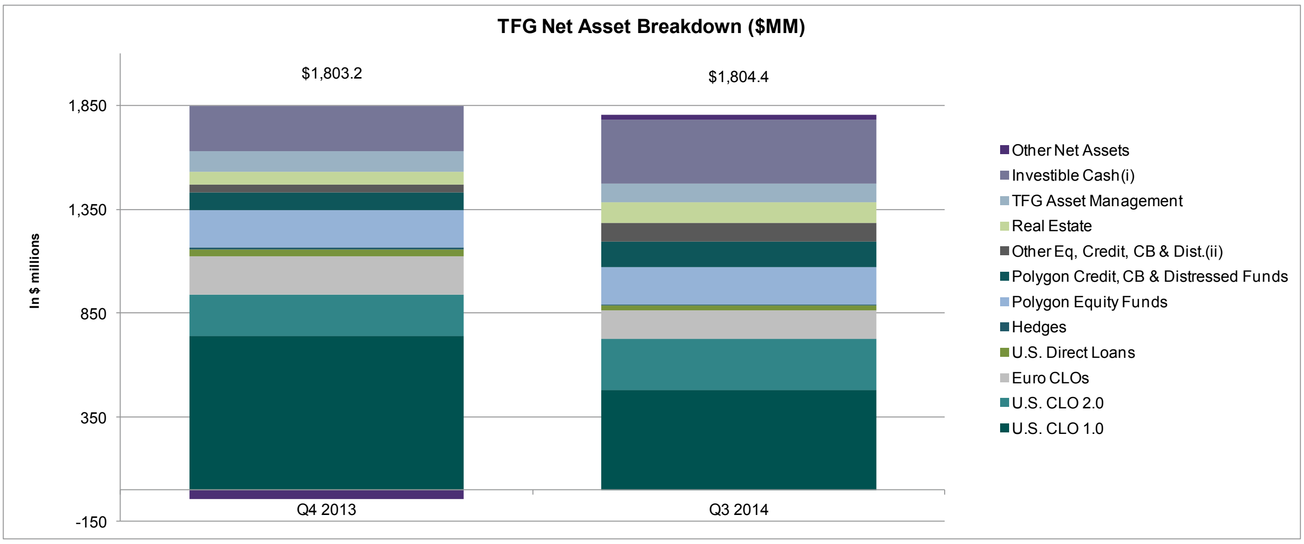
INVESTMENT PORTFOLIO OVERVIEW

TFG's investment portfolio generated positive overall segment gross earnings during Q3 2014 (details in Figure 9). Corporate loan investments (accessed primarily via CLO equity) performed well during the quarter, with equity arbitrage supported by a deceleration in underlying loan repayments and relatively benign credit conditions, among other factors. Polygon-managed equity funds and equities owned directly on TFG's balance sheet showed losses during this quarter. Polygon-managed convertible and distressed funds were essentially flat on the quarter. The real estate portfolio continued to see positive underlying performance during Q3 2014.

PORTFOLIO COMPOSITION AND OUTLOOK

TFG's net assets totalled $1,804.4 million at the end of Q3 2014. The following chart shows the composition of TFG's net assets by asset class for Q3 2014 and the end of the prior year.

Figure 8



(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.

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

INVESTMENT PORTFOLIO

The following chart summarizes certain performance metrics for each asset class in TFG's investment portfolio.

Figure 9

Asset Type	Q3 2014 Net Assets ($MM)	Income[iv] YTD Q3 2014 ($MM)
U.S. CLO 1.0[i]	$482.3	$99.1
U.S. CLO 2.0[i]	$242.9	$18.6
European CLOs	$138.0	$22.1
U.S. Direct Loans	$24.2	$0.5
Hedges[ii]	$3.0	($9.1)
Polygon Equity Funds	$184.1	$3.0
Polygon Credit, Convertibles & Distressed Funds	$120.8	$11.6
Other Equities, Credit, Convertibles & Distressed[iii]	$89.3	($23.5)
Real Estate	$97.9	$10.6

(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.

(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) "Income" refers to the total income generated by each category in the quarter including where applicable, realised and unrealised gains and losses as well interest income, dividends and certain associated direct expenses such as interest expense on swaps.

CORPORATE LOANS

TFG's exposure to the corporate loan asset class (whether held directly or indirectly via CLO equity investments) remained diversified, and at the end of Q3 2014 saw 77.0% in U.S. broadly-syndicated senior secured loans, 7.4% in U.S. middle-market senior secured loans and 15.6% in European senior secured loans.[17]

TFG's CLO equity investments, which comprise the majority of its exposure to corporate loan assets, represented indirect exposure to approximately $11.4 billion par value of underlying CLO assets.[18]

When reporting on corporate loan exposures, we find it useful to further segment such investments into the following classes:

- U.S. CLO 1.0;
- U.S. CLO 2.0;
- European CLOs; and
- U.S. Direct Loans.

INVESTMENT PORTFOLIO

U.S. CLO 1.0

As of the end of Q3 2014, TFG held 43 U.S. CLO 1.0 equity investments and one investment in the debt tranche of a U.S. CLO 1.0 transaction.[19] All U.S. CLO 1.0 holdings were passing their junior-most O/C tests as of the end of the third quarter.[20]

During Q3 2014, the company sold one equity tranche investment in a U.S. CLO 1.0 transaction, which we believe was attractive in light of the sale price achieved versus the future projected returns on the investment. As in prior quarters, TFG's U.S. CLO 1.0 portfolio continued to deleverage, with several deals having substantially completed their wind-downs early-on in the quarter.

We believe that during the later stages of a CLO's structural de-leveraging process, the impact of CLO O/C tests on equity returns may be reduced, as O/C cushions naturally rise due to CLO liability repayments. During this stage of the investments life-cycle, however, the exposure to underlying loan market prices may begin to have a much more significant and direct impact on equity performance. As a result of this, we believe it is important to carefully consider the timing of any optional redemption, taking into consideration each CLO manager's ability and constraints in realizing the full intrinsic value of the underlying portfolio (including distressed and equity holdings). In certain cases we may find it more appropriate to sell an equity investment rather than continue to hold through an optional redemption exit process.

U.S. CLO 2.0

As of the end of Q3 2014, TFG held 13 equity investments in U.S. CLO 2.0 deals, unchanged from the prior quarter. During October 2014, TFG made a majority-stake equity investment of $22.5 million notional in a new issue CLO managed by LCM Asset Management LLC ("LCM")[21], which is not reflected in the statistics of this quarterly report as the transaction closed after quarter-end. All of TFG's U.S. CLO 2.0 transactions were in compliance with their junior-most O/C tests as of the end of Q3 2014.[22]

In our view, the new issue CLO 2.0 market continues to be challenged by the weak arbitrage between underlying loan spreads and CLO debt funding costs, which remain stubbornly wide by recent historical standards. As such, we made no third-party CLO investments during the quarter. However, we believe that CLO investments where TFG owns an interest in the manager (like LCM), remain attractive given the ability to generate recurring fee income.

Two of our U.S. CLO 2.0 transactions were successfully refinanced during Q3 2014. The resulting reductions in the CLOs' financing costs are expected to increase the returns to the associated equity tranches, all else being equal. We continue to look for similar opportunities throughout the portfolio; although we note that many of TFG's U.S. 2.0 deals were priced at tighter debt spreads than can be achieved in the current market.

INVESTMENT PORTFOLIO

EUROPEAN CLOs

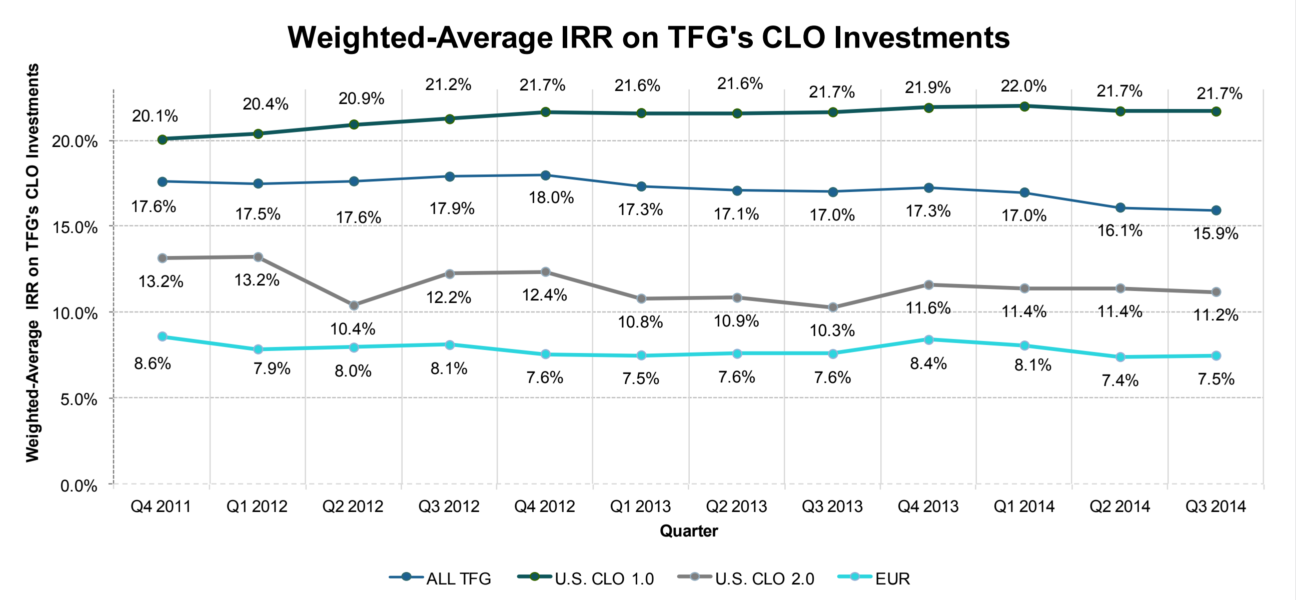
As of the end of Q3 2014, TFG held equity investments in nine European CLOs, unchanged from Q2 2014. Like their U.S. CLO 1.0 counterparts, European CLOs continued to amortise during the quarter, albeit at a slower pace. Given Europe's continued macroeconomic headwinds and our continued reservations with respect to the size, liquidity and certain other structural features of the European leveraged loan market, we have not made any new investments in European CLOs, and have no near-term plans at this time to increase TFG's exposure to this asset class. As in the United States, we may look to opportunistically sell the company's European CLO investments or exercise optional redemption rights when we believe appropriate.

In response to, among other things, reductions in observed risk premia, a reduction was made to the discount rates applied to future projected cash flows. See Appendix II for further details.

As of the end of Q3 2014, all of TFG's European CLO investments were passing their junior-most O/C tests.[(23)]

The following graph shows the evolution of TFG's CLO equity investment IRRs over the past three years.

Figure 10



DIRECT LOANS

TFG's direct loan portfolio remained stable, ending Q3 2014 at $24.2 million in fair value. There were no defaults in the quarter. As stated in the H1 2014 Report, we do not expect to allocate additional capital to this strategy due to the existence of what we believe are more attractive alternative uses of the company's funds.

INVESTMENT PORTFOLIO

POLYGON EQUITY FUNDS

As of the end of Q3 2014, TFG had $184.1 million invested in Polygon-managed equity hedge fund products. The equities products generally had weaker performance in the quarter compared to earlier in the year due to, among other things, weakness in European markets, (particularly in mid-cap names) and in gold-related equities as the commodity price sold off significantly in September.

Over the past six months, a number of market participants have been de-risking in Europe, and "off the run stocks" (sub $1.5 billion market cap) in particular have sold off strongly, many by 20% to 35%. We have seen this kind of rotation many times in Europe over the past six years, and these are exactly the kind of opportunities on which TFGAM's European Event team focuses. We ultimately feel Europe will continue to grind slowly out of its recession, and that the recent Euro weakness and Mario Draghi's efforts to expand the ECB's balance sheet will help to achieve this recovery.

POLYGON CREDIT, CONVERTIBLE & DISTRESSED FUNDS

Both funds delivered positive returns for the quarter. As at the end of Q3 2014, TFG had $120.8 million invested in Polygon-managed credit, convertible and distressed fund products.

OTHER EQUITY, CREDIT, CONVERTIBLE AND DISTRESSED

TFG invests directly in equities, convertible bonds and credit instruments. Some of these opportunities have arisen in part from TFG's ownership of Polygon and resulting access to new opportunities. TFG may invest in opportunities directly from its balance sheet rather than through, for example, investments in other funds or collective investment schemes, when it sees an opportunity that fits its investment criteria, particularly where our 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 net assets of this part of the portfolio at the end of Q3 2014 was $89.3 million. The vast majority of this is invested in publicly quoted equities. This segment of the portfolio experienced losses in Q3 2014, primarily from these equity investments.

REAL ESTATE

During Q3 2014, TFG invested net $5.4 million into GreenOak-managed real estate funds and vehicles; both existing and new vehicles and strategies. In addition, we saw a significant amount of capital returned from certain Japanese, U.S. and European investments, reflecting the profitable sales of certain underlying assets.

We expect to continue to invest in GreenOak-managed real estate funds and vehicles as we believe such investments may be an attractive use of TFG's capital.

HEDGING ACTIVITY AND OTHER MATTERS

During the quarter, TFG employed certain foreign exchange rate and "tail risk" interest rate hedges to seek to mitigate its exposure to non-USD foreign exchange risk and a potential significant increase in U.S. inflation and/or nominal interest rates, respectively. We review our hedging strategy on an ongoing basis as we seek to address identified risks to the extent practicable and in a cost-effective manner.

TFG ASSET MANAGEMENT

OVERVIEW

TFG Asset Management comprises the fee income-generating areas of TFG's portfolio: management and performance fees from related and external asset managers.(24) The three related asset management businesses, LCM, Polygon and the GreenOak joint venture, continued to perform well through the end of September 2014.

As mentioned earlier in this report, in October TFG announced its intention to acquire Equitix, a UK infrastructure asset management business, and launched a global mining finance business.

UPDATE ON KEY METRICS

- **Performance of the underlying strategies:** performance of the various strategies managed by TFGAM remained positive through the end of Q3 2014, although the Polygon equity strategies gave back some gains from earlier in the year.
- **Gross revenues:** composed primarily of management and performance fees from clients, totalled $51.9 million year to date through Q3 2014. If the unrealised performance fees within the Polygon hedge funds (which may only crystallise at year end) are included, then total fee income is $56.0 million versus $45.8 million for the same period last year.(25)
- **"EBITDA equivalent" (as described below):** totalled $23.4 million in Q3 2014, versus $18.4 million in Q3 2013.

Figure 11

TETRAGON FINANCIAL GROUP TFG Asset Management Statement of Operations Through Q3 2013 - 2014		
	YTD Q3 2014 $MM	YTD Q3 2013 $MM
Fee income(i)	51.9	43.7
Unrealised Polygon performance fees(ii)	4.1	2.1
Interest income	0.2	0.2
Total income	**56.2**	**46.0**
Operating, employee and administrative expenses(i)	(32.8)	(27.6)
Net income - "EBITDA equivalent"	**23.4**	**18.4**
Unrealised gain on asset management stake(iii)	5.7	-
Performance fee allocation to TFM	(3.1)	(2.2)
Amortisation expense on management contracts	(5.1)	(5.1)
Net economic income before taxes	**20.9**	**11.1**

(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 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 are can be no assurance that the company will realise all or any portion of such amounts. Through 30 September 2014, this amount equalled $4.1 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to $2.2 million as shown in Figure 11 and further represented in Figures 18 and 19 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.

(iii) Unrealised gain generated by a recalibration of the fair value of the 23% stake held in GreenOak. For accounting purposes TFG treats this stake as an investment carried at fair value rather than consolidating the underlying net assets and net income of this business.

TFG ASSET MANAGEMENT

ASSET MANAGEMENT BUSINESSES

AUM for LCM, GreenOak and Polygon are shown below at 30 September 2014.

Figure 12

Summary of TFG Asset Management AUM ($BN)				
Business	30 September 2014		30 June 2014	
LCM	$	4.9	$	5.1
GreenOak (i)	$	4.2	$	3.9
Polygon (ii)	$	1.5	$	1.5
Total	$	10.6	$	10.5

(i) Includes funds and advisory assets managed by GreenOak Real Estate, LP, a separately registered investment adviser with the U.S. Securities and Exchange Commission. TFG owns a 23% interest in GreenOak.

(ii) AUM for 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.

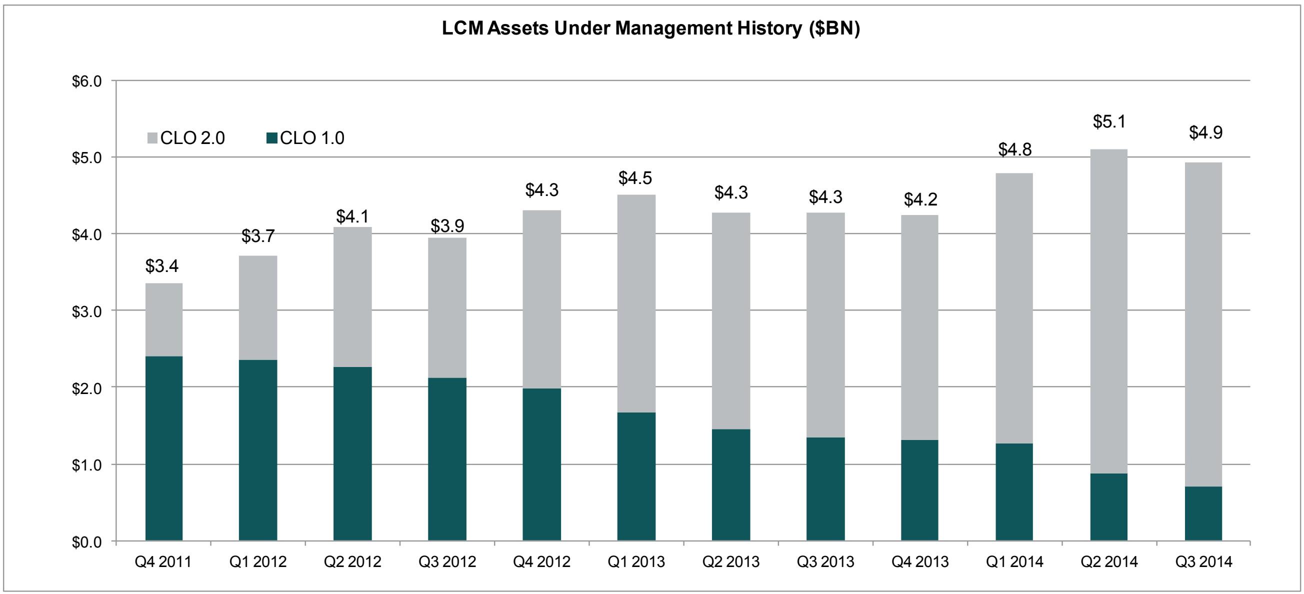
LCM

LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans that was established in 2001. Farboud Tavangar is the senior portfolio manager.

LCM continued to perform well in Q3 2014, with all of LCM's Cash Flow CLOs[26] that were still within their reinvestment periods continuing to pay senior and subordinated management fees.

At 30 September 2014, LCM's total CLO loan assets under management stood at approximately $4.9 billion and the company managed 11 CLOs. LCM XVII priced during Q3 2014 and closed in October 2014.

Figure 13



TFG ASSET MANAGEMENT

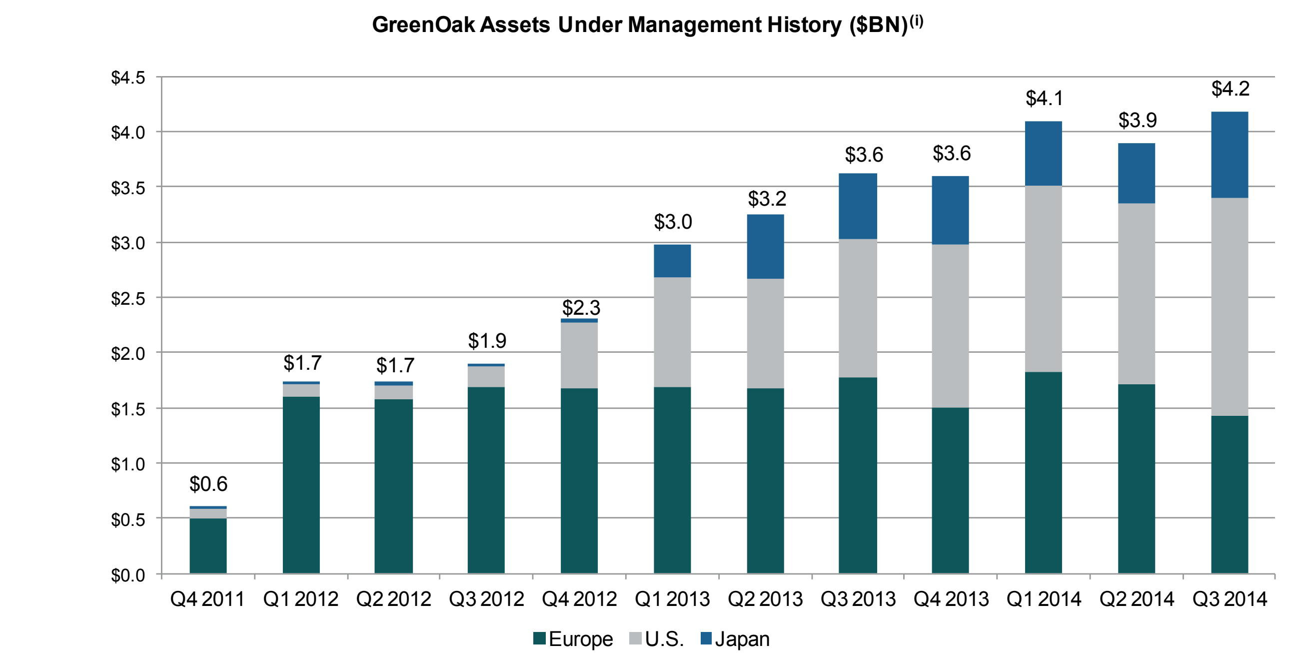
GREENOAK JOINT VENTURE

GreenOak is a real estate-focused principal investing and advisory firm established in 2010. The Principals and Founders are John Carrafiell, Sonny Kalsi and Fred Schmidt.

During Q3 2014, GreenOak continued to execute on its strategy with respect to its funds and its advisory assignments on behalf of select strategic clients with mandates in Europe, Japan and the United States.

At 30 September 2014, assets under management totalled approximately $4.2 billion.

Figure 14



(i) Assets under management include all third-party interests and total projected capital investment costs.

TFG ASSET MANAGEMENT

POLYGON

Total AUM for the Polygon funds was approximately $1.5 billion at 30 September 2014. All of the open strategies have positive returns year-to-date, although market volatility, particularly in European and mid-cap equities, has led to weaker performance in the equity strategies during the quarter. The distressed strategy reached its one year anniversary from inception in September.

Figure 15

Summary of Polygon Funds Assets Under Management ($MM)				
Fund		**30 September 2014**	**YTD 2014 Net Performance**	**Annualised Net LTD Performance**
European Event-Driven Equity[(i)]	**$**	**577.0**	**1.9%**	**13.0%**
Convertibles[(ii)]	**$**	**405.3**	**13.3%**	**20.3%**
Mining Equities[(iii)]	**$**	**66.2**	**0.2%**	**1.8%**
Distressed Opportunities[(iv)]	**$**	**78.6**	**9.0%**	**12.5%**
Other Equity[(v)]	**$**	**21.7**	**17.1%**	**18.3%**
Total AUM - Open Funds	**$**	**1,148.8**		
Private Equity Vehicle[(vi)]	**$**	**351.6**	**-1.0%**	**4.9%**
Total AUM	**$**	**1,500.4**		

(i) 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.

(ii) 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.

(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 October 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.

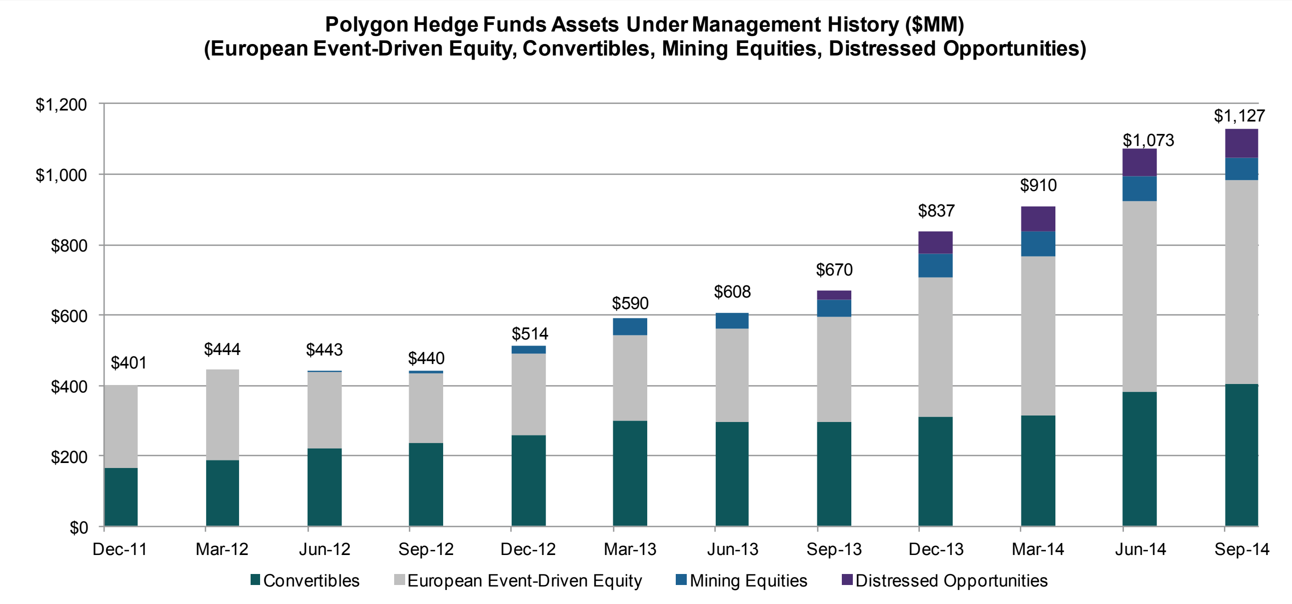
(v) The fund began trading with Class B/B1 shares, which carry no incentive fees, on 12 September 2011. Returns shown from inception through August 2013 have been *pro forma* adjusted to account for a 2.0% management fee and a 20% incentive fee, in each case, as to be set forth in further definitive 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 as calculated by the applicable fund administrator.

(vi) The Private Equity Vehicle noted above is the Polygon Recovery Fund L.P. ("PRF"). The manager of the PRF is a subsidiary of TFG having been acquired in the Polygon transaction. 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 its initial term expiring in the first half of 2015 – with two additional one-year terms based on performance or 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. AUM figure and net performance is for PRF as calculated by the applicable fund administrator.

TFG ASSET MANAGEMENT

POLYGON (continued)

Figure 16(i)



(i) All values are as calculated by the applicable fund administrators for value date 30 September 2014.

THIRD-PARTY FEE INCOME

In addition to the fee income generated by the three asset management businesses, TFG also currently receives asset management fee income derived from a number of one-off and long-term fee sharing arrangements with third parties.

Q3 2014

FINANCIAL REVIEW

FINANCIAL REVIEW

In this section, we present consolidated financial data incorporating TFG and its 100% subsidiary, Tetragon Financial Group Master Fund Limited, which includes both U.S. GAAP and non-U.S. GAAP metrics.

FINANCIAL HIGHLIGHTS

Figure 17

TETRAGON FINANCIAL GROUP Financial Highlights Through Q3 2012 - 2014			
	YTD Q3 2014	YTD Q3 2013	YTD Q3 2012
U.S. GAAP net income ($MM)	$74.4	$118.1	$203.4
Net economic income ($MM)	$93.9	$136.5	$203.4
U.S. GAAP EPS	$0.78	$1.21	$1.77
Adjusted EPS	$0.98	$1.39	$1.77
Return on equity	5.2%	8.4%	13.8%
Net assets ($MM)	$1,804.4	$1,704.0	$1,623.6
U.S. GAAP number of shares outstanding (MM)	94.5	97.7	113.6
U.S. GAAP NAV per share	$19.10	$17.45	$14.29
Pro Forma number of shares outstanding (MM)	107.2	110.0	113.6
Pro Forma fully diluted NAV per share	$16.82	$15.49	$14.29
DPS	$0.155	$0.140	$0.115

We use, among others, the following metrics to understand the progress and performance of the business:

- **Net Economic Income ($93.9 million):** adds back to the U.S. GAAP net income ($74.4 million) the imputed year-to-date through Q3 2014 share based employee compensation ($17.3 million), which is generated on an ongoing basis resulting from the Polygon transaction and also includes unrealised net Polygon performance fees(27) ($2.2 million).
- **Return on Equity (5.2%):** Net Economic Income ($93.9 million) divided by Net Assets at the start of the year ($1,803.2 million).
- **Pro Forma Fully Diluted Shares (107.2 million):** adjusts the U.S. GAAP shares outstanding (94.5 million) for the impact of escrow shares used as consideration in the Polygon transaction and associated stock dividends (11.8 million) and for the potential impact of options issued to TFG's investment manager at the time of TFG's IPO (1.0 million).
- **Adjusted EPS ($0.98):** calculated as Net Economic Income ($93.9 million) divided by weighted-average U.S. GAAP shares during the period (95.4 million).
- **Pro Forma Fully Diluted NAV per Share ($16.82):** calculated as Net Assets ($1,804.4 million) divided by Pro Forma Fully Diluted shares (107.2 million).(28)

FINANCIAL REVIEW

STATEMENT OF OPERATIONS

Figure 18

TETRAGON FINANCIAL GROUP Statement of Operations Through Q3 2012 - 2014			
	YTD Q3 2014 $MM	YTD Q3 2013 $MM	YTD Q3 2012 $MM
Interest income	120.1	158.9	175.1
Fee income	51.9	43.7	18.8
Unrealised Polygon performance fees	4.1	2.1	-
Other income - cost recovery	17.1	15.4	-
Investment income	**193.2**	**220.1**	**193.9**
Management and performance fees	(39.7)	(51.1)	(73.3)
Other operating and administrative expenses	(68.5)	(56.5)	(14.8)
Total operating expenses	**(108.2)**	**(107.6)**	**(88.1)**
Net investment income	**85.0**	**112.5**	**105.8**
Net change in unrealised appreciation in investments	(60.7)	10.6	106.5
Realised gain on investments	85.3	11.0	0.6
Realised and unrealised gains/(losses) from hedging and fx	(8.8)	6.2	(5.4)
Net realised and unrealised gains from investments and fx	**15.8**	**27.8**	**101.7**
Net economic income before tax and noncontrolling interest	**100.8**	**140.3**	**207.5**
Income tax	(6.9)	(3.8)	(2.4)
Noncontrolling interest	-	-	(1.7)
Net economic income	**93.9**	**136.5**	**203.4**

Performance Fee

There were no performance fees accrued in Q3 2014. The total performance fee accrued year-to-date through the end of Q3 2014 was $18.7 million. The hurdle rate for the Q4 2014 incentive fee has been reset at 2.880458% (Q3 2014: 2.879658%) as per the process outlined in TFG's 2013 audited financial statements and in accordance with TFG's investment management agreement.

Please see TFG's website, www.tetragoninv.com, and the 2013 TFG audited financial statements for more details on the calculation of this fee.

FINANCIAL REVIEW

STATEMENT OF OPERATIONS BY BUSINESS SEGMENT

Figure 19

TETRAGON FINANCIAL GROUP Statement of Operations by Segment Through YTD Q3 2014			
	Investment Portfolio $MM	TFG AM $MM	Total $MM
Interest income	119.9	0.2	120.1
Fee income	-	51.9	51.9
Unrealised Polygon performance fees	-	4.1	4.1
Other income - cost recovery	-	17.1	17.1
Investment and management fee income	**119.9**	**73.3**	**193.2**
Management and performance fees	(36.6)	(3.1)	(39.7)
Other operating and administrative expenses	(13.5)	(55.0)	(68.5)
Total operating expenses	**(50.1)**	**(58.1)**	**(108.2)**
Net change in unrealised appreciation in investments	(66.4)	5.7	(60.7)
Realised gain on investments	85.3	-	85.3
Realised and unrealised losses from hedging, fx and options	(8.8)	-	(8.8)
Net realised and unrealised gains from investments and fx	**10.1**	**5.7**	**15.8**
Net economic income before tax	**79.9**	**20.9**	**100.8**

FINANCIAL REVIEW

BALANCE SHEET

Figure 20

TETRAGON FINANCIAL GROUP Balance Sheet as at 30 September 2014 and 31 December 2013		
	Q3 2014 **$MM**	**Q4 2013** **$MM**
Assets		
Investments, at fair value	1,367.7	1,533.0
Management contracts	31.4	36.5
Cash and cash equivalents	350.3	245.9
Amounts due from brokers	54.6	42.0
Derivative financial assets	18.7	15.2
Property, plant and equipment	0.2	0.3
Deferred tax asset and income tax receivable	7.7	8.3
Other receivables	42.2	26.5
Total assets	**1,872.8**	**1,907.7**
Liabilities		
Other payables and accrued expenses	41.5	79.8
Amounts payable on share options	14.0	10.7
Deferred tax liability and income tax payable	9.3	10.7
Derivative financial liabilities	3.6	3.3
Total liabilities	**68.4**	**104.5**
Net assets	**1,804.4**	**1,803.2**

FINANCIAL REVIEW

STATEMENT OF CASH FLOWS

Figure 21

TETRAGON FINANCIAL GROUP Statement of Cash Flows Through Q3 2012 - 2014			
	YTD Q3 2014 $MM	YTD Q3 2013 $MM	YTD Q3 2012 $MM
Operating Activities			
Operating cash flows after incentive fees and before movements in working capital	205.2	294.5	272.6
Purchase of fixed assets	(0.1)	(0.4)	-
Change in payables / receivables	7.9	5.6	(0.3)
Cash flows from operating activities	**213.0**	**299.7**	**272.3**
Investment Activities			
Proceeds on sales of investments			
- Proceeds sale of CLOs	153.1	-	0.2
- Net proceeds from derivative instruments	-	7.2	-
- Proceeds sale of bank loans and maturity and prepayment of investments	14.6	91.4	65.6
- Proceeds on realisation of real estate investments	29.4	10.9	0.8
- Proceeds from GreenOak working capital repayment	2.6	-	-
Purchase of investments			
- Purchase of CLOs	(63.6)	(46.4)	(87.8)
- Purchase of bank loans	(1.4)	(20.5)	(44.6)
- Purchase of real estate investments	(68.5)	(33.4)	(9.8)
- Investments in asset managers	-	(0.5)	(2.7)
- Investments in Polygon Equity Funds	-	(85.0)	-
- Investments in Polygon Credit, Convertibles and Distressed Funds	(25.0)	(60.0)	-
- Investments in Other Equities, Credit, Convertibles and Distressed	(27.3)	-	-
- Net payment on derivative instruments	(18.3)	-	-
Cash flows from operating and investing activities	**208.6**	**163.4**	**194.0**
Amounts due from broker	(12.6)	(29.5)	2.8
Net purchase of shares	(47.0)	(12.7)	(17.3)
Dividends paid to shareholders	(43.6)	(40.1)	(37.3)
Distributions paid to noncontrolling interest	-	-	(0.8)
Cash flows from financing activities	**(103.2)**	**(82.3)**	**(52.6)**
Net increase in cash and cash equivalents	105.4	81.1	141.4
Cash and cash equivalents at beginning of period	245.9	175.9	211.5
Effect of exchange rate fluctuations on cash and cash equivalents	(1.0)	(0.1)	0.2
Cash and cash equivalents at end of period	**350.3**	**256.9**	**353.1**

FINANCIAL REVIEW

NET ECONOMIC INCOME TO U.S. GAAP RECONCILIATION

Figure 22

Net Economic Income to U.S. GAAP Reconciliation	
	YTD Q3 2014 $MM
Net economic income	**93.9**
Share based employee compensation	(17.3)
Unrealised Polygon performance fees	(4.1)
Imputed tax charge on unrealised Polygon performance fees	1.2
Estimated TFM incentive fee on unrealised Polygon performance fees	0.7
U.S. GAAP net income	**74.4**

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 categories of adjusting items: share based employee compensation of $17.3 million; and net performance fee earned but not accrued of $2.2 million, after taking into account an imputed tax charge and incentive fee payable to TFM thereon.

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 2013, and the unaudited financial statements for the period ended 30 June 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 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 are can be no assurance that the company will realise all or any portion of such amounts. Through 30 September 2014, this amount equalled $4.1 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to $2.2 million as shown in Figure 11 and further represented in Figures 18 and 19 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.

APPENDICES

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 ("gereglementeerde 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), as amended, 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.

APPENDICES

APPENDIX II

FAIR VALUE DETERMINATION OF TFG'S 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.

Forward-looking CLO equity cash flow modelling assumptions unchanged at the end of Q3 2014:

The Investment Manager reviews and, when appropriate, adjusts in consultation with TFG's audit committee the CLO equity investment portfolio's modelling assumptions as described above. At the end of Q3 2014, certain key assumptions relating to defaults, recoveries, prepayments and reinvestment prices were unchanged from the previous quarter. This was the case across both U.S. and European deals.

These key average assumption variables include the modelling assumptions disclosed as a weighted average (by U.S. dollar amount) of the individual deal assumptions, aggregated by geography (i.e. U.S. and European). Such weighted averages may change from month to month due to movements in the amortised costs of the deals, even without changes to the underlying assumptions. Each individual deal's assumptions may differ from this geographical average and vary across the portfolio.

The reinvestment price, assumptions about reinvestment spread and reinvestment life are also input into the model to generate an effective spread over LIBOR. Newer vintage CLOs may have a higher weighted-average reinvestment spread over LIBOR or shorter reinvestment life assumptions than older deals. Across the entire CLO portfolio, for those deals still in their reinvestment periods, the reinvestment price assumption of 100% for U.S. deals and European deals with their respective assumed weighted-average reinvestment spreads, generates an effective spread over LIBOR of approximately 372 bps on broadly syndicated U.S. loans and 279 bps on European loans. All middle market loan deals are through the end of their reinvestment periods.

APPENDICES

APPENDIX II (continued)

Figure 23

U.S. CLOs

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 24

European CLOs

Variable	Year	Current Assumptions
CADR		
	2014	1.25x WARF-implied default rate (2.6%)
	Thereafter	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%

Application of Discount Rate to Projected CLO Equity Cash Flows: U.S. CLO 1.0 Equity – discount rates unchanged

In determining the applicable rates to use to discount projected cash flows, an analysis of observable risk premium data is undertaken. For U.S. CLOs, observable risk premia such as BB and BBB CLO tranche spreads maintained previous reductions and have been extremely stable at the current low levels.

For example, according to Citibank research, BB spreads which were 5.1% at the end of Q2 2014, ended Q3 2014 at 5.0%, whilst BBB spreads trended down marginally from 3.0% at the end of Q2 2014 to 2.8% at the end of Q3 2014.

Market related information, such as broker research and bid lists, also tended to support the view that discount rates or yields had remained stable. Taking into account all of the factors outlined above, this discount rate has been maintained at 12%. The future movement of mezzanine tranche spreads as well as the likely range of spreads of equity discount rates over such spreads, among other factors, will continue to be monitored in coming quarters.

APPENDICES

APPENDIX II (continued)

European CLO Equity – discount rates reduced from 14% to 13%

During Q3 2014, European CLO BB rated tranches trended lower, compressing the differential to their U.S. equivalents. According to Citibank research, they declined almost 1.0%, falling from 6.9% at the end of Q2 2014 to 5.8% at the end of Q3 2014. At these levels, they are now only 0.8% higher than the U.S. CLO 1.0 BB spreads (see above) and reflect a sustained compression of spreads between Europe and the U.S. over the last few quarters. In order to reflect the above and other observable market data, the discount rate applied to European CLO projected cash flows has been reduced to 13% from 14%. This reduces the differential on discount rates used on U.S. pre-crisis deals and European deals to 1.0%. The observable range of European risk premia over the U.S. equivalent, among other factors, will continue to be monitored in coming quarters.

U.S. CLO 2.0 Equity – discounted using deal IRR

The applicable discount rate for newer vintage deals is determined with reference to each deal's specific IRR, which, in the absence of other consistently available observable data points, is deemed to be the most appropriate indication of the current risk premium on these structures. At the end of Q3 2014, the weighted-average discount rate (and IRR) on these deals was 11.2%. Such deals represented approximately 28.2% of the CLO equity portfolio by fair value (up from 27.1% at the end of Q2 2014). We will continue to monitor observable data on these newer vintage transactions to determine whether the IRR remains the appropriate discount rate.

Effect on fair value and net income of the recalibration of discount rates

Overall, the net impact of the recalibration of discount rates described above led to an overall increase in fair value of the total CLO equity portfolio of approximately $3.9 million.

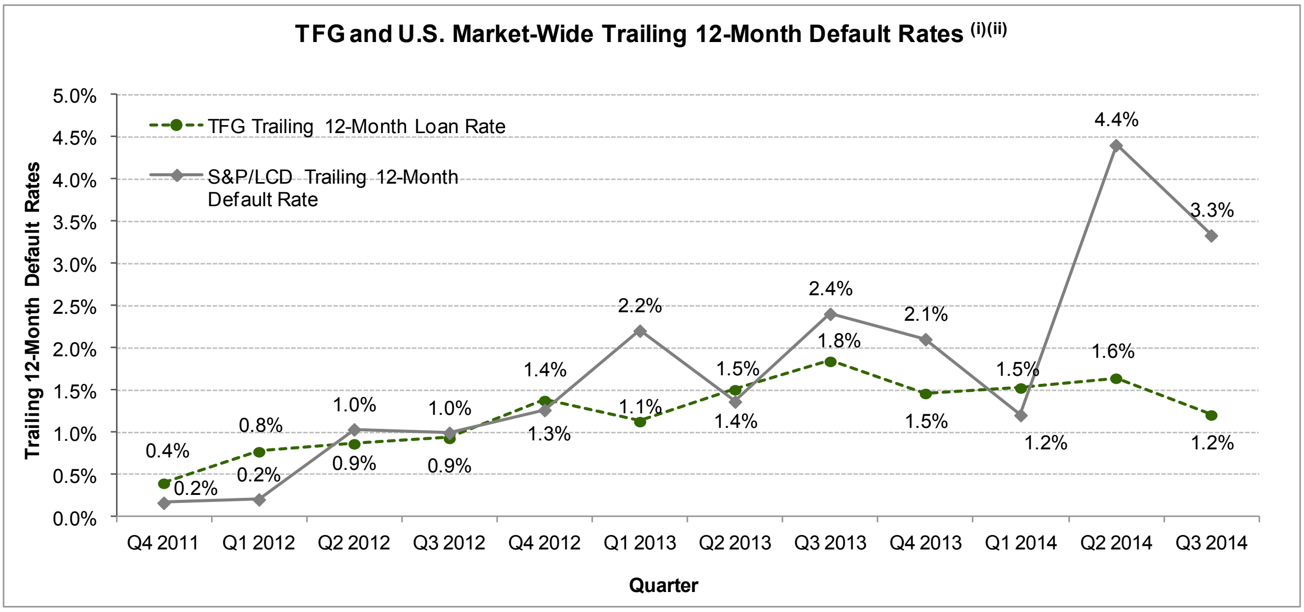
APPENDICES

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 25



(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.

Figure 26

ALL CLOs	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Caa1/CCC+ or Below Obligors:	4.5%	3.7%	4.6%	5.4%	4.9%	5.0%	5.1%	6.0%	6.4%	5.7%	6.2%	7.0%
WARF:	2,554	2,621	2,565	2,542	2,553	2,568	2,541	2,599	2,605	2,578	2,588	2,624

U.S. CLOs	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Caa1/CCC+ or Below Obligors:	4.4%	3.0%	3.4%	3.8%	3.9%	4.1%	4.0%	4.5%	4.9%	4.2%	4.8%	5.5%
WARF:	2,489	2,556	2,544	2,513	2,534	2,550	2,510	2,524	2,528	2,491	2,504	2,533

EUR CLOs	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Caa1/CCC+ or Below Obligors:	4.8%	6.9%	9.4%	11.8%	9.1%	8.7%	9.7%	11.7%	12.2%	11.6%	11.1%	12.3%
WARF:	2,819	2,894	2,650	2,658	2,631	2,642	2,670	2,896	2,903	2,910	2,900	2,948

APPENDICES

APPENDIX III (continued)

CLO EQUITY PORTFOLIO DETAILS
AS OF 30 SEPTEMBER 2014

Figure 27

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(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	386	55	66	1.24%	3.86%	(0.36%)	0.2%	36.4%
Transaction 2	EUR CLO	29.7	2006	2023	2013	401	52	76	3.25%	3.60%	(0.04%)	9.9%	120.2%
Transaction 3	EUR CLO	22.2	2006	2022	2012	407	58	133	12.09%	5.14%	0.80%	11.5%	133.2%
Transaction 4	EUR CLO	33.0	2007	2023	2013	418	48	54	8.34%	5.76%	0.34%	15.3%	138.8%
Transaction 5	EUR CLO	36.9	2007	2022	2014	395	60	56	0.24%	5.74%	(0.77%)	10.3%	94.5%
Transaction 6	EUR CLO	33.3	2006	2022	2012	404	51	72	9.88%	4.70%	0.62%	5.8%	51.8%
Transaction 7	EUR CLO	38.5	2007	2023	2013	376	46	53	7.51%	3.64%	0.52%	7.1%	41.7%
Transaction 8	EUR CLO	26.9	2005	2021	2011	391	53	106	18.82%	4.98%	1.51%	8.7%	109.9%
Transaction 10	EUR CLO	27.0	2006	2022	2012	371	50	88	2.65%	4.54%	(0.23%)	0.9%	49.8%
Transaction 86	EUR CLO	3.6	2006	2022	2012	371	50	88	2.65%	3.11%	(0.06%)	9.4%	27.8%
EUR CLO Subtotal:		**288.6**				**394**	**52**	**74**	**6.59%**	**4.61%**	**0.21%**		**82.1%**
Transaction 11	US CLO	20.5	2006	2018	2012	293	45	59	11.28%	4.55%	0.84%	20.4%	192.8%
Transaction 12	US CLO	22.8	2006	2019	2013	323	46	61	12.25%	4.45%	0.99%	20.3%	191.8%
Transaction 13	US CLO	15.2	2006	2018	2012	312	47	55	7.92%	4.82%	0.38%	21.8%	214.6%
Transaction 14	US CLO	26.0	2007	2021	2014	334	49	54	3.25%	5.63%	(0.31%)	19.4%	197.3%
Transaction 15	US CLO	28.1	2007	2021	2014	401	52	48	3.71%	4.21%	(0.07%)	29.7%	252.1%
Transaction 16	US CLO	23.5	2006	2020	2013	371	46	53	5.09%	4.44%	0.08%	21.0%	216.1%
Transaction 17	US CLO	26.0	2007	2021	2014	311	40	40	4.70%	4.24%	0.06%	24.3%	213.6%
Transaction 18	US CLO	16.7	2005	2017	2011	289	45	58	12.24%	4.77%	0.84%	19.9%	204.1%
Transaction 19	US CLO	1.2	2005	2017	2011	289	45	58	12.24%	4.77%	0.84%	23.8%	198.4%
Transaction 20	US CLO	26.6	2006	2020	2012	393	52	96	10.00%	5.28%	0.59%	22.1%	204.8%
Transaction 21	US CLO	20.7	2006	2020	2012	376	53	103	6.52%	4.76%	0.22%	18.2%	183.3%
Transaction 22	US CLO	37.4	2007	2021	2014	390	53	56	3.79%	5.00%	(0.16%)	21.9%	198.8%
Transaction 23	US CLO	19.9	2007	2021	2013	407	66	N/A	18.14%	4.98%	1.79%	21.4%	225.4%
Transaction 24	US CLO	16.9	2006	2018	2012	356	46	63	12.04%	4.17%	0.97%	17.9%	186.6%
Transaction 25	US CLO	20.9	2006	2018	2013	381	46	65	16.26%	4.13%	1.56%	22.4%	204.5%
Transaction 26	US CLO	27.9	2007	2019	2013	407	43	63	13.89%	4.05%	1.31%	19.2%	185.7%
Transaction 29	US CLO	19.1	2005	2018	2011	475	66	N/A	N/A	4.82%	N/A	19.3%	205.8%
Transaction 30	US CLO	12.4	2006	2018	2012	383	67	175	10.10%	5.16%	0.60%	17.8%	180.2%
Transaction 31	US CLO	9.5	2005	2017	2012	400	52	N/A	18.03%	5.02%	1.40%	16.7%	208.1%
Transaction 32	US CLO	24.0	2007	2021	2014	307	59	59	4.37%	5.57%	(0.17%)	22.2%	196.4%
Transaction 33	US CLO	16.2	2006	2020	2012	353	56	177	12.94%	6.99%	0.70%	13.8%	165.7%
Transaction 34	US CLO	22.2	2006	2020	2012	352	50	82	8.82%	6.66%	0.28%	18.9%	194.1%
Transaction 35	US CLO	23.6	2006	2018	2012	366	52	N/A	-	5.00%	(0.60%)	19.7%	196.7%
Transaction 36	US CLO	28.4	2007	2021	2013	361	46	68	3.34%	5.18%	(0.24%)	19.2%	180.4%
Transaction 38	US CLO	23.7	2007	2021	2013	307	42	64	10.03%	5.07%	0.66%	27.7%	237.3%
Transaction 39	US CLO	7.8	2005	2017	2011	-	70	N/A	N/A	3.15%	N/A	8.5%	152.2%
Transaction 40	US CLO	13.0	2006	2020	2011	349	39	84	N/A	N/A	N/A	21.0%	191.4%
Transaction 44	US CLO	22.3	2006	2018	2012	107	54	N/A	-	4.16%	(0.50%)	9.9%	142.0%
Transaction 45	US CLO	23.0	2006	2018	2012	273	46	135	9.68%	4.46%	0.67%	8.2%	119.3%
Transaction 46	US CLO	21.3	2007	2019	2013	287	51	118	6.78%	4.33%	0.33%	7.1%	111.2%
Transaction 47	US CLO	28.3	2006	2021	2013	330	47	46	3.68%	4.34%	(0.08%)	22.5%	211.0%
Transaction 49	US CLO	12.6	2005	2017	2011	451	40	185	134.42%	3.94%	14.70%	11.0%	131.4%

(Continued on next page)

APPENDICES

APPENDIX III (continued)

CLO EQUITY PORTFOLIO DETAILS (CONTINUED)
AS OF 30 SEPTEMBER 2014

Figure 27 (continued)

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(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 50	US CLO	12.3	2006	2018	2012	308	40	185	N/A	4.25%	N/A	12.7%	136.6%
Transaction 56	US CLO	23.0	2007	2019	2014	337	42	57	7.61%	4.53%	0.41%	22.1%	198.2%
Transaction 57	US CLO	0.6	2007	2019	2014	337	42	57	7.61%	4.53%	0.41%	47.2%	1151.0%
Transaction 58	US CLO	21.8	2007	2019	2014	337	49	59	5.23%	4.04%	0.16%	24.8%	212.7%
Transaction 59	US CLO	0.4	2007	2019	2014	337	49	59	5.23%	4.04%	0.16%	51.9%	1656.8%
Transaction 61	US CLO	29.1	2007	2021	2014	321	45	45	2.14%	4.04%	(0.26%)	18.1%	170.3%
Transaction 63	US CLO	27.3	2007	2021	2013	357	53	66	3.52%	4.78%	(0.17%)	19.6%	192.3%
Transaction 64	US CLO	15.4	2007	2021	2013	369	38	46	N/A	N/A	N/A	23.2%	216.4%
Transaction 65	US CLO	26.9	2006	2021	2013	351	47	71	7.89%	4.96%	0.37%	14.6%	156.4%
Transaction 66	US CLO	21.3	2006	2020	2013	290	49	51	3.53%	4.05%	(0.07%)	22.8%	216.7%
Transaction 68	US CLO	19.3	2006	2020	2013	328	48	50	6.77%	4.41%	0.30%	28.0%	260.0%
Transaction 69	US CLO	28.2	2007	2019	2013	319	44	46	8.05%	5.61%	0.33%	27.0%	242.8%
Transaction 71	US CLO	1.7	2006	2018	2012	308	40	185	-	4.25%	(0.51%)	27.2%	105.6%
Transaction 72	US CLO	4.8	2007	2019	2014	337	42	57	7.61%	4.53%	0.41%	18.0%	99.8%
Transaction 73	US CLO	1.9	2007	2019	2014	337	42	57	7.61%	4.53%	0.41%	18.0%	99.8%
Transaction 74	US CLO	5.5	2007	2019	2014	337	49	59	5.23%	4.04%	0.16%	21.4%	109.7%
Transaction 75	US CLO	32.7	2011	2022	2014	373	168	168	4.36%	4.05%	0.10%	11.6%	67.0%
Transaction 76	US CLO	1.9	2006	2018	2012	273	46	135	9.68%	2.43%	0.93%	31.3%	119.4%
Transaction 77	US CLO	14.5	2011	2023	2016	392	212	213	5.75%	5.04%	0.25%	13.4%	50.0%
Transaction 78	US CLO	22.9	2012	2023	2015	453	217	175	6.00%	4.00%	0.74%	16.5%	67.5%
Transaction 79	US CLO	19.4	2012	2022	2015	393	215	179	4.02%	4.00%	0.01%	8.9%	44.9%
Transaction 80	US CLO	22.7	2012	2022	2016	397	185	185	4.00%	4.17%	(0.08%)	10.8%	46.7%
Transaction 81	US CLO	21.7	2012	2024	2016	416	216	194	5.01%	4.00%	0.49%	9.0%	34.3%
Transaction 82	US CLO	25.4	2012	2022	2016	399	206	207	4.10%	4.00%	0.05%	7.9%	34.2%
Transaction 83	US CLO	20.8	2013	2025	2017	461	193	193	7.09%	6.17%	0.57%	14.3%	30.7%
Transaction 84	US CLO	24.6	2013	2023	2017	391	183	184	4.11%	4.02%	0.06%	15.7%	41.1%
Transaction 85	US CLO	1.0	2013	2025	2017	398	170	171	5.03%	5.01%	0.02%	9.0%	24.2%
Transaction 87	US CLO	23.0	2013	2026	2018	407	199	199	4.18%	4.00%	0.22%	5.1%	12.3%
Transaction 88	US CLO	30.1	2014	2024	2018	414	199	200	4.02%	4.02%	0.01%	11.8%	13.8%
Transaction 89	US CLO	33.6	2014	2026	2018	426	195	195	3.97%	3.96%	0.05%	11.1%	0.0%
US CLO Subtotal:		**1,191.1**				**357**	**85**	**95**	**7.52%**	**4.50%**	**0.42%**		**155.4%**
Total CLO Portfolio:		**1,479.7**				**364**	**79**	**91**	**7.34%**	**4.52%**	**0.38%**		**141.1%**

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. Such transactions may continue to be held 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 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 annualizing 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.

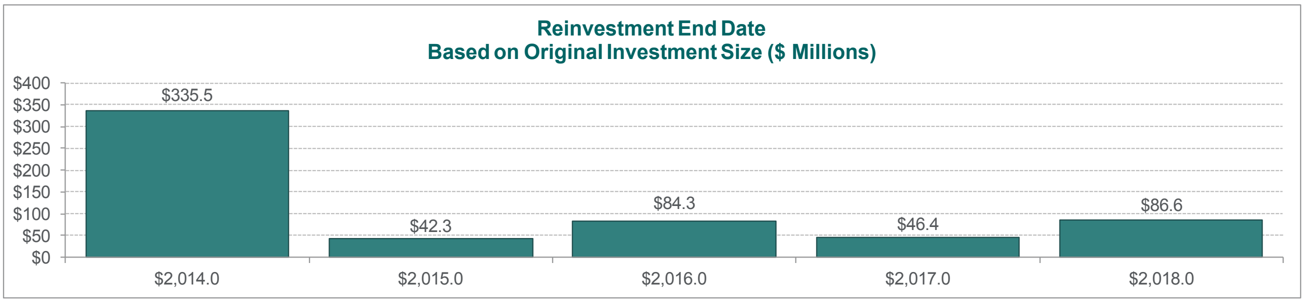
(x) Inception to report date cash flow received on each transaction as a percentage of its original cost.

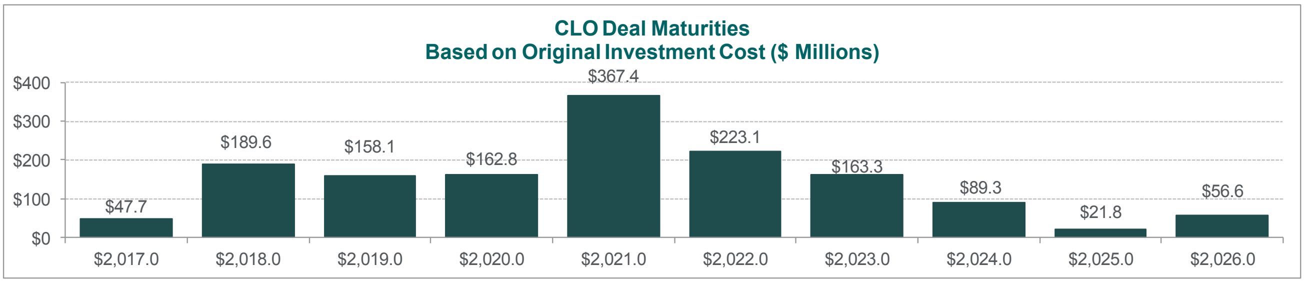
APPENDICES

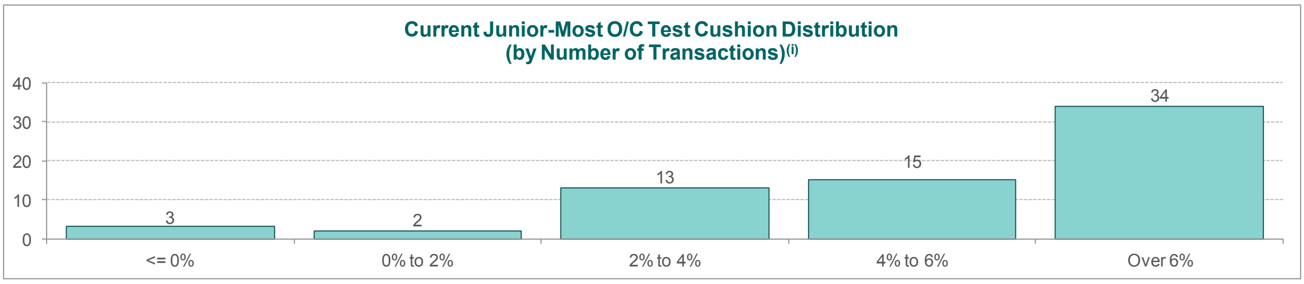
APPENDIX III (continued)

CLO EQUITY PORTFOLIO DETAILS (CONTINUED)
AS OF 30 SEPTEMBER 2014

Figure 28







(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.

APPENDICES

APPENDIX IV

SHARE RECONCILIATION AND SHAREHOLDINGS

U.S. GAAP TO FULLY DILUTED SHARES RECONCILIATION

Figure 29(29)

U.S. GAAP to Fully Diluted Shares Reconciliation	
	30 Sep 2014 Shares (MM)
Legal Shares Issued and Outstanding	**135.6**
Less: Shares Held In Subsidiary	(16.6)
Less: Shares Held In Treasury	(12.8)
Less: Escrow Shares(29.i)	(11.8)
U.S. GAAP Shares Outstanding	**94.5**
Add: Manager (IPO) Share Options(29.ii)	1.0
Add: Escrow Shares(29.i)	11.8
Pro Forma Fully Diluted Shares	**107.2**

As previously disclosed, on 28 October 2014, approximately 1.2 million 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”) will vest with certain persons (other than Messrs. Griffith and Dear) (such persons, the “Sellers”), all of whom are employees of TFG, pursuant to the Polygon Transaction.

Certain of these employees may enter into sales trading plans (each a, “Fixed Trading Plan”) providing for the sale of up to an aggregate of approximately 550,000 Vested Shares in the market or may otherwise sell some or all of their Vested Shares subject to applicable compliance policies. Beginning on 14 November 2014, applicable brokerage firms may be authorized 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 approved by TFG in accordance with its applicable compliance policies. Employees of TFG may enter into additional trading plans in the future from time to time.

Certain Sellers expect to sell to Messrs. Griffith and Dear as well an employee of TFG an aggregate of approximately 160,000 Vested Shares on 5 November 2014 at a price equal to the volume-weighted average trading price of the TFG shares over the period from 17 October through 30 October 2014. If purchased, Messrs. Griffith and Dear have advised TFG that they have no plans to dispose of these shares.

For additional information regarding the Polygon Transaction and the future vesting schedule for shares issued thereunder, see Note 19 to the 2013 Tetragon Financial Group Master Fund Limited audited financial statements, included in the TFG 2013 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.

BOARD OF DIRECTORS

Paddy Dear	**Reade Griffith**	**Rupert Dorey***
Frederic Hervouet*	**Byron Knief***	**David Jeffreys***

*Independent Director

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The Netherlands

Stock Listing
Euronext Amsterdam N.V.

Administrator and Registrar
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1st Floor Dorey Court
Admiral Park
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Channel Islands GY1 6HJ

ENDNOTES

Executive Summary and Outlook

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

(2) Please refer to Financial Highlights on page 24 for the definitions of Net Economic Income and Adjusted EPS.

(3) Please see Endnote 2.

(4) TFG's returns will most likely fluctuate with LIBOR. 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.

(5) Please see Endnote 4.

(6) The percentage of TFG's capital that is externally managed is calculated by dividing the sum of the U.S. GAAP fair value of all investment assets managed by parties other than TFG or its affiliates, by the total Net Asset Value of the company.

(7) Includes GreenOak Real Estate, LP ("GreenOak"), funds and advisory assets, AUM for 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 administrator for value date 30 September 2014. 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.

(8) Fee income nets off cost of recovery on "Other fee income" against this cost contained in "Operating, employee, and administrative expenses," and 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.

Key Metrics

(9) Please refer to Financial Highlights on page 24 for the definition of Return on Equity ("RoE").

(10) Please see Endnote 4.

(11) Please refer to Financial Highlights on page 24 for the definition of Net Economic Income.

(12) Please refer to Financial Highlights on page 24 for the definition of Adjusted EPS.

(13) Polygon Global Partners LP and Polygon Global Partners LLP and certain of their affiliates, hereinafter referred to in this report as "Polygon."

(14) Please refer to Financial Highlights on page 24 for the definitions of Pro Forma Fully Diluted Shares and Pro Forma Fully Diluted NAV per Share.

(15) Please see Endnote 4.

ENDNOTES (continued)

Cash Flow & Uses of Cash

(16) GreenOak Real Estate, LP, a separately registered investment adviser with the U.S. Securities and Exchange Commission) hereinafter referred to in this report as “GreenOak”. TFG owns a 23% stake in GreenOak.

Investment Portfolio

(17) The CLO asset characterizations referenced reflect the primary asset focus of the vehicles. These transactions, however, may allow for limited exposure to other asset classes including unsecured loans, high yield bonds, or structured finance securities.

(18) For each CLO, TFG’s indirect exposure to the underlying assets is calculated by multiplying the total par amount of the CLO’s assets by the percentage of the equity tranche owned by TFG. Each CLO’s data is as of the date of the latest available trustee report.

(19) Please note that TFG may hold more than one investment in any CLO transaction within its portfolio.

(20) Based on the most recent trustee reports available as of 30 September 2014.

(21) LCM Asset Management LLC, hereinafter referred to in this report as “LCM.”

(22) Based on the most recent trustee reports available as of 30 September 2014.

(23) Based on the most recent trustee reports available as of 30 September 2014.

TFG Asset Management

(24) TFG owns a 23% stake in GreenOak and for accounting purposes treats this stake as an investment rather than consolidating the underlying net assets and net income of this business. Any change in the calculated fair value of the 23% stake in GreenOak will be reflected through the TFG Asset Management segment below the EBITDA equivalent line.

(25) 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 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 are can be no assurance that the company will realise all or any portion of such amounts. Through 30 September 2014, this amount equalled $4.1 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to $2.2 million as shown in Figure 11 and further represented in Figures 18 and 19 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.

(26) The LCM V, LCM VI, LCM IX, LCM X, LCM XI, LCM XII, LCM XIII, LCM XIV, LCM XV and LCM XVI CLOs are referred to as the “LCM Cash Flow CLOs.” 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.

ENDNOTES (continued)

Financial Review

(27) Please see Endnote 25.

(28) 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

(29) Please see endnote 28.

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 ("gereglementeerde informative") within the meaning of Section 1:1 of the FMSA.

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP LIMITED

FOR THE PERIOD ENDED 30 SEPTEMBER 2014 AND FOR THE PERIOD ENDED 30 SEPTEMBER 2013

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONSOLIDATED QUARTERLY REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 AND FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 30 September 2014 (unaudited)

	30 Sep 2014 US$ '000	31 Dec 2013 US$ '000
Assets		
Investment in Master Fund*	1,818,430	1,846,731
Total assets	1,818,430	1,846,731
Liabilities		
Accrued incentive fee	-	32,850
Amounts payable on share options	14,019	10,669
Total liabilities	14,019	43,519
Net assets	1,804,411	1,803,312
Equity		
Share capital	94	99
Share premium	916,255	963,224
Capital reserve in respect of share options	11,789	11,789
Share based employee compensation reserve	34,926	17,602
Retained earnings	841,347	810,498
	1,804,411	1,803,212
Shares outstanding	**Number '000**	**Number '000**
Shares	94,459	98,938
Net Asset Value per share	US$ 19.10	US$ 18.23

* Tetragon Financial Group Master Fund Limited

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

For the period ended 30 September 2014 and for the period ended 30 September 2013 (unaudited)

	Quarter ended 30 Sep 2014 US$ '000	Quarter ended 30 Sep 2013 US$ '000	9 Months ended 30 Sep 2014 US$ '000	9 Months ended 30 Sep 2013 US$ '000
Investment income allocated from the Master Fund				
Interest income	34,786	48,992	120,055	158,864
Fee income	18,883	13,074	51,873	43,709
Other income – cost recovery	5,728	5,063	17,130	15,377
Total investment income allocated from the Master Fund	59,397	67,129	189,058	217,950
Direct expenses				
Incentive fee	-	(7,689)	(18,740)	(32,044)
Total direct expenses	-	(7,689)	(18,740)	(32,044)
Operating expenses allocated from the Master Fund				
Employee costs	(13,449)	(11,826)	(34,808)	(29,598)
Management fees	(6,751)	(6,319)	(20,262)	(18,661)
Share based employee compensation	(5,774)	(5,774)	(17,322)	(17,322)
Legal and professional fees	(3,174)	(4,662)	(12,382)	(7,434)
Audit fees	(96)	(87)	(329)	(246)
Other operating and administrative expenses	(7,086)	(6,584)	(20,996)	(19,149)
Total operating expenses allocated from the Master Fund	(36,330)	(35,252)	(106,099)	(92,410)
Total operating expenses	(36,330)	(42,941)	(124,839)	(124,454)
Net investment income	23,067	24,188	64,219	93,496
Net (decrease) / increase in unrealized depreciation on:				
Share options	(2,742)	1,487	(3,349)	(1,231)
Net (decrease) / increase in unrealized depreciation arising from direct operations	(2,742)	1,487	(3,349)	(1,231)

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the period ended 30 September 2014 and for the period ended 30 September 2013 (unaudited)

	Quarter ended 30 Sep 2014 US$ '000	Quarter ended 30 Sep 2013 US$ '000	9 Months ended 30 Sep 2014 US$ '000	9 Months ended 30 Sep 2013 US$ '000
Net realized and unrealized gain / (loss) from investments and foreign currency allocated from the Master Fund				
Net realized gain / (loss) from:				
Investments	19,748	5,939	107,729	10,965
Derivative financial instruments	(10,602)	1,200	(22,374)	1,200
Foreign currency transactions	1,563	2,744	483	2,963
	10,709	9,883	85,838	15,128
Net (decrease) / increase in unrealized (depreciation) / appreciation on:				
Investments	(18,230)	(2,318)	(54,682)	9,971
Derivative financial instruments	11,834	(7,174)	7,246	326
Translation of assets and liabilities in foreign currencies	(19,002)	5,487	(19,181)	3,573
	(25,398)	(4,005)	(66,617)	13,870
Net realized and unrealized (loss) / gain from investments and foreign currencies allocated from the Master Fund	(14,689)	5,878	19,221	28,998
Net increase from operations before tax	5,636	31,553	80,091	121,263
Income and deferred tax expense	(3,154)	(888)	(5,670)	(3,204)
Net income	2,482	30,665	74,421	118,059
Earnings per Share				
Basic	US$ 0.03	US$ 0.31	US$ 0.78	US$ 1.21
Diluted	US$ 0.02	US$ 0.28	US$ 0.69	US$ 1.07
Weighted average Shares outstanding	**Number '000**	**Number '000**	**Number '000**	**Number '000**
Basic	94,339	97,613	95,432	97,856
Diluted	107,126	109,936	108,222	110,179

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the period ended 30 September 2014 and for the period ended 30 September 2013 (unaudited)

	9 Months ended 30 Sep 2014 US$ '000	9 Months ended 30 Sep 2013 US$ '000
Total investment income	189,058	217,950
Total operating expenses	(124,839)	(124,454)
Net unrealized depreciation on share options	(3,349)	(1,231)
Net realized gain from investments and foreign currencies allocated from the Master Fund	85,838	15,128
Net unrealized (loss) / gain from investments and foreign currencies allocated from the Master Fund	(66,617)	13,870
Income and deferred tax expense	(5,670)	(3,204)
Net income	74,421	118,059
Share based employee compensation	17,322	17,322
Net increase in net assets resulting from operations	91,743	135,381
Dividends paid to shareholders	(43,571)	(40,085)
Issue of shares	3,942	3,342
Purchase of Treasury shares	(50,915)	(16,072)
Decrease in net assets resulting from net share transactions	(46,973)	(12,730)
Total increase in net assets	1,199	82,566
Net assets at start of period	1,803,212	1,621,448
Net assets at end of period	1,804,411	1,704,014

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 30 September 2014 and for the period ended 30 September 2013 (unaudited)

	9 Months ended 30 Sep 2014 US$ '000	9 Months ended 30 Sep 2013 US$ '000
Operating activities		
Net increase in net assets resulting from operations	74,421	118,059
Adjustments for:		
Net unrealized depreciation on share options	3,349	1,231
Share based employee compensation reserve	17,322	17,322
Net unrealized appreciation on investments in the Master Fund	28,302	(61,258)
Operating cash flows before movements in working capital	123,394	75,354
Decrease in payables	(32,850)	(22,537)
Net cash provided by operating activities	90,544	52,817
Financing activities		
Issue of shares	3,942	3,342
Purchase of Treasury shares	(50,915)	(16,072)
Dividends paid to shareholders	(43,571)	(40,085)
Net cash used in financing activities	(90,544)	(52,817)
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 PERIOD ENDED 30 SEPTEMBER 2014 AND FOR THE PERIOD ENDED 30 SEPTEMBER 2013

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
UNAUDITED CONSOLIDATED QUARTERLY REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 AND FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 30 September 2014 (unaudited)

	30 Sep 2014 US$ '000	31 Dec 2013 US$ '000
Assets		
Investments, at fair value	1,367,736	1,532,980
Management contracts	31,411	36,544
Cash and cash equivalents	350,340	245,912
Amounts due from brokers	54,584	41,975
Derivative financial assets	18,749	15,159
Property, plant and equipment	202	276
Deferred tax asset	7,699	7,711
Prepaid income tax	562	562
Other receivables	41,545	26,588
Total assets	1,872,828	1,907,707
Liabilities		
Derivative financial liabilities	3,591	3,261
Other payables and accrued expenses	41,524	46,998
Income tax payable	491	600
Deferred tax liability	8,792	10,117
Total liabilities	54,398	60,976
Net assets	1,818,430	1,846,731
Equity		
Share capital	94	99
Share premium	875,479	922,447
Retained earnings	907,931	906,583
Capital contribution	34,926	17,602
	1,818,430	1,846,731
	Number '000	**Number '000**
Shares outstanding	94,459	98,938
Net Asset Value per share	US$ 19.25	US$ 18.67

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the period ended 30 September 2014 and for the period ended 30 September 2013 (unaudited)

	Quarter ended 30 Sep 2014 US$ '000	Quarter ended 30 Sep 2013 US$ '000	9 Months ended 30 Sep 2014 US$ '000	9 Months ended 30 Sep 2013 US$ '000
Interest income	34,786	48,992	120,055	158,864
Fee income	18,883	13,074	51,873	43,709
Other income – cost recovery	5,728	5,063	17,130	15,377
Investment income	59,397	67,129	189,058	217,950
Employee costs	(13,449)	(11,826)	(34,808)	(29,598)
Management fees	(6,751)	(6,319)	(20,262)	(18,661)
Share based employee compensation	(5,774)	(5,774)	(17,322)	(17,322)
Legal and professional fees	(3,174)	(4,662)	(12,382)	(7,434)
Audit fees	(96)	(87)	(329)	(246)
Other operating and administrative expenses	(7,086)	(6,584)	(20,996)	(19,149)
Operating expenses	(36,330)	(35,252)	(106,099)	(92,410)
Net investment income	23,067	31,877	82,959	125,540
Net realized and unrealized gain / (loss) from investments and foreign currency				
Net realized gain / (loss) from:				
Investments	19,748	5,939	107,729	10,965
Derivative financial instruments	(10,602)	1,200	(22,374)	1,200
Foreign currency transactions	1,563	2,744	483	2,963
	10,709	9,883	85,838	15,128
Net (decrease) / increase in unrealized (depreciation) / appreciation on:				
Investments	(18,230)	(2,318)	(54,682)	9,971
Derivative financial instruments	11,834	(7,174)	7,246	326
Translation of assets and liabilities in foreign currencies	(19,002)	5,487	(19,181)	3,573
	(25,398)	(4,005)	(66,617)	13,870
Net realized and unrealized (loss) /gain from investments and foreign currency	(14,689)	5,878	19,221	28,998

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the period ended 30 September 2014 and for the period ended 30 September 2013 (unaudited)

	Quarter ended 30 Sep 2014 US$ '000	Quarter ended 30 Sep 2013 US$ '000	9 Months ended 30 Sep 2014 US$ '000	9 Months ended 30 Sep 2013 US$ '000
Net increase from operations before tax	8,378	37,755	102,180	154,538
Income and deferred tax expense	(3,154)	(888)	(5,670)	(3,204)
Net income	5,224	36,867	96,510	151,334

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the period ended 30 September 2014 and for the period ended 30 September 2013 (unaudited)

	9 Months ended 30 Sep 2014 US$ '000	9 Months ended 30 Sep 2013 US$ '000
Net investment income	82,959	125,540
Net realized gain from investments and foreign currency	85,838	15,128
Net unrealized (depreciation) / appreciation on investments and translation of assets and liabilities in foreign currencies	(66,617)	13,870
Income and deferred tax expense	(5,670)	(3,204)
Net income after tax	96,510	151,334
Share based employee compensation	17,322	17,322
Net increase in net assets resulting from operations	113,832	168,656
Dividends paid to TFG Limited in lieu of incentive fee liability	(51,589)	(54,582)
Dividends paid to other shareholders	(43,571)	(40,085)
Total distributions	(95,160)	(94,667)
Issue of shares	3,942	3,342
Purchase of Treasury shares	(50,915)	(16,072)
Decrease in net assets resulting from capital transactions	(46,973)	(12,730)
Total (decrease) / increase in net assets	(28,301)	61,259
Net assets at start of period	1,846,731	1,658,276
Net assets at end of period	1,818,430	1,719,535

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 30 September 2014 and for the period ended 30 September 2013 (unaudited)

	9 Months ended 30 Sep 2014 US$ '000	9 Months ended 30 Sep 2013 US$ '000
Operating activities		
Net income after tax	96,510	151,334
Adjustments for:		
Realized gains on investments	(85,355)	(12,165)
Cash received on investments in excess of interest income	157,693	204,573
Share based employee compensation	17,322	17,322
Amortization on intangible assets	5,133	5,133
Depreciation on tangible assets	196	142
Unrealized losses / (gains)	66,617	(13,870)
Deferred tax	(1,313)	(3,432)
Operating cash flows before movements in working capital	256,803	349,037
Decrease in receivables	13,519	1,268
(Decrease) / increase in payables	(5,583)	4,366
Cash flows from operations	264,739	354,671
Purchase of fixed assets	(122)	(436)
Proceeds from sale / prepayment / maturity of investments	199,660	104,932
Purchase of investments	(185,856)	(245,733)
Net proceeds from derivative instruments	(18,249)	4,590
Net cash provided by operating activities	260,172	218,024
Financing activities		
Amounts due to brokers	(12,609)	(29,516)
Proceeds from issue of shares	3,942	3,342
Treasury shares	(50,915)	(16,072)
Dividends paid to shareholders	(43,571)	(40,085)
Dividends paid to TFG Limited in lieu of incentive fee liability	(51,589)	(54,582)
Net cash used in financing activities	(154,742)	(136,913)
Net increase in cash and cash equivalents	105,430	81,111
Cash and cash equivalents at beginning of period	245,912	175,941
Effect of exchange rate fluctuations on cash and cash equivalents	(1,002)	(196)
Cash and cash equivalents at end of period	350,340	256,856