TETRAGON

Q3 2016 Report
Period Ended 30 September 2016

Tetragon Financial Group Limited Q3 2016 Report

Contents

TFG: Delivering Results Since 2005(1)(i)

Figure 1

RETURNS

ROE TARGET(ii)	AVERAGE ROE(iii)	2016 ANNUALISED ROE
10-15%	12.9%	6.4%
Annualised range	Since April 2007 IPO	30 September 2016

SHAREHOLDER RETURNS(iv)

	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE APRIL 2007 IPO
SHARE PRICE	+18% To 30 September 2016 FTSE All-Share: +17%	+8% *Per annum* To 30 September 2016 FTSE All-Share: +7%	+17% *Per annum* To 30 September 2016 FTSE All-Share: +11%	+8% *Per annum* To 30 September 2016 FTSE: All-Share: +5%
NAV PER SHARE TOTAL RETURN	+12% To 30 September 2016	+13% *Annualised* To 30 September 2016	+15% *Annualised* To 30 September 2016	+12% *Annualised* To 30 September 2016

RETURNING VALUE

DIVIDEND YIELD	DIVIDEND COVER(v)	QUARTERLY DIVIDEND FIVE-YEAR CAGR
6.3%	2x	10.9%
30 September 2016	30 September 2016	*Per annum* To 30 September 2016

BUILDING VALUE

FAIR VALUE NAV(vi)	FULLY DILUTED FAIR VALUE NAV PER SHARE(vii)
$1.9B	$20
30 September 2016	30 September 2016

ALIGNMENT

PRINCIPAL & EMPLOYEE OWNERSHIP(viii)
24%
30 September 2016

(i)(ii)(iii)(iv)(v)(vi)(vii)(viii) Please refer to end notes for important disclosures.

Executive Summary

Tetragon Financial Group Limited ("TFG" or the "Company") is a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol "TFG.NA" and on the Specialist Fund Segment(2) of the main market of London Stock Exchange under ticker symbol "TFG.LN". In this report, we provide an update on TFG's results of operations for the period ending 30 September 2016.(3)

31 October 2016

TFG generated Fair Value earnings of $49.7 million in Q3 2016, giving an annualised Fair Value Return on Equity ("RoE") for the first nine months of the year of 6.4%.(4)

Fair Value NAV Per Share Total Return ("NAV Total Return")(5) grew 1.3% in Q3 2016 and 7.8% year to date through 30 September 2016. As in the Half Yearly Report, we show a chart showing this metric since TFG's IPO at the end of this Executive Summary.

During Q3 2016, all asset classes were profitable. Noteworthy positive performers were: CLO 1.0 investments, which had Fair Value Net Income ("Net Income")(6) of $20.6 million; equities (European event-driven and mining strategies) which had Net Income of $20.3 million; and a distressed fund investment which had Net Income of $9.9 million.

The third quarter dividend was declared at 16.75 cents per share, giving a 12-month rolling dividend growth of 3.9%.

During the third quarter, TFG increased the size of its revolving credit facility (the "Revolving Credit Facility") from $75 million to $150 million with the addition of a second lender to the facility.

In September, TFG became a member of the Association of Investment Companies (AIC), the trade body for closed-ended investment companies.(7)

TFG also commissioned Edison Investment Research Limited to publish a report regarding the company, and we expect Edison to publish updates on a quarterly basis.(8)

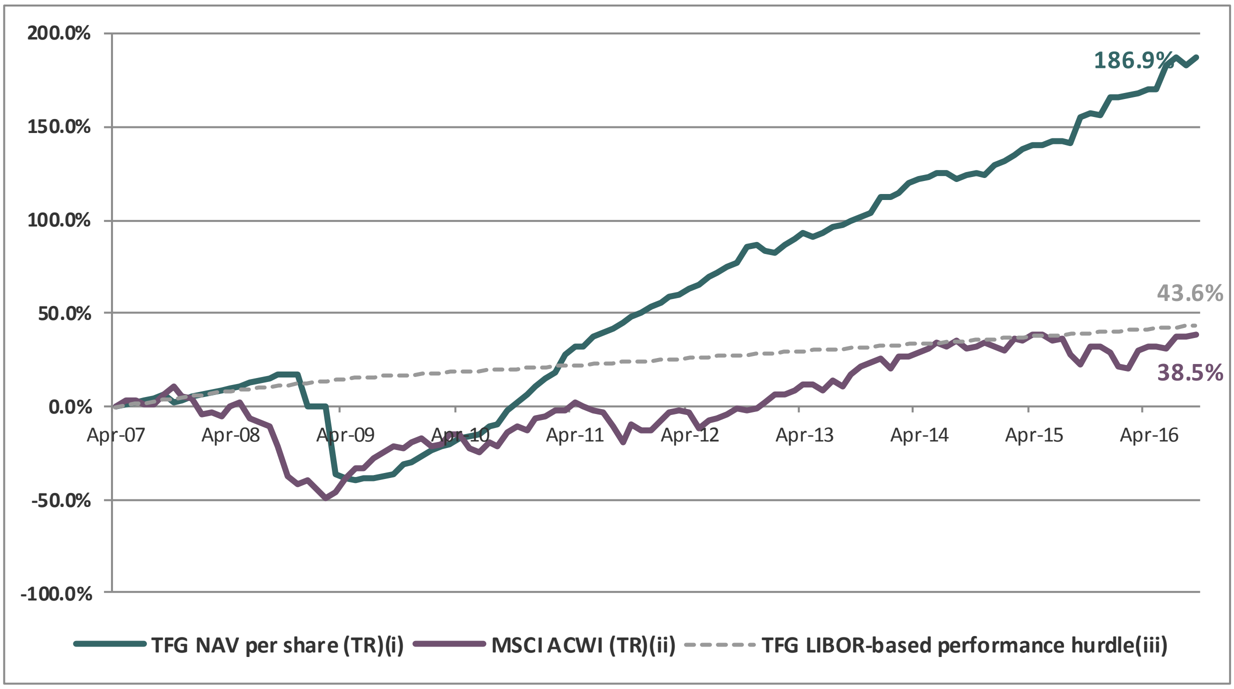
In addition, TFG has a five-star Morningstar Rating™ from Morningstar, Inc. as of 30 September 2016. The five-star rating relates to TFG's overall performance, as well as over three years and over five years.(9)

TFG intends to conduct a tender offer for a number of TFG non-voting shares with a maximum value of up to $50 million, to be held as treasury shares. Deutsche Bank AG, London Branch will act as dealer manager in the tender offer, which will use a modified Dutch auction structure. Details of this planned tender offer will be announced shortly. A repurchase of TFG shares at a price below NAV will be accretive to Fully Diluted Fair Value NAV Per Share ("NAV Per Share").

Finally, TFG's next Investor Day will follow the release of its full year 2016 results, and thus is scheduled for 8 March 2017 in London. More details on this event will follow in due course.

Figure 2

TFG Fair Value NAV Per Share Total Return Since April 2007 IPO[10]



Total Return Performance					
	YTD	1 Year	3 Years	5 Years	Since IPO (April 2007)
Fair Value NAV Per Share Total Return[10.i]	7.8%	12.3%	44.0%	97.9%	186.9%
MSCI ACWI[10.ii]	7.1%	12.6%	18.4%	70.6%	38.5%
TFG Hurdle[10.iii]	2.4%	3.2%	9.3%	16.2%	43.6%

TFG Overview

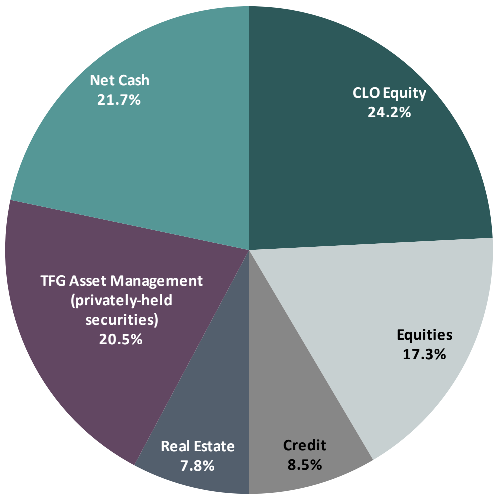
TFG is a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol "TFG.NA" and on the Specialist Fund Segment of the main market of the London Stock Exchange under ticker symbol "TFG.LN"[11].

TFG's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. The Company's investment portfolio comprises a broad range of assets, including a diversified alternative asset management business, TFG Asset Management, and covers bank loans, real estate, equities, credit, convertible bonds and infrastructure.

TFG's Fair Value Net Asset Value ("NAV") as of 30 September 2016 was approximately $1.9 billion. Figure 3 shows the Company's current net asset breakdown including TFG Asset Management at full estimated Fair Value.

Figure 3[(i)(ii)]

Fair Value Net Asset Breakdown at 30 September 2016



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

(ii) Assets characterised as "Equities" consist of the Fair Value of investments in Polygon-managed equity funds as well as the Fair Value of, or capital committed to, equity assets (as applicable) held directly on TFG's balance sheet. Please see Figure 12 for further details on asset composition.

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

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

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

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

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

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

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

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

TFG ASSET MANAGEMENT

Figure 4[12]

ASSETS UNDER MANAGEMENT[i]	HEADCOUNT	OFFICES	GLOBAL OPERATING PLATFORM
$19B 30 September 2016	CIRCA 250 Including GreenOak	London · New York Plus GreenOak locations	

	LCM™	GREENOAK™	POLYGON™	equitix™	HAWKE'S POINT™ MINING FINANCE
	Bank Loans	Real Estate Joint Venture	Hedge Funds & Private Equity	Infrastructure	Mining Finance
Approx. AUM	**$6.2 billion**[ii]	**$7.1 billion**[iii]	**$1.6 billion**[iv]	**$2.6 billion**[v]	**Start up**[vi]
	• LCM currently manages 14 CLOs	• Japan Fund I • Asia Fund II • UK Debt Fund I • Europe Fund I Spain • U.S. Fund I • U.S. Fund II • Global Advisory • Grafton Advisors	• European Equity Opportunity Fund • Convertible Opportunity Fund • Mining Opportunity Fund • Global Equities Fund • Distressed Opportunities Fund • Recovery Fund	• Fund I • Fund II • Fund III • Fund IV • Managed Account • Energy Saving Investments • Energy Efficiency Fund	

TCIP™ +	TCICM™
CLO Equity	Bank Loans
$0.3 billion[vii]	**$0.9 billion**[viii]
• Tetragon Credit Income II L.P.	

TFG Asset Management consists of:

- **LCM ASSET MANAGEMENT**[13] – a CLO loan manager.
- **The GREENOAK REAL ESTATE**[14] joint venture – a real estate-focused principal investing, lending and advisory firm.
- **POLYGON GLOBAL PARTNERS**[15] – a manager of open-ended hedge fund and private equity vehicles across a number of strategies.
- **EQUITIX**[16] – an integrated core infrastructure asset management and primary project platform.
- **HAWKE'S POINT**[17] – a business that seeks to provide capital to companies in the mining and resource sectors.
- **TETRAGON CREDIT INCOME PARTNERS (TCIP)**[18] – TCIP acts as a general partner of a private equity vehicle that focuses on CLO investments relating to risk retention rules, including majority stakes in CLO equity tranches.
- **TCI CAPITAL MANAGEMENT LLC (TCICM)**[19] – a CLO loan manager.

Assets under management for TFG Asset Management as of 30 September 2016 totalled approximately $18.6 billion.[20]

(i)(ii)(iii)(iv)(v)(vi)(vii)(viii) Products/mandates listed are not necessarily open for new investment and are not an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction, but to illustrate the TFG Asset Management platform strategy.

Board of Directors

TFG's Board of Directors is comprised of six members, four of whom are Independent Directors who have significant experience in asset management and financial markets. Biographies of the directors can be found in Appendix IX.

Rupert Dorey
Independent Director

Frederic M. Hervouet
Independent Director

David Jeffreys
Independent Director

William P. Rogers, Jr.
Independent Director

Reade Griffith

Paddy Dear

Key Metrics

Key Metrics

The Company focuses on the following key metrics prepared on a Fair Value[21] basis, when assessing how value is being created for, and delivered to, TFG shareholders:

- **Earnings : Fair Value Return on Equity and Fair Value EPS**
- **Fair Value NAV Per Share: NAV Per Share Total Return and NAV per share**
- **Dividends**

EARNINGS – FAIR VALUE RETURN ON EQUITY

Annualised Fair Value RoE year to date through Q3 2016 was 6.4%.[22]

Although 2016 has so far proved to be a difficult environment in general for investment funds, TFG was pleased to continue to produce a positive set of results in the first three quarters, recording a Net Income[23] of $94.8 million. This resulted in an annualised RoE of 6.4% for the first nine months of the year, an increase on the annualised RoE of 4.5% for H1 2016.

On a year-to-date basis, all investment classes across the portfolio have positively contributed to TFG's RoE.

ROE TARGET

10-15%

Annualised range

AVERAGE ROE

12.9%

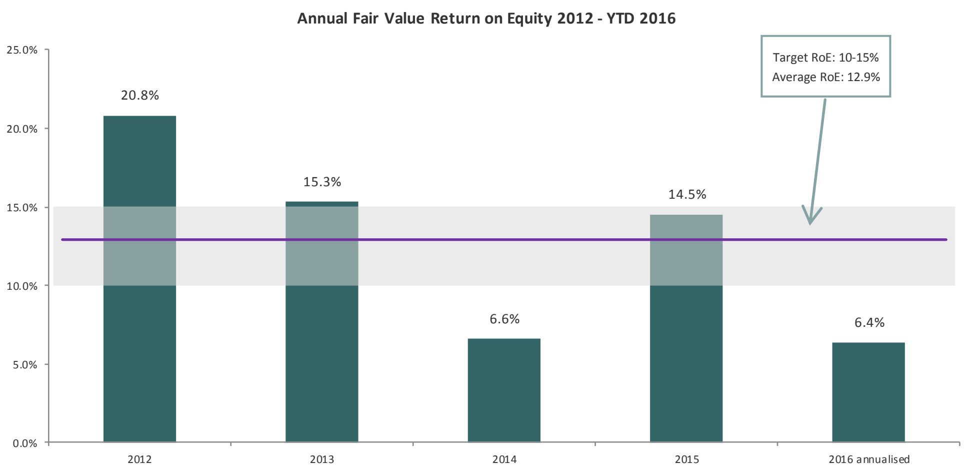
Since April 2007 IPO

2016 ANNUALISED ROE

6.4%

30 September 2016

Figure 5[i]



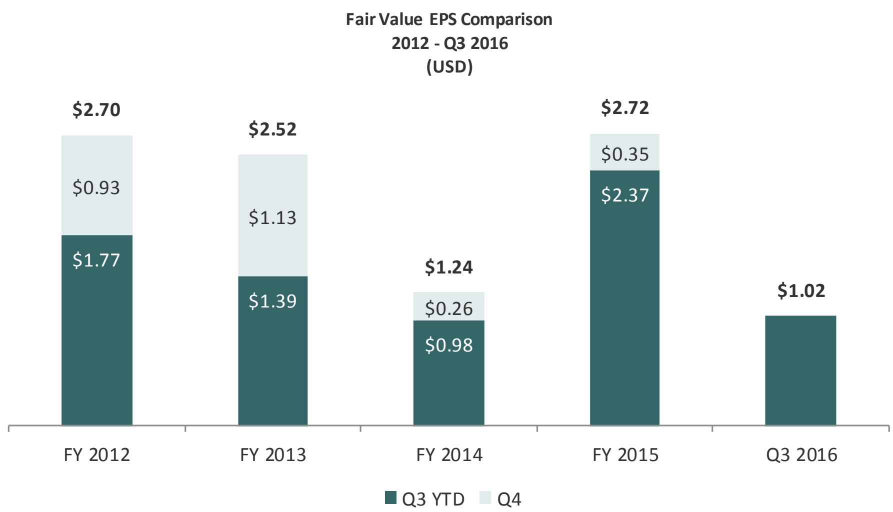
(i) Average RoE is calculated from TFG's IPO in 2007. 2015 RoE includes a fair value adjustment for certain TFG Asset Management businesses, the value of which has accumulated over several years. Consequently, the full year return of 14.5% is not prepared on a like for like basis with prior years. Like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

FAIR VALUE EARNINGS PER SHARE ("EPS")

TFG generated a Fair Value EPS[24] of $1.02 year to date through Q3 2016

The Fair Value Net Income of $94.8 million resulted in an EPS of $1.02. The EPS of $0.55 generated in Q3 2016 represents a significant increase over the aggregate EPS result of $0.47 for the first two quarters of 2016. As detailed in last quarter's report, the 2016 EPS continues to significantly trail the results from the same period last year, reflecting not only the generally adverse and volatile conditions in 2016, but also some strong one-off contributions in 2015.[25]

Figure 6



Further detailed information on the drivers of the Company's performance is provided later in this report. Please see the section "Q3 2016 In Review" for further detailed information on the drivers of the Company's performance.

FULLY DILUTED FAIR VALUE NAV PER SHARE

Fully Diluted Fair Value NAV Per Share ("NAV Per Share") is $20.05 at the end of Q3 2016. NAV Total Return is 7.8% year to date through Q3 2016.

- NAV Per Share increased significantly during the year as the positive impact from operating performance was boosted by an H1 2016 repurchase of 10 million shares for an all-in cost of $100.7 million.
- Although the share repurchase reduced net assets, by buying its shares at a discount to NAV, TFG increased the NAV Per Share by approximately $0.94. As noted in the Executive Summary, TFG intends to conduct another tender offer for a number of TFG non-voting shares with a maximum value of up to $50 million.

Figure 7

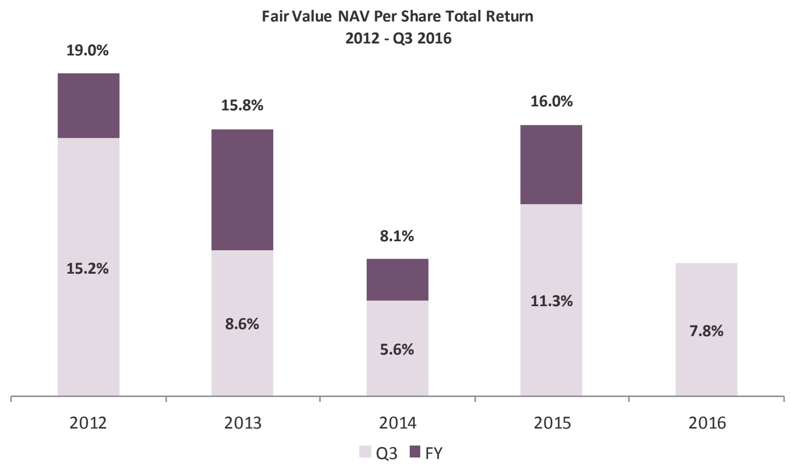
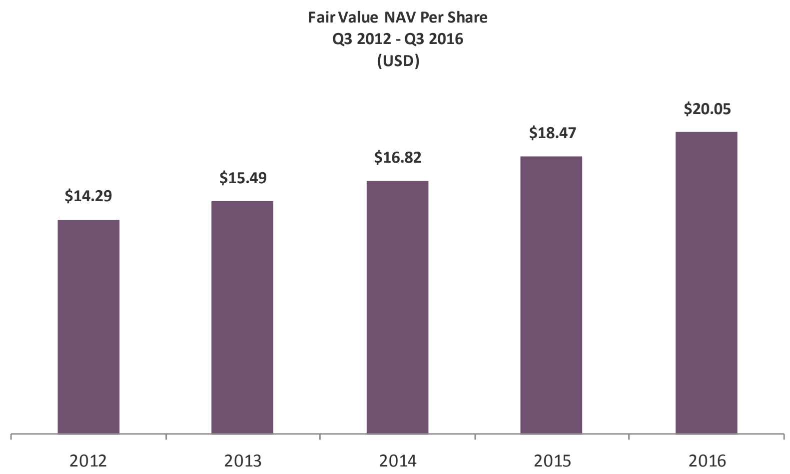


Figure 8[i]



FAIR VALUE NAV

$1.9B

30 September 2016

FAIR VALUE NAV PER SHARE TOTAL RETURN

7.8%

30 September 2016

FAIR VALUE NAV PER SHARE

$20

30 September 2016

NAV PER SHARE GROWTH

+9%

Q3 2015-2016

(i) Source: NAV Per Share based on TFG's financial statements as of 30 September of each of the years shown. Please see Figure 22 on page 27 for more details on the calculation of NAV Per Share.

DIVIDENDS PER SHARE ("DPS")[26]

TFG's quarterly dividend was 16.75 cents per share for Q3 2016.

- TFG declared a Q3 2016 dividend of $0.1675 per share, unchanged from Q2 2016. On a rolling 12-month basis, the dividend of $0.665 per share represents a 3.9% increase over the prior 12-month period and equates to an annualised dividend yield of 6.3% on the 30 September 2016 share price of $10.60.
- This dividend declaration continues TFG's progressive dividend policy, which targets a payout ratio of 30-50% of normalised earnings. The Q3 2016 DPS of $0.1675 brings the cumulative DPS declared since TFG's IPO to $4.585.

DIVIDEND YIELD

6.3%

30 September 2016

DIVIDEND COVER

2x

30 September 2016

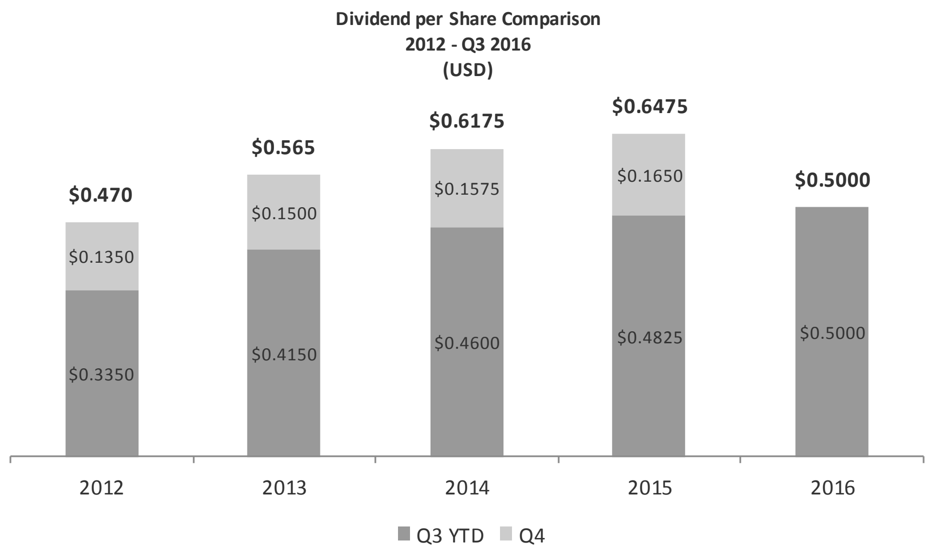
QUARTERLY DIVIDEND FIVE YEAR CAGR

10.9%

Per annum

to 30 September 2016

Figure 9



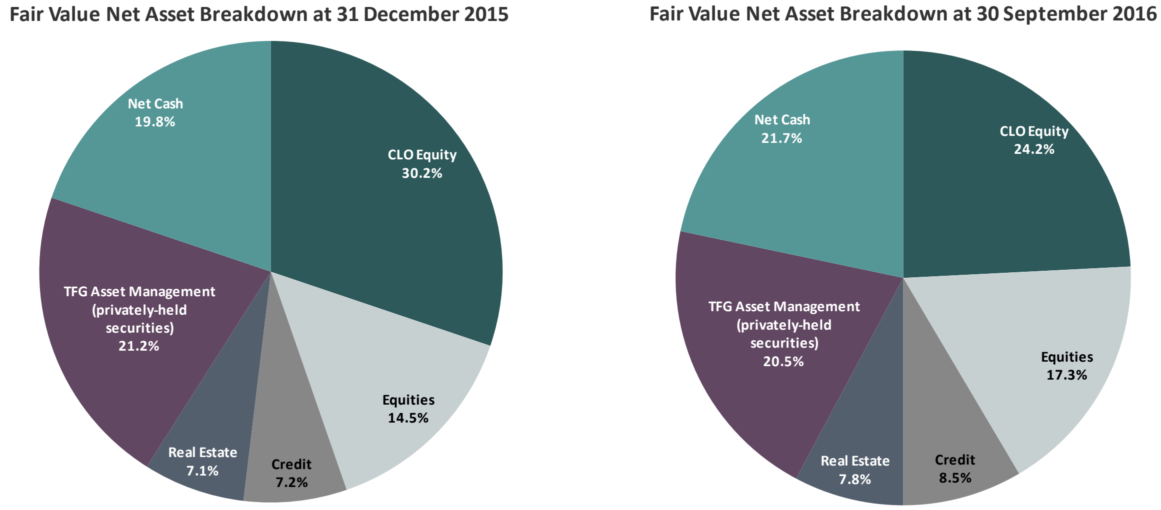
Q3 2016 In Review

Q3 2016 In Review

The figure below illustrates the composition of TFG's Fair Value Net Assets as of 30 September 2016 and 31 December 2015.

Figure 10

Fair Value Net Asset Composition Summary(i)(ii)



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

(ii) Assets characterised as "Equities" consist of the Fair Value of investments in Polygon-managed equity funds as well as the Fair Value of, or capital committed to, equity assets (as applicable) held directly on TFG's balance sheet. Please see Figures 11 and 12 for further details on asset composition.

The table below highlights the fair value of TFG's ten top holdings as of 30 September 2016.

Figure 11

Top 10 Holdings at 30 September 2016

Holding	Investment Type	Description	Fair Value $MM	% of Fair Value NAV
1 Equitix (Manager)	Privately-held securities in asset mgt business	£2.0 Bn UK infrastructure fund asset manager	165.2	8.5%
2 Polygon European Equity Opportunity Fund	Fund Investment - Equity	European event driven equity hedge fund	162.7	8.4%
3 Polygon Distressed Opportunities Fund	Fund Investment - Credit	Distressed opportunities hedge fund	105.2	5.4%
4 LCM (Manager)	Privately-held securities in asset mgt business	$6.2 Bn CLO manager	104.0	5.3%
6 GreenOak Real Estate (Manager)	Privately-held securities in asset mgt business	$7.1 Bn global real estate asset manager	66.0	3.4%
5 Polygon (Manager)	Privately-held securities in asset mgt business	$1.6 Bn hedge fund manager	60.9	3.1%
7 Polygon Convertible Opportunity Fund	Fund Investment - Credit	Event driven credit hedge fund	49.5	2.5%
8 Polygon Mining Opportunities Fund	Fund Investment - Equity	Mining-related equity hedge fund	44.0	2.3%
9 GreenOak US II Fund	Real Estate	U.S. Real Estate fund	35.1	1.8%
10 LCM XIX LP	CLO Equity Investment	U.S. broadly syndicated corporate loans (CLO)	33.4	1.7%
TOTAL				**42.4%**

NET ASSET BREAKDOWN AND INCOME FOR Q3 2016

Figure 12

Asset Category	Asset Subcategory	Q3 2016 Fair Value Net Assets ($MM)	Q3 YTD 2016 Fair Value Net Income ($MM)	2015 Fair Value Net Assets ($MM)	2015 Fair Value Net Income ($MM)
CLO Equity	U.S. CLO 1.0[(i)]	159.1	33.1	260.6	55.7
CLO Equity	U.S. CLO 2.0[(i)]	273.4	30.7	281.7	30.2
CLO Equity	European CLOs	39.3	11.0	58.5	6.0
CLO Equity	CLO Equity Fund	0.1	0.4	-	-
Equities	Equity Funds	226.5	21.3	198.3	15.3
Equities	Other Equities[(ii)]	110.3	17.3	90.5	51.6
Credit	Convertible Bond Fund	49.5	4.8	44.8	2.3
Credit	Distressed Fund	105.2	10.1	95.1	(5.4)
Credit	Direct Loans	10.2	0.8	3.0	1.0
Real Estate	Real Estate	151.4	10.1	141.7	25.2
Private Equity/Asset Mgt	TFG Asset Management[(iii)]	398.2	1.9	422.1	185.2
Net Cash	Net Cash	423.1	0.4	391.0	0.1
Net Cash	Corporate Fees and Expenses	NA	(43.2)	NA	(92.2)
Net Cash	Net Hedge PnL and Taxes	NA	(3.9)	NA	(11.1)
		1,946.3	**94.8**	**1,987.3**	**263.9**

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

(ii) Assets characterised as "Other Equities" consist of the Fair Value of, or capital committed to, investment assets held directly on the balance sheet.

(iii) The TFG Asset Management net income figure for 2015 includes the consolidated net income before tax of Polygon, LCM and Hawke's Point to 30 June 2015, and changes in the Fair Value of those investments from 1 July to 31 December 2015. The income relating to investments in Equitix and GreenOak reflects the changes in the carrying value of these equity investments, and in the case of Equitix, interest income and changes in Fair Value connected to the loans held. For Q3 2016 all calculations reflect the changes in fair value of all businesses owned by TFG Asset Management, and any net distributions made from them to TFG.

Figure 12 above shows Fair Value Net Assets and Fair Value Net Income by asset class for Q3 2016 compared to 2015.

CLOs

- **U.S. CLO 1.0:** TFG's U.S. CLO 1.0 investments contributed $20.6 million in Fair Value Net Income over the third quarter of 2016, and $33.1 million year to date through the end of Q3 2016. We sold one position during Q3 2016 that generated $16.2 million in net income. The income on this U.S. CLO 1.0 investment was driven primarily by unrealised mark-to-market gains in equity assets received from various distressed workout securities reorganised during the 2008 credit crisis. We continue to monitor this amortizing segment of the portfolio for opportunities to monetise the Company's remaining investments. As of the end of Q3 2016, all of TFG's U.S. CLO 1.0 deals were passing their junior-most O/C tests.[(27)]

- **U.S. CLO 2.0:** TFG's U.S. CLO 2.0 investments produced $7.0 million in Fair Value Net Income during Q3 2016, and $30.7 million year to date through the end of Q3 2016. As stated in the past, we intend for our new issue CLO investment activity to occur primarily via the Tetragon Credit Income II L.P. ("TCI II") private equity vehicle, subject to market conditions and that vehicle's investment strategy. As of the end of Q3 2016, all of TFG's U.S. CLO 2.0 were in compliance with their junior-most O/C tests.[(28)]

- **European CLOs:** The European CLO segment of TFG's portfolio produced $2.3 million in Fair Value Net Income during Q3 2016, and $11.0 million year to date through the end of the quarter. Our European CLOs continue to amortise and the fair value of our positions have reduced by approximately 33% from the prior year-end. All of TFG's European CLOs were in compliance with their junior-most O/C tests as of the end of Q3 2016 .[(29)]

- **CLO Equity—TCI II:** The Company's investment in TCI II produced $0.2 million of Fair Value Net Income during Q3 2016, and $0.4 million year to date through the end of the quarter. TCI II had made, or committed to make, investments with a total cost of $150.1 million through the end of Q3 2016. TFG's available undrawn capital commitment totalled $62.0 million.

(continued)

EQUITIES

- **Equity Funds:** Polygon's event-driven equity investments generated Fair Value Net Income of $9.0 million during Q3 2016 and $21.3 million year to date, with positive performance coming from investments in the Polygon European equity strategy, which was up 4.5% net during Q3, bringing year-to-date net performance to 9.8%. The Polygon mining equities fund was up 4.0% net in Q3 2016, and 16.7% net year to date. Please refer to page 23 for further details on the performance of the individual funds.

- **Other Equities:** These assets generated Fair Value Net Income of $11.3 million in Q3 2016 and $17.3 million year to date through the end of Q3 2016.

CREDIT

- **Convertible Fund:** The Polygon convertible fund investment contributed Fair Value Net Income of $2.7 million during Q3 2016, and $4.8 million year to date. The Polygon Convertible strategy returned 5.0% net during Q3 2016, bringing year-to-date net performance to 9.3%.

- **Distressed Fund:** The Polygon distressed fund investment generated $9.9 million of Fair Value Net Income during Q3 2016, bringing the total to $10.1 million through the end of Q3 2016. The fund returned 9.2% net in Q3, bringing year-to-date net performance to 11.5%.

REAL ESTATE

- TFG's investment in Real Estate contributed $4.3 million of Fair Value Net Income during Q3 2016, and $10.1 million year to date through the end of Q3 2016, reflecting a combination of realised and unrealised gains in certain investment vehicles.

TFG ASSET MANAGEMENT (privately-held securities in asset management businesses)

- TFG's investment in TFG Asset Management comprises a diverse portfolio of alternative asset managers. TFG Asset Management recorded Fair Value Net Income of $3.8 million during Q3 2016, and $1.9 million year to date through the end of Q3. After adjusting for FX hedging, TFG's investment in Equitix made a positive contribution year to date of approximately $14.0 million, reflecting the performance of this business. The value of TFG's investment in TCIP has also increased during the year as it continues to deliver against its business plan for its first vehicle, TCI II. TFG's investments in Polygon, GreenOak and LCM have all recorded unrealised losses during 2016, reflecting a combination of factors, including, in some cases, the application of less favourable market multiples or discount rates, and a more conservative view on elements of projected performance this year. We continue to believe that the underlying economics and momentum of these businesses remain positive, as measured by, among other things, EBITDA and AUM growth, as described in the TFG Asset Management section in this report. Please see Appendix IV for further information on the basis for determining the Fair Value of the TFG Asset Management investment. Additionally, please see Figure 16 for TFG Asset Management's *pro forma* operating results.

Figure 13

TFG Asset Management - Net Income Q3 2016			
Business	**Fair Value Q3 2016 ($MM)**	**Fair Value Q4 2015 ($MM)**	**Fair Value Movement ($MM)**
Equitix	165.2	173.9	(8.7)
GreenOak Joint Venture	66.0	70.0	(4.0)
Hawke's Point	0.8	0.8	0.0
TCIP	1.3	0.3	1.0
LCM	104.0	110.2	(6.2)
Polygon	60.9	67.0	(6.1)
Change in Fair Value	**398.2**	**422.1**	**(23.9)**
Other TFGAM investment income and impact of currency hedge on Equitix			25.8
Total Capital Appreciation and Investment Income			1.9

CASH AND BORROWINGS

- **Net Cash:** TFG held $423.1 million of Fair Value net cash at 30 September 2016. The Company actively manages its cash levels to cover future commitments and to enable it to capitalise on opportunistic investments.
- **Borrowings:** As previously reported, in April 2016 TFG obtained its Revolving Credit Facility for an initial maximum facility amount of $75 million, with a stated maturity date of 1 April 2019. In August 2016, with the addition of a second lender to the facility, the maximum facility amount increased to $150 million. The drawdown as of quarter-end was $38.0 million and this is reflected as an adjustment to the net cash number disclosed above.[30]

Q3 2016 Major New Investments

- **CLO Equity—TCI II:** During the third quarter, TFG made an additional capital commitment of $12.0 million to TCI II, bringing TFG's total capital commitments to $62.0 million. There have been no capital calls as of the end of Q3 2016.
- **Real Estate:** TFG made some additional capital contributions to existing investment programs across Europe, the U.S. and Asia.
- **Equity Funds:** In September, an additional $7.0 million subscription was made into the Polygon European Equity Fund.
- **Direct Loans:** A £3.0 million loan was made to GreenOak in connection with its acquisition of Grafton Advisors, a UK property adviser. See page 21 for further details.

Q3 2016 Major Asset Sales and Optional Redemptions

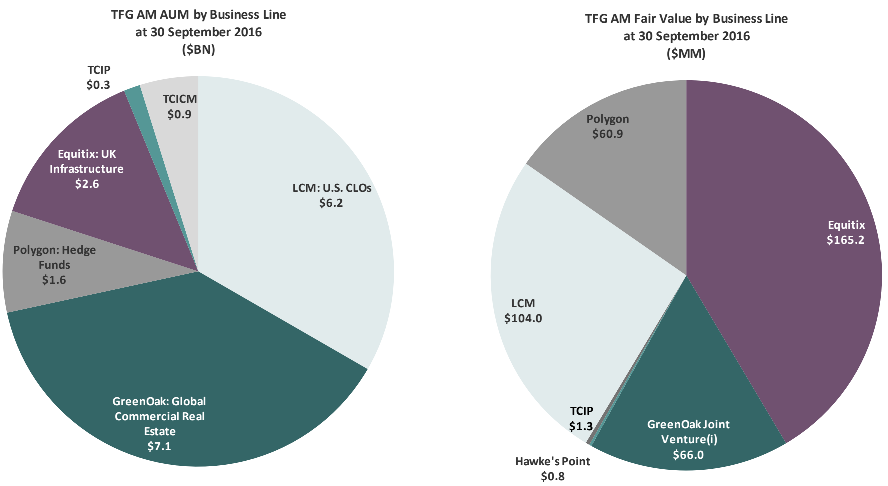
- **U.S. CLOs:** As mentioned above, TFG sold one U.S. CLO 1.0 equity investment during Q3 2016 realising gross proceeds of $33.0 million. Shortly after the end of the quarter, TFG initiated an optional early redemption of another U.S. CLO 1.0.
- **Real Estate:** During the third quarter, TFG realised $20.4 million in capital and income through distributions from a number of GreenOak managed investment programs, across Europe, the U.S. and Asia.

TFG Asset Management Overview

TFG Asset Management Overview

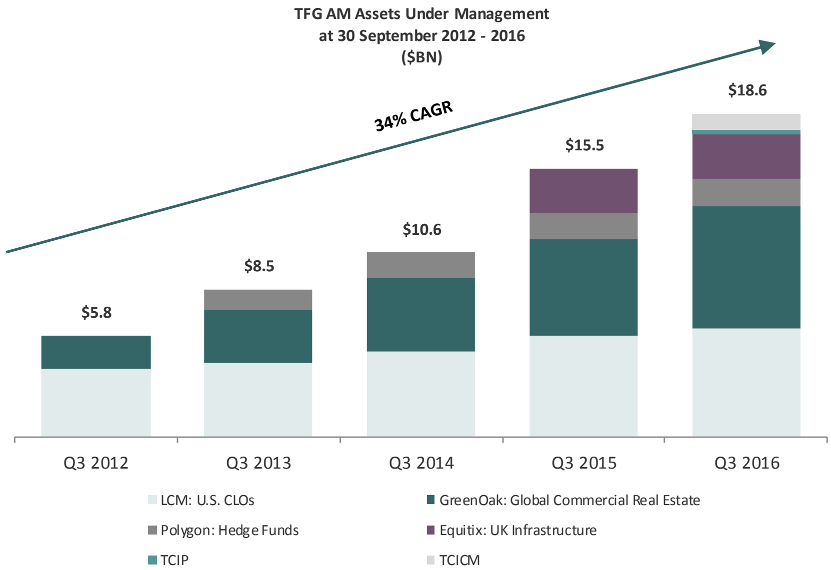
One of TFG's significant investments is TFG Asset Management, a diversified alternative asset management business that owns majority and minority stakes in asset managers. At 30 September 2016, TFG Asset Management comprised LCM, the GreenOak joint venture, Polygon, Equitix, Hawke's Point, TCIP and TCICM (please see Figure 14 for the breakdown of AUM and Fair Value by business line). TFG Asset Management has approximately $18.6 billion of assets under management[31] and approximately 250 employees globally. Figure 15 depicts the growth of that AUM over the last five years. Each of the asset management businesses on the platform is privately-held.

Figure 14[32]



(i) The Fair Value of TFG's 23% stake.

Figure 15[33]



EBITDA
$30M
30 September 2016

EBITDA GROWTH
-12%
Q3 2015 - 2016

AUM
$19B
30 September 2016

AUM GROWTH
+20%
Q3 2015 - 2016

TFG ASSET MANAGEMENT PRO-FORMA EBITDA (Excluding GreenOak)

Figure 16

TETRAGON FINANCIAL GROUP TFG Asset Management Pro Forma Statement of Operations (excluding GreenOak)			
	YTD Q3 2016 $MM	YTD Q3 2015[i] $MM	YTD Q3 2014 $MM
Management fee income	48.4	39.9	32.3
Performance and success fees[ii]	37.3	28.9	13.1
Other fee income	10.8	16.5	10.6
Interest income	0.8	0.7	0.2
Total income	**97.3**	**86.0**	**56.2**
Operating, employee and administrative expenses	(61.8)	(46.9)	(32.8)
Minority Interest	(5.1)	(4.7)	0.0
Net income - "EBITDA equivalent"	**30.4**	**34.4**	**23.4**

(i) This table includes the income and expenses attributable to TFG's majority owned businesses, Polygon, LCM and Equitix during that period. In the case of Equitix this only covers the period from 2 February 2015, the date of the closing of TFG's acquisition of Equitix. Although TFG currently has an 85% effective economic share of its business, 100% of Equitix's income and expenses are reflected with the 15% not attributable to TFG backed out through the minority interest line. GreenOak is not included. The EBITDA equivalent is a non-GAAP measure and is designed to reflect the operating performance of the TFG Asset Management businesses rather than what is reflected in TFG's U.S. GAAP financial statements.

(ii) The performance and success fees include some realised and unrealised Polygon performance fees. These represent the fees calculated by the applicable administrator of the relevant Polygon funds, in accordance with the applicable fund constitutional documents, when determining NAV at the reporting date. Similar amounts, if any, from LCM are recognised when received. TFG is generally able to invest at a preferred level of fees. Success fees also include fees earned by Equitix on successfully completing certain primary projects and delivering de-risked investments into their secondary funds; these are recognised once they are entitled to recover them.

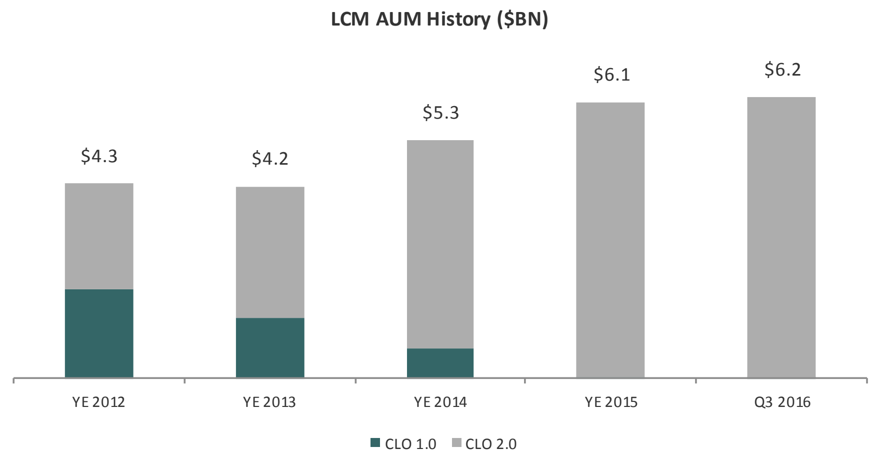
- **Overview:** Figure 16 shows a *pro forma* statement of operations that reflects the operating performance of the majority-owned asset management companies within TFG Asset Management. Although, under U.S. GAAP, they are currently reported partially at Fair Value and partially on a consolidated basis, the aim of also presenting the underlying performance in this way is to give investors insight into a key driver behind that valuation. GreenOak, in which TFG holds a minority interest, is not currently included in the calculation of *pro forma* EBITDA.
- **EBITDA:** During Q3 2016, TFG Asset Management's EBITDA was $12.8 million, resulting in a year-to-date 2016 EBITDA equivalent of $30.4 million. Whilst tracking below EBITDA for the equivalent period in 2015, the shortfall in 2016 has decreased from over $10.0 million at the end of H1 2016 to $3.5 million at the end of Q3 2016, with growth in performance and success fees driving this change. In addition, as was observed in the Half Yearly Report, management fees in 2016 now account for a greater percentage of total income than they did in the prior year. We believe that this is an indication of an improvement in the quality of the earnings year on year.
- **Management fee income:** Management fee income continued to increase year on year as shown in Figure 16. In particular, fee income generated in the Equitix business grew as capital was put to work (thereby earning full fees) and fee-paying AUM was increased in new fund vehicles.
- **Performance and success fees:** Performance and success fees have grown period on period, primarily reflecting the positive performance across the Polygon hedge funds, which has led to a marked increase in unrealised performance fees. The other main component of this category is primary fee income from the Equitix business, which is close to, but slightly behind the equivalent period in 2015.
- **Other fee income:** This category includes a number of different income streams, including third-party CLO management fee income relating to certain U.S. CLO 1.0 transactions. This stream continued to decline as expected as these transactions amortised down. In addition, this category includes certain cost recoveries from TFG relating to seeded Polygon hedge funds. The cost recoveries, which are described in more detail in the TFG Asset Management Overview section of this report, decreased year on year, although the teams supporting those seeded funds continued to grow. As these businesses mature and build third-party capital, we expect that such cost recoveries should decrease. The other fee income category also includes fee income generated by Equitix on certain management services contracts, which grew year on year.
- **Operating expenses:** This category of expenses was $14.9 million higher than the equivalent period in 2015, reflecting a number of different factors. Firstly, TCIP is a new and growing business which was not recording any material level of expenses during the comparable period in 2015. Secondly, Equitix continues to grow its business, including the management services segment, resulting in an increase in both costs as and revenues. Finally, TFG Asset Management continued to invest by increasing headcount in a number of areas, which will support any continued growth of the platform.

BUSINESS OVERVIEWS

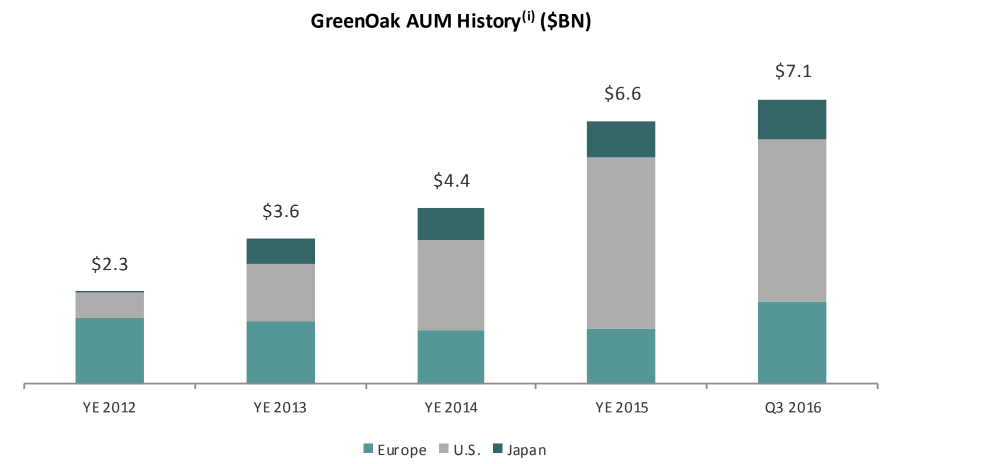
The following pages provide a summary of each asset management business and a review of AUM growth and underlying strategy / investment vehicle performance during Q3 2016.

All data is at 30 September 2016, unless otherwise stated.

LCM™

Description of Business:	• LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans. • The business was established in 2001 and has offices in New York and London. • TFG owns 100% of LCM. • Currently, LCM manages loan assets exclusively through CLOs, which are long-term, multi-year investment vehicles. The typical duration of a CLO, and thus LCM's management fee stream, depends on, among other things, the term of its reinvestment period (currently typically four to five years for a new issue CLO), the prepayment rate of the underlying loan assets, as well as post-reinvestment period reinvestment flexibility and weighted average life constraints. • CLO managers typically earn a management fee of up to 0.50% of total assets, and a performance fee of 20% over a CLO equity IRR hurdle. • Further information on LCM is available at www.lcmam.com.
Amount of TFG's Investment in Products:	$217.2 million. TFG held CLO equity investments with total fair value of $210.9 million (all in U.S. CLO 2.0 deals) in LCM-managed CLOs. LCM provides expertise to the management of a portfolio of U.S. broadly-syndicated leveraged loans held directly on TFG's balance sheet. At the end of Q3 2016, the fair value of these loans was $6.3 million.
AUM:	Figure 17[i]  LCM's AUM was $6.2 billion at 30 September 2016. LCM manages 14 CLOs as of the end of Q3 2016. One new issue LCM-managed CLO, LCM XXII, priced in mid-September and closed after quarter-end in October. [i]Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited and TCI II.
Performance in Q3 2016:	LCM CLOs performed well year to date through Q3 2016, with all of those that were effective and still within their reinvestment periods continuing to pay senior and subordinated management fees.

GREENOAK™

Description of Business:	• GreenOak is a real estate-focused principal investing, lending and advisory firm that seeks to create long-term value for its investors and provide strategic advice to its clients. • The business was established in 2010 as a joint venture with TFG and has a presence in New York, London, Tokyo, Los Angeles, Madrid and Seoul. • TFG owns 23% of the business. • GreenOak currently has funds with investments focused on the United States, Japan, Spain, and the United Kingdom. • Funds are typically structured with management fees of 1.5%-2.0% and carried interest over a preferred return. The funds generally have a multi-year investment period, with a fund term of seven years after the final close, with possible extensions subject to certain approvals. • On 20 July 2016, GreenOak announced its acquisition of Grafton Advisors from Quintain Limited. Grafton is the property adviser to the West End of London Property Unit Trust. • Further information on GreenOak is available at www.greenoakrealestate.com.
Amount of TFG's Investment in Products:	$124.2 million.
AUM:	Figure 18  (i) Includes investment funds and advisory assets managed by GreenOak at 30 September 2016. TFG owns a 23% stake in GreenOak. AUM includes all third-party interests and total projected capital investment costs. Gross AUM is $7.1 billion at 30 September 2016. In July, GreenOak acquired Grafton Partners, the property advisor to the West End of London Property Unit Trust (WELPUT). WELPUT was established in 2001 in partnership with Schroder Real Estate and at 30 September 2016 is the top-performing fund in the Association of Real Estate Funds Index over the past 10 years.
Performance in Q3 2016:	GreenOak-managed vehicles continued to perform well across their European, U.S. and Asian businesses.

POLYGON

Description of Business:

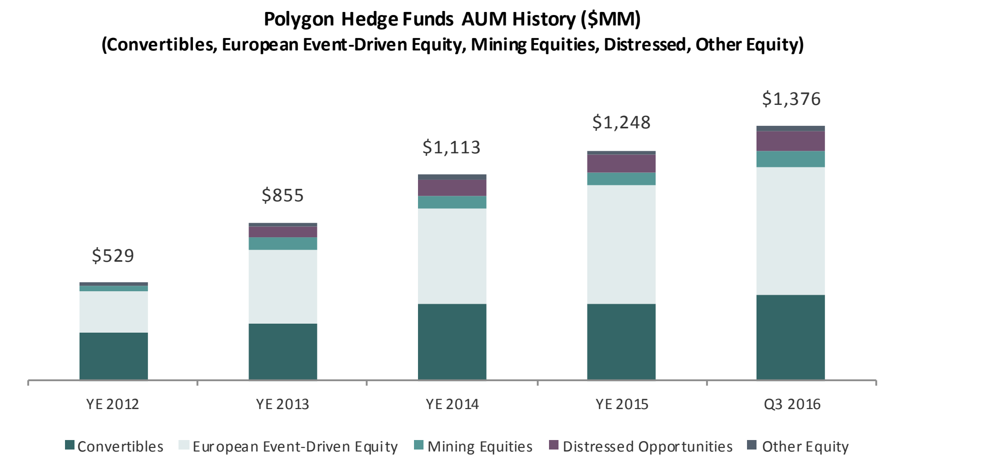
- Polygon manages open-ended hedge fund and private equity vehicles across a number of strategies.
- Polygon was established in 2002 and has offices in New York and London.
- TFG owns 100% of the business.
- Fees in these products include a management fee that is generally between 1.5% and 2.0% and the typical performance fee or carried interest is 20%.
- Further information on Polygon is available at www.polygoninv.com.

Amount of TFG's Investment in Products:

$381.2 million.

AUM:

Figure 19[i]



(i) Includes AUM for Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund and Polygon Distressed Opportunities Master Fund, as calculated by the applicable fund administrator at 31 December 2012, 2013, 2014, 2015, and 30 September 2016. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.

AUM is $1.6 billion for all funds; and $1.3 billion for open strategies.

POLYGON (continued)

Performance in Q3 2016:

Polygon's various strategies all posted positive net returns both during Q3 and year to date through 30 September 2016. In most cases, the funds outperformed similar strategy index benchmarks: the HFRI and HFRX Event Driven Indices respectively returned 4.48% and 3.79% during Q3; the HFRI and HFRX Convertible Arbitrage Indices respectively returned 3.55% and 3.64%; The HFRI and HFRX Distressed Indices respectively returned 5.46% and 5.75%; and the GDXJ Market Vectors Junior Gold Miners Index returned 3.97%.(34)

Figure 20(35)

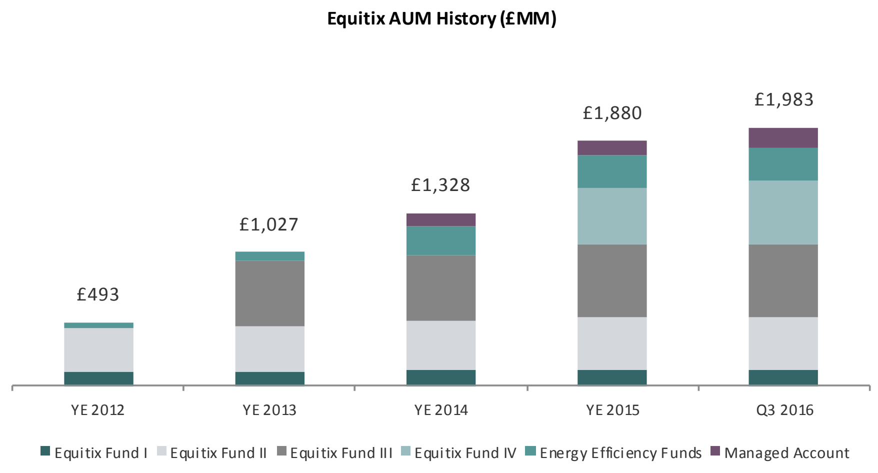
Polygon Funds Summary					
Fund	**AUM at 30 Sep 2016 ($MM)**		**Q3 2016 Net Performance**	**YTD Net Performance**	**Annualised Net LTD Performance**
Convertibles(35.i)	$	466.9	5.0%	9.3%	16.6%
European Event-Driven Equity(35.ii)	$	690.1	4.5%	9.8%	11.4%
Mining Equities(35.iii)	$	83.2	4.0%	16.7%	6.4%
Distressed Opportunities(35.iv)	$	113.5	9.2%	11.5%	6.9%
Other Equity(35.v)	$	22.5	0.7%	2.6%	14.1%
Total AUM - Open Funds	**$**	**1,376.3**			**Estimated approx. LTD Multiple**
Private Equity Vehicle(35.vi)	$	191.8	N/A	N/A	1.82x
Total AUM	**$**	**1,568.1**			

Note: The AUM noted above includes investments in the relevant strategies by TFG, other than in respect of the Private Equity Vehicle, where there is no such investment. The Private Equity vehicle, at the time of the Polygon transaction and currently, remains a closed investment strategy.

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

P&L YTD in 2016 for the Private Equity Vehicle was -$32.6 million through to 30 September 2016 before FX movements of +$1.9 million. P&L is +$119.9 million from closing date net asset value before FX movements of -$37.3 million. The fund is generally precluded from hedging FX exposure. The fund has made life to date distributions of $605 million to its partners. The estimated approximate LTD multiple is based on the fund's quarter end net asset value and historical distributions and other returns over an original aggregate purchase price for the fund's initial assets of approximately $459 million and excludes the effects of FX and certain assets purchased through recycled capital. The estimated approximate LTD multiple including those two items (FX and recycled capital) would be 1.82 x. Each of these multiples will be different from the multiples reflected for specific limited partners in the fund, which would be calculated with respect to relevant class of partners in accordance with the fund's limited partnership agreement.

equitix™

Description of Business:	• Equitix is an integrated core infrastructure asset management and primary project platform. • Equitix was established in 2007 and is based in London. • TFG owns 85% of the business; over time, TFG's holding is expected to decline to approximately 74.8%. Management own the balance. • Equitix typically invests in infrastructure projects in the United Kingdom with long-term revenue streams across the healthcare, education, social housing, highways & street lighting, offshore transmission and renewable and waste sectors. • Fees in this product include a management fee, and a carry interest fee that is over a hurdle currently set at 7.5%. The carried interest fee is typically 20% over the hurdle, and the management fee after the investment period is typically between 1.25% and 1.65%; during the investment period it has ranged between 0.95% and 2.0% on invested capital. The core funds also have an additional fee on committed capital of approximately 0.30%. • Further information on Equitix is available at www.equitix.co.uk.
Amount of TFG's Investment in Products:	TFG has exposure to the performance of Equitix funds indirectly through its ownership of the company as Equitix holds certain GP interests in the funds it manages. As at 30 September 2016, these interests were valued at £14.3 million ($18.5 million).
AUM:	Figure 21  AUM is £2.0 billion ($2.6 billion)[(i)] at 30 September 2016. (i)USD-GBP exchange rate at 30 September 2016.
Performance in Q3 2016:	Equitix Funds I-III are cash generative and fully invested or committed. Equitix Fund IV has exceeded its target of £500 million, achieving total commitments of £523 million at 30 September 2016. Equitix Fund IV has not yet reached final closing and has a hard cap of £750 million. As at 30 September 2016, Equitix Fund IV has deployed over £230 million of capital across 14 infrastructure assets.

HAWKE'S POINT™ MINING FINANCE

Description of Business:	• Hawke's Point is a mining finance company established by TFG Asset Management in Q4 2014 that seeks to provide capital to companies in the mining and resource sectors. • TFG Asset Management owns 100% of the business. • Hawke's Point is currently actively evaluating a range of mine financing opportunities.
Amount of TFG's Investment in Products:	As of 30 September 2016, there were no investments on which to report.
AUM:	Not applicable.

TCIP™ + TCICM™

Description of Business:	• TCIP acts as a general partner of a private equity vehicle that, among other things, makes investments in CLOs relating to risk retention rules.(36) • The business was established at the end of 2015 and is managed out of New York and London. • TFG owns 100% of the business. • TCIP currently acts as general partner of Tetragon Credit Income II L.P. ("TCI II"), which focuses on CLO investments relating to risk retention rules, including majority stakes in CLO equity tranches of transactions managed by LCM or sub-advised by third-party CLO managers. TCI II is structured with a management fee and carried interest over a preferred return (each on non-LCM investments). It has a multi-year investment period and a term of seven years (subject to potential extensions and otherwise as required by applicable regulatory requirements). • TCI Capital Management LLC ("TCICM") is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans. TCICM was established as a Delaware limited liability company in November 2015 and is a subsidiary of Tetragon Credit Income II L.P and recently commenced operations. It acts as a CLO collateral manager and sponsor for certain CLO investments. It utilises, and has access to, the TFG Asset Management platform, including personnel from Polygon Global Partners and LCM Asset Management LLC. • Currently, TCICM manages loan assets exclusively through CLOs (which includes warehouse vehicles created in anticipation of future CLOs), which are long-term, multi-year investment vehicles. At this time, TCICM utilises, and expects to continue to utilise, the investment expertise of certain third-party sub-advisors to assist in the management of its CLOs. Such sub-advisors will typically earn a substantial portion of the management fees from the CLOs. • CLO managers typically earn a management fee of up to 0.50% of total assets, and a performance fee of 20% over a CLO equity IRR hurdle. • Further information on TCIP and TCICM is available at www.tetragoninv.com.
Amount of TFG's Investment in Products:	$62.0 million of committed capital in TCI II.
Committed Capital and AUM:	TCI II had a third close in August 2016, bringing its total committed capital to $253.4 million. TCI II invests in CLOs managed by LCM and TCICM. As of 30 September 2016, TCICM had assets under management of $901.3 million.(i) (i) Includes, where relevant, investments TCI II. TCICM utilises, and expects to continue to utilise, the investment expertise of certain third-party sub-advisors to assist in the management of its CLOs. Such sub-advisors will typically earn a substantial portion of the management fees from the CLOs.
Performance in Q3 2016:	During Q3 2016, TCI II made an investment in a majority stake in the equity tranche of TCI-Symphony CLO 2016-1 Ltd, a U.S. CLO managed by TCICM and sub-advised by a third party. Additionally, TCI II made an initial commitment to invest in a majority stake in the equity tranche of LCM XXII Ltd, a U.S. CLO managed by LCM. TCIP continues to evaluate investment opportunities for TCI II during its investment period. Including a distribution made shortly after the end of Q3 2016, TCI II had made distributions of income of approximately $1.7 million to its limited partners.

Q3 2016 Financial Review

Q3 2016 Financial Review

This section shows consolidated financial data incorporating TFG and its 100% subsidiary, Tetragon Financial Group Master Fund Limited (the "Master Fund"), adjusted from Q3 2015 to reflect the Fair Value of TFG Asset Management's businesses that are consolidated under U.S. GAAP, and provides comparative data where applicable. Comparative data presented for periods prior to Q3 2015 are disclosed as they were reported at the time and have not been adjusted retrospectively to be presented on a Fair Value basis.

Financial Highlights

Figure 22

TETRAGON FINANCIAL GROUP Financial Highlights Through Q3 2014 - Q3 2016			
	YTD Q3 2016	YTD Q3 2015	YTD Q3 2014
U.S. GAAP Net income ($MM)	$84.1	$103.3	$74.4
Fair Value Net income ($MM)	$94.8	$228.4	$93.9
U.S. GAAP EPS	$0.90	$1.07	$0.78
Fair Value EPS	$1.02	$2.37	$0.98
Fair Value Return on equity	4.8%	12.6%	5.2%
Fair Value Net Assets ($MM)	$1,946.3	$2,025.4	$1,804.4
U.S. GAAP number of shares outstanding (MM)	87.8	97.1	94.5
Fair Value NAV per share	$22.16	$20.87	$19.10
Fully diluted shares outstanding (MM)	97.1	109.6	107.2
Fully diluted Fair Value NAV per share	$20.05	$18.47	$16.82
Fair Value NAV per share total return	7.8%	11.3%	5.6%
DPS	$0.5000	$0.4825	$0.460

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

- **Fair Value Net Income ($94.8 million):** Please see Appendix IV for reconciliation to U.S. GAAP net income.
- **Fair Value Return on Equity (4.8%):** Fair Value Net Income ($94.8 million) divided by Net Assets at the start of the year ($1,987.3 million).
- **Fully Diluted Shares Outstanding (97.1 million):** Adjusts the U.S. GAAP shares(i) outstanding (87.8 million) for various dilutive factors (9.3 million shares). Please see Figure 35 for more details.
- **Fair Value EPS ($1.02):** Calculated as Fair Value Net Income ($94.8 million) divided by weighted-average U.S. GAAP shares(i) during the period (93.0 million).
- **Fully Diluted Fair Value NAV Per Share ($20.05):** Calculated as Fair Value Net Assets ($1,946.3 million) divided by Fully Diluted Shares Outstanding (97.1 million).

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

Fair Value EPS Analysis Q3 2014-Q3 2016

Figure 23

TETRAGON FINANCIAL GROUP TFG Fair Value Earnings per Share Analysis Through Q3 2014 - Q3 2016			
	YTD Q3 2016	YTD Q3 2015	YTD Q3 2014
Investment portfolio segment			
U.S. CLO 1.0	$0.36	$0.43	$1.04
U.S CLO 2.0	$0.33	$0.30	$0.19
European CLOs	$0.12	$0.05	$0.24
Equity Funds	$0.23	$0.06	$0.03
Other Equities	$0.19	$0.49	($0.25)
Convertible Bond Fund	$0.05	$0.02	$0.05
Distressed Fund	$0.11	($0.05)	$0.07
Direct Loans	$0.01	$0.01	$0.01
Real Estate	$0.11	$0.29	$0.11
TFG Asset Management	$0.02	$1.65	$0.22
Corporate Expenses	($0.47)	($0.78)	($0.54)
Net Hedge PnL and taxes	($0.04)	($0.10)	($0.19)
Fair Value EPS	**$1.02**	**$2.37**	**$0.98**
Weighted Average Shares (MM)	93.0	96.5	95.4

Statement of Operations (Fair Value Basis)

Figure 24

TETRAGON FINANCIAL GROUP Fair Value Statement of Operations Through Q3 2014 - Q3 2016			
	YTD Q3 2016 $MM	YTD Q3 2015 $MM	YTD Q3 2014 $MM
Interest income	81.8	101.7	120.1
Fee income	2.2	32.4	51.9
Unrealised Polygon performance fees	-	-	4.1
Other income - cost recovery	0.1	9.9	17.1
Insurance Recovery	-	9.8	1.0
Dividend income	2.3	0.1	-
Investment income	**86.4**	**153.9**	**194.2**
Management and performance fees	(37.7)	(77.7)	(39.7)
Other operating and administrative expenses	(5.2)	(41.0)	(64.4)
Interest expense	(0.8)	-	-
Amortisation of intangible assets	-	(29.7)	(5.1)
Total operating expenses	**(43.7)**	**(148.4)**	**(109.2)**
Net Investment income	**42.7**	**5.5**	**85.0**
Net change in unrealised appreciation / (depreciation) in investments	29.8	169.4	(60.7)
Realised gain on investments	26.1	58.9	85.3
Realised and unrealised losses from hedging and fx	(2.3)	(5.9)	(8.8)
Net realised and unrealised gains from investments and fx	**53.6**	**222.4**	**15.8**
Net income before tax	**96.3**	**227.9**	**100.8**
Income tax	(1.5)	0.5	(6.9)
Net income	**94.8**	**228.4**	**93.9**

Performance Fee

A performance fee of $10.8 million was accrued in Q3 2016 in accordance with TFG's investment management agreement. The hurdle rate for the Q4 2016 incentive fee has been reset at 3.505748% (Q3 2016: 3.301208%) as per the process outlined in TFG's 2015 audited financial statements and in accordance with TFG's investment management agreement. Please see TFG's website, www.tetragoninv.com, and the 2015 TFG audited financial statements for more details on the calculation of this fee.

Balance Sheet (Fair Value Basis)

Figure 25

TETRAGON FINANCIAL GROUP Fair Value Balance Sheet as at 31 December 2014, 2015, and 30 September 2016			
	Q3 2016 $MM	2015 $MM	2014 $MM
Assets			
Investments	1,459.0	1,543.0	1,356.2
Intangible assets	-	-	29.7
Cash and cash equivalents	461.7	402.7	402.0
Amounts due from brokers	46.1	59.9	52.1
Derivative financial assets	33.0	19.4	19.2
Fixed Assets	-	-	0.1
Deferred tax asset and income tax receivable	-	-	10.0
Other receivables	33.4	3.1	33.4
Total assets	**2,033.3**	**2,028.1**	**1,902.7**
Liabilities			
Other payables and accrued expenses	40.9	36.0	54.5
Loans and Borrowings	38.0	-	-
Amounts payable on share options	-	-	12.3
Deferred tax liability and income tax payable	2.7	4.1	11.5
Derivative financial liabilities	5.4	0.7	5.9
Total liabilities	**87.0**	**40.8**	**84.2**
Net assets	**1,946.3**	**1,987.3**	**1,818.5**

See Appendix IV for the reconciliation between the U.S. GAAP consolidated balance sheet and the balance sheet prepared on a Fair Value basis.

Statement of Cash Flows (Fair Value Basis)[(i)]

Figure 26

TETRAGON FINANCIAL GROUP Fair Value Statement of Cash Flows Through Q3 2014 - Q3 2016			
	YTD Q3 2016 $MM	YTD Q3 2015 $MM	YTD Q3 2014 $MM
Operating Activities			
Operating cash flows after incentive fees and before movements in working capital	156.8	197.1	205.2
Purchase of fixed assets	-	(0.1)	(0.1)
Amounts due (to) / from broker	13.8	(13.7)	(12.6)
Decrease in net receivables	2.6	(20.4)	7.9
Cash flows from operating activities	**173.2**	**162.9**	**200.4**
Investment Activities			
Proceeds on sales of investments			
- Net proceeds from derivative financial instruments	11.1	4.4	-
- Proceeds from investments	6.9	68.0	14.6
- Proceeds from realisation of real estate investments	30.5	25.5	29.4
- Proceeds from GreenOak working capital repayment	-	6.4	2.6
Purchase of investments			
- Purchase of CLOs	(12.7)	(62.4)	(63.6)
- Purchase of loans	(8.3)	-	(1.4)
- Purchase of real estate investments	(30.8)	(67.9)	(68.5)
- Investments in asset managers	-	(133.1)	-
- Investments in Equity Funds	(7.0)	-	-
- Investments in Convertible Bond Fund	-	-	(15.0)
- Investments in Distressed Fund	-	(5.0)	(10.0)
- Investments in Other	(6.0)	(22.1)	(45.6)
Cash flows from operating and investing activities	**156.9**	**(16.8)**	**196.0**
Proceeds from issue of Shares	0.1	0.1	-
Net purchase of shares	(100.7)	-	(51.0)
Dividends paid to shareholders	(35.2)	(37.7)	(39.6)
Borrowings	38.0	-	-
Cash flows from financing activities	**(97.8)**	**(37.6)**	**(90.6)**
Net increase in cash and cash equivalents	59.0	(54.4)	105.4
Cash and cash equivalents at beginning of period	402.7	402.0	245.9
Effect of exchange rate fluctuations on cash and cash equivalents	-	0.4	(1.0)
Cash and cash equivalents at end of period	**461.7**	**340.4**	**350.3**

(i) The gross dividend payable to shareholders was $48.2 million (YTD Q3 2015: $46.1 million, YTD Q3 2014: $43.6 million) with a value equivalent to $13.0 million (YTD Q3 2015: $8.4 million, YTD Q3 2014: $4.0 million) elected to be taken by the dividend recipient in shares rather than cash, pursuant to the TFG Optional Stock Dividend Plan.

Fair Value Net Income to U.S. GAAP Reconciliation

Figure 27

Fair Value Net Income to U.S. GAAP Reconciliation	YTD Q3 2016 $MM
Fair Value Net Income	**94.8**
Fair Value Adjustments	6.8
Share-based compensation	(17.5)
U.S. GAAP net income	**84.1**

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

The reconciliation on the table above shows the adjustments required to get from this measure of earnings to U.S. GAAP net income.

1. Adjustment one takes into account a Fair Value adjustment of $6.8 million for Polygon, LCM, Hawke's Point and TCIP as if they were de-consolidated and held at Fair Value rather than consolidated as they currently are for U.S. GAAP purposes. Further details are provided in Appendix IV.

2. Adjustment two removes share-based compensation of $17.5 million as, under ASC 805, TFG is recognizing the value of the shares given in consideration for the Polygon transaction as compensation over the period in which they are vesting, as well as in relation to certain long-term compensation plans. This mechanism and the future vesting schedule for all share-based compensation related shares are described in more detail in the 2016 TFG unaudited interim financial statements. The long-term compensation plans are also detailed in Appendix VII.

Appendices

Appendices

APPENDIX I

Certain Regulatory Information

This Performance Report is made public by means of a press release, which contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation, and has been filed with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten). In addition, this report is also made available to the public by way of publication on the 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 contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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

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

APPENDIX II

Fair Value Determination of CLO Equity Investments

In accordance with the valuation policies set forth on TFG's website, the values of TFG's CLO equity investments are determined using a third-party cash flow modelling tool. The model contains certain assumption inputs that are reviewed and adjusted as appropriate to factor in how historic, current and potential market developments (examined through, for example, forward-looking observable data) might impact the performance of TFG's CLO equity investments. Since this involves modelling, among other things, forward projections over multiple years, this is not an exercise in recalibrating future assumptions to the latest quarter's historical data.

Subject to the foregoing, when determining the U.S. GAAP-compliant Fair Value of TFG's portfolio, the Company seeks to derive a value at which market participants could transact in an orderly market and also seeks to benchmark the model inputs and resulting outputs to observable market data when available and appropriate.

The below modelling assumptions are unchanged from last quarter.

Figure 28

U.S. CLOs Modelling Assumption

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

Figure 29

European CLOs Modelling Assumption

Variable	Year	Current Assumptions
CADR	**Until deal maturity**	1.0x WARF-implied default rate (2.1%)
Recovery Rate	**Until deal maturity**	67%
Prepayment Rate	**Until deal maturity**	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price	**Until deal maturity**	100%

Figure 30

Discount Rates

CLO Type	Q3 2016	Q4 2015
U.S. 1.0	12.0%	12.0%
European 1.0	13.0%	13.0%
U.S. 2.0 - seasoned	11.0%	11.0%
U.S. 2.0 - less than 12 months old	Deal IRR	Deal IRR

APPENDIX III

Fair Value Determination of TFG Asset Management

In accordance with the accounting guidance in the AICPA Audit and Accounting Guide (2015): Investment Companies (the "Guide"), as an Investment Company, TFG carries all of its investments at Fair Value. However, as outlined in section 7.10 of the Guide, operating entities should be consolidated where TFG (i) has an economic interest in excess of 50%; (ii) is deemed to have control over the significant operational and financial decisions of the entity; and (iii) where the purpose of the operating entity is to provide services to the Investment Company (i.e., TFG) rather than realise a gain on the sale of the investment. As at 30 September 2016, this consolidation exemption was applied to TFG's holdings in Polygon, LCM, Hawke's Point and TCIP (the "Consolidated Businesses") because these businesses were managing some of TFG's investment capital and thus could be deemed to be providing services to TFG. In contrast, Equitix is not managing TFG's capital so is not subject to point (iii) above, and GreenOak is minority-owned so is not subject to points (i) or (ii) above.

The resultant inconsistency of treatment under U.S. GAAP of the businesses in TFG Asset Management is potentially confusing to the reader of TFG's financial statements, particularly since the determination and articulation in Q3 2015 of the "IPO Strategy"[37] for TFG Asset Management, which confirmed that the primary commercial purpose for TFG Asset Management, including the Consolidated Businesses, is to be held as an investment for capital appreciation, in line with TFG's investment objective. Consequently, from Q3 2015, TFG has prepared and presented its non-GAAP financial metrics and performance information using a consistent Fair Value basis for all of TFG Asset Management. Some of the differences resulting from the presentation of non-GAAP metrics are reconciled in Appendix IV.

TFG's investments in the TFG Asset Management businesses are considered to be "Level 3" investments in the U.S. GAAP valuation hierarchy and the Audit Committee of TFG, comprising the Independent Directors, has engaged third-party valuation specialists to determine an indicative valuation for each of these businesses. These valuations have been adopted for the purposes of reporting the Fair Value impact in TFG's non-GAAP metrics as at 30 September 2016.

Figure 31 sets out the valuation approach utilised for each of the businesses as well as the range of market metrics utilised in determining Fair Value. Both management and performance fees (collectively, the "Fees") continue to be calculated based on the U.S. GAAP measure of Net Asset Value and thus the non-GAAP adjustments do not currently impact the Fees payable to the Investment Manager.

Figure 31

Valuation approach to TFG's investments in TFG Asset Management						
Investment	TFG holding	Fair Value ($MM)	Valuation approach	Ranges utilised		
				Discount Rate	Multiple	Value as % of AUM
Equitix	75% & Debt	165.2	Discounted cash flow analysis and cross-check to quoted market multiples. Debt at par + accrued interest	9.5% 15% Discount for Lack of Liquidity ("DLOL")	5.5 x - 6.5 x EBITDA DLOL built-in	N/A
GreenOak	23%	66.0	Quoted market multiples and cross-check using blended EBITDA and quoted market multiples	N/A	12.0 x Adjusted EBITDA	N/A
LCM	100%	104.0	Discounted cash flow analysis, cross checked to market multiples	10.5%-12.5% 15% Discount for Lack of Liquidity ("DLOL")	N/A	1.4% -1.9% DLOL built-in
Polygon	100%	60.9	Discounted cash flow analysis and cross-check to quoted market multiples	12.0-14.0% 20% DLOL	6.3 x - 7.1 x EBITDA DLOL built-in	3.3 x - 3.8 x DLOL built-in
Hawke's Point	100%	0.8	Replacement cost approach	N/A	N/A	N/A
TCIP	100%	1.3	Discounted cash flow analysis	11.5%-13.5% 15% Discount for Lack of Liquidity ("DLOL")	N/A	N/A

APPENDIX IV

Reconciliation Between U.S. GAAP and Fair Value Basis

This section describes how the non-GAAP Fair Value adjustments relating to LCM, Polygon, Hawke's Point and TCIP have been made to the U.S. GAAP financials to arrive at the Key Performance Metrics.

Figure 32 details the impact of such a change in accounting treatment for LCM, Polygon, Hawke's Point and TCIP in terms of carrying value and performance fees.

In arriving at the imputed performance fee, the change in NAV is adjusted by the full amortisation of the remaining base cost ($27.7 million) of the purchase of 25% of LCM in 2012. Previously, this was being amortised on a straight-line basis over 10 years, and each quarter an applicable adjustment is made to reduce the performance fees payable to the investment manager.

Figure 32

TFG Asset Management - Impact of Use of Fair Value Metrics on Consolidated Businesses			
	Fair Value 30 Sep 16 ($MM)	**U.S. GAAP Consolidated Value 30 Sep 16 ($MM)**	**Change ($MM)**
Polygon	60.9	20.9	40.0
LCM	104.0	-	104.0
Hawke's Point	0.8	-	0.8
TCIP	1.3	-	1.3
Net assets of consolidated businesses	-	16.5	(16.5)
Deferred tax liability re intangible assets	-	(5.2)	5.2
Fair Value impact gross of imputed performance fee	**167.0**	**32.2**	**134.8**
			$MM
Gross change in NAV for purposes of incentive fee calculation			134.8
Full amortisation of LCM base cost			(26.6)
NAV for purposes of incentive fee calculation			108.2
Imputed performance fee			27.1
Fair Value impact net of imputed performance fee			107.7

APPENDIX IV *(continued)*

Reconciliation Between U.S. GAAP and Fair Value Basis *(continued)*

Figure 33 shows a reconciliation between the Statement of Operations prepared on a full Fair Value basis and on a U.S. GAAP basis.

In addition to adding in the unrealised Fair Value as detailed in Figure 32, the reconciliation shows the removal of the operating P&L for YTD 2016, and the reversal of certain balance sheet items relating to Polygon, LCM, Hawke's Point or TCIP. Such items include the remaining intangible asset balance relating to Polygon's management contracts and a reversal of a deferred tax liability.

We adjust for change in notional performance fees as calculated in Figure 32.

In addition, as in prior periods, we back out share-based compensation of $17.5 million as, under ASC 805, TFG is recognising the value of the shares given in consideration for the Polygon transaction as compensation over the period in which they are vesting. This mechanism and the future vesting schedule for share-based compensation are described in more detail in the 2016 Interim Master Fund unaudited financial statements.

Figure 33

TETRAGON FINANCIAL GROUP Fair Value to U.S. GAAP Statement of Operations Reconciliation Through Q3 2016				
	Fair Value Net Income $MM	Fair Value Adjustments $MM	Share Based Compensation $MM	U.S. GAAP $MM
Interest income	81.8	-	-	81.8
Fee income	2.2	38.5	-	40.7
Other income - cost recovery	0.1	12.2	-	12.3
Dividend income	2.3	-	-	2.3
Investment income	**86.4**	**50.7**	**-**	**137.1**
Management and performance fees	(37.7)	(1.2)	-	(38.9)
Other operating and administrative expenses	(5.2)	(54.6)	(17.5)	(77.3)
Interest expense	(0.8)	-	-	(0.8)
Amortisation of intangible assets	-	(2.6)	-	(2.6)
Total operating expenses	**(43.7)**	**(58.4)**	**(17.5)**	**(119.6)**
Net Investment income	**42.7**	**(7.7)**	**(17.5)**	**17.5**
Net change in unrealised appreciation in investments	29.8	13.0	-	42.8
Realised gain on investments	26.1	-	-	26.1
Realised and unrealised losses from hedging and fx	(2.3)	-	-	(2.3)
Net realised and unrealised gains from investments and fx	**53.6**	**13.0**	**-**	**66.6**
Net income before tax	**96.3**	**5.3**	**(17.5)**	**84.1**
Income tax	(1.5)	1.5	-	-
Net income	**94.8**	**6.8**	**(17.5)**	**84.1**

APPENDIX IV *(continued)*

Reconciliation Between U.S. GAAP and Fair Value Basis *(continued)*

Figure 34 shows a reconciliation between the Balance Sheet prepared on a full Fair Value basis and on a U.S. GAAP basis.

In addition to adding in the unrealised Fair Value of $167.0 million as detailed in Figure 32, the reconciliation shows the removal of certain balance sheet items relating to Polygon, LCM, Hawke's Point and TCIP, including the value of Polygon's un-amortised management contracts ($20.9 million), cash of $36.8 million held in TFG Asset Management, a small amount of fixed assets, a deferred tax asset and receivables, which mainly relate to cost recoveries. On the liability side, we reverse certain accrued expenses including compensation and add back a notional performance fee of $27.1 million relating to the Fair Value adjustment as detailed in Figure 32.

Figure 34

TETRAGON FINANCIAL GROUP Fair Value to U.S. GAAP Balance Sheet Reconciliation as at 30 September 2016			
	Fair Value $MM	Fair Value Adjustments $MM	U.S. GAAP $MM
Assets			
Investments	1,459.0	(167.0)	1,292.1
Intangible assets	-	20.9	20.9
Cash and cash equivalents	461.7	36.8	498.5
Amounts due from brokers	46.1	-	46.1
Derivative financial assets	33.0	-	33.0
Fixed Assets	-	0.4	0.4
Deferred tax asset and income tax receivable	-	9.6	9.6
Other receivables	33.4	13.0	46.4
Total assets	**2,033.3**	**(86.3)**	**1,947.0**
Liabilities			
Other payables and accrued expenses	40.9	14.6	55.5
Loans and borrowings	38.0	-	38.0
Deferred tax liability and income tax payable	2.7	6.9	9.6
Derivative financial liabilities	5.4	-	5.4
Total liabilities	**87.0**	**21.5**	**108.5**
Net assets	**1,946.3**	**(107.7)**	**1,838.5**

(i) The U.S. GAAP net assets of Tetragon Financial Group Master Fund are $1,849.3 million, which are calculated by adding back the incentive fee of $10.8 million accrued at Tetragon Financial Group Limited to its U.S. GAAP net assets of $1,838.5 million.

APPENDIX V

Share Reconciliation and Shareholdings

Figure 35[38]

U.S. GAAP to Fully Diluted Shares Reconciliation	
	Q3 2016 Shares MM
Legal Shares Issued and Outstanding	**139.7**
Less: Shares Held in Subsidiary	(27.0)
Less: Shares Held in Treasury	(12.0)
Less: Total Escrow Shares [38.i]	(12.9)
U.S. GAAP Shares Outstanding	**87.8**
Add: Dilution for Share Options [38.ii]	1.7
Add: Certain Escrow Shares [38.iii]	6.9
Add: Dilution for equity-based awards [38.iv]	0.7
Fully Diluted Shares Outstanding	**97.1**

Shareholdings

Persons affiliated with TFG maintain significant interests in TFG shares. For example, as of 30 September 2016, the following persons own (directly or indirectly) interests in shares in TFG in the amounts set forth below:

Mr. Reade Griffith*	10,626,107
Mr. Paddy Dear*	3,541,730
Mr. David Wishnow	342,119
Mr. Jeff Herlyn	170,904
Mr. Rupert Dorey	142,262
Mr. Michael Rosenberg	172,981
Mr. Frederic Hervouet	27,883
Mr. William Rogers	1,000
Equity-based awards[39]	5,430,325

The amounts set forth above in regards to Messrs. Griffith and Dear include their interests with respect to the Escrow Shares. In addition to the foregoing, as of 30 September 2016, certain employees of subsidiaries of TFG and other affiliated persons own in the aggregate approximately 3.4 million shares, including interests with respect to the Escrow Shares, in each case, however, excluding any TFG shares held by the GreenOak principals or employees.

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

Certain of these persons may from time to time enter into purchases or sales trading plans (each a, "Fixed Trading Plan") providing for the sale of Vested Shares or the purchase of TFG shares in the market, or may otherwise sell their Vested Shares or purchase TFG shares, subject to applicable compliance policies. Applicable brokerage firms may be authorised to purchase or sell TFG shares under the relevant Fixed Trading Plan pursuant to certain irrevocable instructions. Each Fixed Trading Plan is intended to comply with Rule 10b5-1 under the United States Securities Exchange Act of 1934, as amended. Each Fixed Trading Plan has been or will be approved by TFG in accordance with its applicable compliance policies.

For additional information regarding the Polygon Transaction and the future vesting schedule for shares issued thereunder, see Note 22 to the 2015 Tetragon Financial Group Master Fund Limited audited financial statements.

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

Prior to publicly announcing their tender offer, TFG (through TFGMF) entered into an agreement to repurchase approximately 593,653 non-voting shares of TFG (plus scrip dividend shares payable in respect of the Q3 2016 dividend) held by Michael Humphries, a manager of certain Polygon funds, in connection with the winding up of a swap transaction between the Master Fund and Michael Humphries with respect to the relative values of TFG shares and interests in the Polygon funds following the acquisition of Polygon in 2012. The purchase price for these shares will be determined on the basis of the volume-weighted average price per share for the first 10 trading days in November 2016.

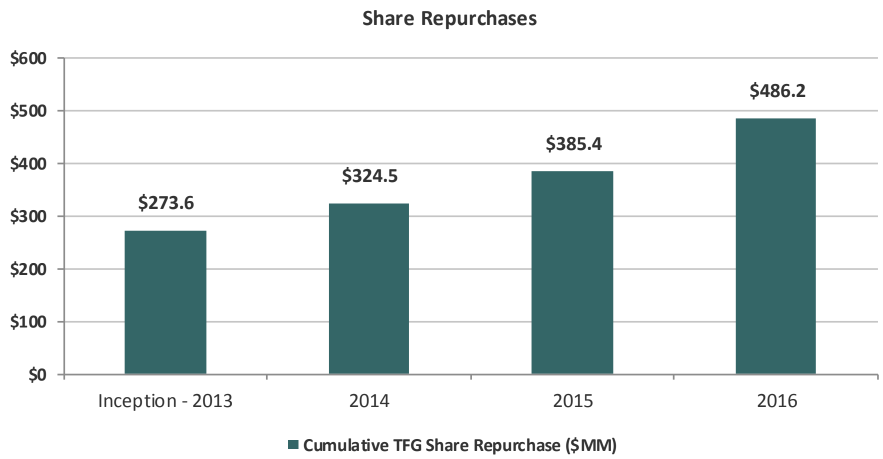
APPENDIX VI

Historical Share Repurchases

Figure 36

TFG Share Repurchase History				
Year	$MM	Cumulative $MM	No. of Shares (MM)	Cumulative No. of Shares (MM)
2007	$2.2	$2.2	0.3	0.3
2008	$12.4	$14.5	2.6	2.9
2009	$6.6	$21.2	2.4	5.3
2010	$25.5	$46.7	5.7	11.0
2011	$35.2	$81.9	5.1	16.1
2012	$175.6	$257.5	18.7	34.8
2013	$16.1	$273.6	1.4	36.2
2014	$50.9	$324.5	4.9	41.1
2015	$60.9	$385.4	6.0	47.1
2016	$100.7	$486.2	10.0	57.1
TOTAL	**$486.2**		**57.1**	

Figure 37



Share Repurchases:

The above graph shows historical share repurchases by TFG from inception to 30 September 2016.[40]

APPENDIX VII

Equity-Based Compensation Plans

In Q1 2016, TFG implemented an equity-based long-term incentive plan for certain senior employees of TFG Asset Management (excluding the principals of TFM).

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

Where grants under these equity-based incentive programs will only be settled through the issuance of shares rather than through cash, and in accordance with U.S. GAAP rules for share-based compensation, TFG has elected to account for equity-based plans under ASC 718 – Equity-based payments to employees – and is applying the straight-line method for expense recognition and for calculating the share dilution effect. This means that the total expense of the initial awards is determined at the award date, or at the date that the award becomes eligible to be settled only in shares (“Award Date”), by applying a reference share price on the Award Date to the shares awarded. Taking into account all equity-based awards granted to TFG Asset Management employees, including the Q1 2016 LTIP awards, approximately 5.1 million shares have been awarded at a weighted average reference share price of $8.76 per share, implying a total share-based compensation charge of approximately $45 million spread over a period of up to eight years, excluding employer-related taxes.

The dilutive effect of the equity-based compensation plans will be reflected increasingly in TFG’s fully diluted share count over the life of the plans. Such dilution will include, among other things and in addition to the award shares, any DRIP Shares and shares that will be required to cover employer taxes. At the end of Q3 2016, approximately 0.7 million shares were included in the fully diluted share count.

APPENDIX VIII

Additional CLO Portfolio Statistics

TFG CLO PORTFOLIO DETAILS AS OF 30 SEPTEMBER 2016

Figure 38

Transaction[i]	Deal Type	Status[ii]	Primary or Secondary Investment[iii]	Original Invest. Cost ($MM USD)[iv]	Deal Closing Date	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps)[v]	Original Cost of Funds (bps)[vi]	Current Cost of Funds (bps)[vii]	Current Jr-Most O/C Cushion[viii]	Jr-Most O/C Cushion at Close[ix]	Annualized (Loss) Gain of Cushion[x]	IRR[xi]	ITD Cash Received as % of Cost[xii]
Transaction 1	EUR CLO	Outstanding	Primary	37.5	2007	2024	2014	352	55	171	10.2%	3.9%	0.7%	-	53.2%
Transaction 2	EUR CLO	Outstanding	Primary	29.7	2006	2023	2013	368	52	123	8.4%	3.6%	0.5%	10.3%	143.7%
Transaction 5	EUR CLO	Outstanding	Primary	36.9	2007	2022	2014	405	60	72	5.9%	5.7%	0.0%	11.6%	140.5%
Transaction 8	EUR CLO	Wound Down	Primary	26.9	2005	2021	2011	NA	53	NA	NA	5.0%	NA	8.8%	158.2%
Transaction 10	EUR CLO	Outstanding	Primary	27.0	2006	2022	2012	365	50	165	19.0%	4.5%	1.4%	1.0%	60.8%
Transaction 86	EUR CLO	Outstanding	Secondary	3.6	2006	2022	2012	365	50	165	19.0%	3.1%	1.6%	9.0%	51.1%
EUR CLO Subtotal:				**161.6**				**373**	**54**	**132**	**10.6%**	**4.5%**	**0.6%**	**6.4%**	**108.5%**
Transaction 13	U.S. CLO	Outstanding	Primary	15.2	2006	2018	2012	311	47	96	19.1%	4.8%	1.4%	21.9%	242.5%
Transaction 14	U.S. CLO	Outstanding	Primary	26.0	2007	2021	2014	342	49	104	5.2%	5.6%	(0.0%)	19.2%	231.7%
Transaction 15	U.S. CLO	Outstanding	Primary	28.1	2007	2021	2014	377	52	80	5.5%	4.2%	0.1%	29.8%	307.4%
Transaction 16	U.S. CLO	Outstanding	Primary	23.5	2006	2020	2013	353	46	86	10.8%	4.4%	0.6%	21.1%	247.3%
Transaction 17	U.S. CLO	Sold	Primary	26.0	2007	2021	2014	NA	40	NA	NA	4.2%	NA	28.7%	395.7%
Transaction 22	U.S. CLO	Outstanding	Primary	37.4	2007	2021	2014	368	53	111	10.6%	5.0%	0.6%	21.9%	237.4%
Transaction 32	U.S. CLO	Outstanding	Primary	24.0	2007	2021	2014	316	59	87	6.1%	5.6%	0.1%	22.2%	243.2%
Transaction 34	U.S. CLO	Outstanding	Primary	22.2	2006	2020	2012	385	50	229	21.6%	6.7%	1.5%	18.6%	211.4%
Transaction 36	U.S. CLO	Outstanding	Primary	28.4	2007	2021	2013	314	46	109	5.3%	5.2%	0.0%	18.9%	204.5%
Transaction 47	U.S. CLO	Outstanding	Primary	28.3	2006	2021	2013	349	47	67	2.0%	4.3%	(0.2%)	22.7%	251.9%
Transaction 61	U.S. CLO	Outstanding	Primary	29.1	2007	2021	2014	350	45	71	4.5%	4.0%	0.0%	17.8%	201.7%
Transaction 63	U.S. CLO	Outstanding	Primary	27.3	2007	2021	2013	335	53	170	14.7%	4.8%	1.1%	19.3%	214.3%
Transaction 64	U.S. CLO	Outstanding	Primary	15.4	2007	2021	2013	342	38	76	NA	NA	NA	23.1%	258.5%
Transaction 66	U.S. CLO	Outstanding	Primary	21.3	2006	2020	2013	304	49	87	7.3%	4.0%	0.3%	22.9%	252.8%
Transaction 68	U.S. CLO	Outstanding	Primary	19.3	2006	2020	2013	308	48	58	10.3%	4.4%	0.6%	28.3%	311.1%
Transaction 69	U.S. CLO	Outstanding	Primary	28.2	2007	2019	2013	308	44	73	22.7%	5.6%	1.8%	27.0%	284.8%
Transaction 75	U.S. CLO	Outstanding	Primary	32.7	2011	2022	2014	406	168	223	12.2%	4.0%	1.6%	13.6%	89.5%
Transaction 77	U.S. CLO	Outstanding	Primary	14.5	2011	2023	2016	357	212	233	9.7%	5.0%	1.0%	12.8%	78.4%
Transaction 78	U.S. CLO	Outstanding	Primary	22.9	2012	2023	2015	362	217	178	6.1%	4.0%	0.4%	16.8%	107.1%
Transaction 79	U.S. CLO	Outstanding	Primary	19.4	2012	2022	2015	351	215	199	5.0%	4.0%	0.2%	7.9%	75.8%
Transaction 80	U.S. CLO	Outstanding	Primary	22.7	2012	2022	2016	361	185	192	3.7%	4.2%	(0.1%)	9.8%	80.7%
Transaction 81	U.S. CLO	Outstanding	Primary	21.7	2012	2024	2016	374	216	193	4.3%	4.0%	0.1%	7.7%	63.4%
Transaction 82	U.S. CLO	Outstanding	Primary	25.4	2012	2022	2016	369	206	173	3.0%	4.0%	(0.2%)	9.3%	65.2%
Transaction 83	U.S. CLO	Outstanding	Primary	20.8	2013	2025	2017	414	193	193	5.1%	6.2%	(0.3%)	13.0%	73.1%
Transaction 84	U.S. CLO	Outstanding	Primary	24.6	2013	2023	2017	367	183	184	3.3%	4.0%	(0.2%)	16.9%	84.9%
Transaction 85	U.S. CLO	Outstanding	Primary	1.0	2013	2025	2017	366	170	171	4.9%	5.0%	(0.0%)	10.5%	68.6%
Transaction 87	U.S. CLO	Outstanding	Primary	23.0	2013	2026	2018	375	199	199	3.2%	4.0%	(0.3%)	5.1%	51.4%
Transaction 88	U.S. CLO	Outstanding	Primary	30.1	2014	2024	2018	356	199	200	3.1%	4.0%	(0.3%)	11.2%	55.8%
Transaction 89	U.S. CLO	Outstanding	Primary	33.6	2014	2026	2018	374	195	195	3.2%	4.0%	(0.3%)	13.4%	52.9%
Transaction 90	U.S. CLO	Outstanding	Primary	20.7	2014	2026	2018	383	203	200	3.8%	4.0%	(0.1%)	12.9%	40.5%
Transaction 91	U.S. CLO	Outstanding	Primary	27.8	2015	2027	2019	381	215	212	3.2%	4.0%	(0.5%)	13.0%	32.9%
Transaction 92	U.S. CLO	Outstanding	Primary	34.6	2015	2027	2020	385	199	199	3.7%	4.0%	(0.2%)	14.8%	29.4%
Transaction 93	U.S. CLO	Outstanding	Secondary	6.1	2015	2027	2019	381	215	212	3.2%	3.6%	(0.2%)	14.5%	12.7%
Transaction 94	U.S. CLO	Outstanding	Secondary	6.6	2014	2026	2018	374	215	195	3.2%	3.3%	(0.0%)	12.8%	12.7%
US CLO Subtotal:				**787.8**				**358**	**123**	**150**	**7.3%**	**4.5%**	**0.3%**	**17.5%**	**159.9%**
Total CLO Portfolio:				**949.4**				**360**	**111**	**148**	**7.8%**	**4.5%**	**0.3%**	**15.6%**	**151.2%**

Notes

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

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

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

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

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

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

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

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

(ix) The junior-most O/C cushion at close is the excess (or deficit) of the junior-most O/C test ratio over the test requirement that was expected on each deal's closing date (or date of purchase, if later). Please note that two of 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.

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

(xi) Calculated from TFG's investment date. For outstanding investments, includes both historical cash flows received to-date and prospective cash flows expected to be received, based on TFG's base case modelling assumptions. Refer to www.tetragoninv.com for more information on TFG's modelling assumptions and methodology. For all other investments, includes only historical realised cash flows received to-date.

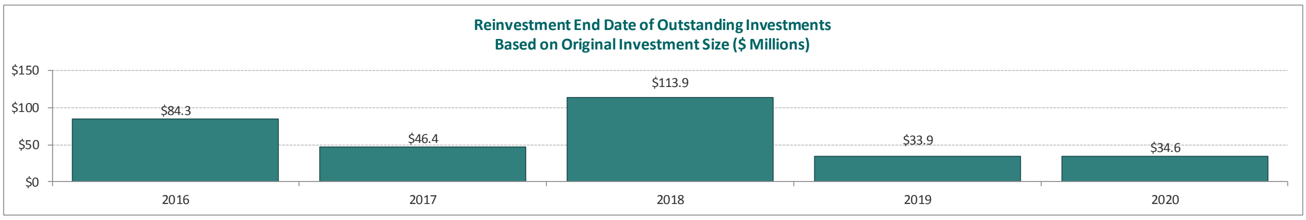
(xii) Inception to report date cash flow received on each transaction as a percentage of its original cost.

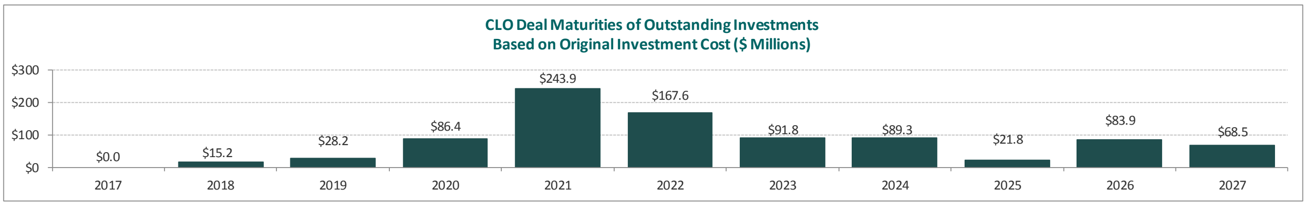
APPENDIX VIII

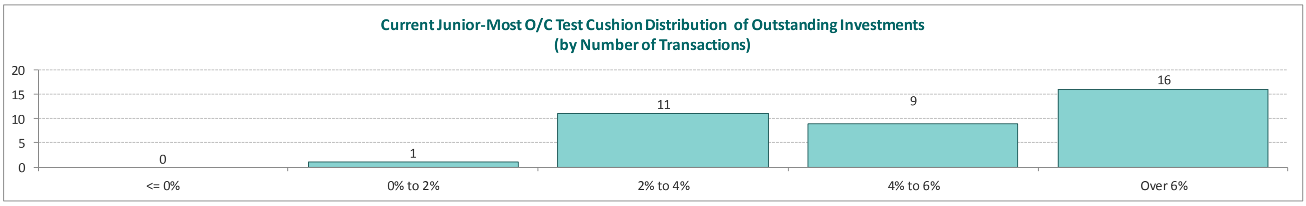
Additional CLO Portfolio Statistics *(continued)*

TFG CLO PORTFOLIO DETAILS AS OF 30 SEPTEMBER 2016 *(continued)*

Figure 39







APPENDIX IX

Board of Directors

The Board of Directors currently comprises six directors, of which four are Independent Directors.

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

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

David Jeffreys is a member of the TFG Board of Directors and Audit Committee. Mr. Jeffreys provides directorship services to a small number of fund groups. From 1995 until 2010 Mr. Jeffreys worked with EQT, a Scandinavian based private equity group, acting as a director of each of its Fund general partners and, from 2006, establishing and serving as Managing Director of EQT Funds Management Limited, its Guernsey based management and administration office. Between 1993 and June 2004, Mr. Jeffreys was managing director of Abacus Fund Managers (Guernsey) Limited, where he was involved with private client trust arrangements, corporate administration, pension schemes and fund administration. He was a board member of Abacus' principal administration operating companies and served on the boards of various administrated client companies. Previously, Mr. Jeffreys worked as an auditor and accountant for 12 years with Coopers & Lybrand (and its predecessor firms). He has an undergraduate degree in Economics and Accounting from the University of Bristol and is a fellow of the Institute of Chartered Accountants in England and Wales. Mr. Jeffreys is based in Guernsey.

William P. Rogers, Jr. is a member of the TFG Board of Directors and Audit Committee. Mr. Rogers retired from the Corporate Department of Cravath, Swaine & Moore LLP in December 2015 after 36 years at the firm. His practice encompassed the representation of both corporate and financial institution clients in a wide variety of matters, including international securities offerings, corporate governance and SEC compliance matters, mergers and acquisitions, and derivative financial products. He was repeatedly cited as one of the United States' leading practitioners in capital markets by, among others, Chambers USA: America's Leading Lawyers for Business; Chambers Global: The World's Leading Lawyers for Business; The Legal 500; and IFLR1000. Mr. Rogers regularly advised a wide variety of clients, including Royal Dutch Shell plc, Bacardi Limited, Time Warner Inc., Northrop Grumman Corporation, CBS Corporation, INEOS Group Limited, Tetragon Financial Group Limited, Costamare Inc., priceline.com Incorporated, FactSet Research Systems Inc., Morgan Stanley, Citigroup, GasLog Ltd. and Goldman Sachs. He also regularly advised corporate clients on derivatives matters, including the implications of the new Dodd‑Frank swaps regulation. He was involved in the formation of the International Swaps and Derivatives Association (ISDA) and, prior to his move to London, regularly represented ISDA on legislative, regulatory and documentation matters. Mr. Rogers was born in Bronxville, New York. He received a B.A. from Union College in 1972 and a J.D. from Case Western Reserve School of Law in 1978. From 1998 to 2001, he served as the Managing Partner of Cravath's Corporate Department and, from 2001 to 2007, headed the firm's London office. Mr. Rogers is based in New York.

Reade Griffith co-founded Polygon in 2002 and TFM, the investment manager of TFG, in 2005. He is a Principal of TFM, a member of the TFG Board of Directors, the Head of TFM's Investment & Risk Committee, a member of TFM's Executive Committee, the CIO of Polygon's European Event Driven Equities strategy, a member of the Investment & Management Committee of TCIP and Tetragon Credit Income II L.P. He was previously the founder and chief executive officer of the European office of Citadel Investment Group, a multi-strategy hedge fund that he joined in 1998. He was a partner and senior managing director responsible for running the Global Event Driven arbitrage team in Tokyo, London and Chicago for the firm. He was previously with Baker, Nye, where he was an analyst working on an arbitrage and special situations portfolio. Mr. Griffith holds a JD degree from Harvard Law School and an undergraduate degree in Economics from Harvard College. He also served as an officer in the U.S. Marine Corps and left as a Captain following the 1991 Gulf War. Mr. Griffith is based in London.

Paddy Dear co-founded Polygon in 2002 and TFM, the investment manager of TFG, in 2005. He is a Principal of TFM, a member of the TFG Board of Directors, the Co-Head of TFG Asset Management, a member of TFM's Investment & Risk Committee, a member of TFM's Executive Committee, a member of the Investment & Management Committee of TCIP and Tetragon Credit Income II L.P. Mr. Dear was previously a Managing Director and the Global Head of Hedge Fund Coverage for UBS Warburg Equities. Prior to this, he was co-head of European sales trading, execution, arbitrage sales and flow derivatives. He had been with UBS since 1988, including six years in New York. Mr. Dear was in equity sales at Prudential Bache before joining UBS and started his career as a petroleum engineer with Marathon Oil Co. Mr. Dear holds a BSc degree in Petroleum Engineering from Imperial College in London. Mr. Dear is based in London.

Further Shareholder Information

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United States of America

General Partner of Investment Manager
Tetragon Financial Management GP LLC
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Glategny Court
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Sub-Registrar and CREST Transfer Agent
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Legal Advisor (as to Dutch law)
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The Netherlands

Stock Listing
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London Stock Exchange (Specialist Fund Segment)

Administrator and Registrar
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Statement Regarding Non-Mainstream Pooled Investments (NMPI)

TFG notes the UK Financial Conduct Authority ("FCA") rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (referred to as "non-mainstream pooled investments"), which came into effect on 1 January 2014.

TFG has received appropriate legal advice that confirms that TFG's shares do not constitute NMPI under the FCA's rules and are, therefore, excluded from the FCA's restrictions that apply to non-mainstream pooled investment products.

TFG expects that it will continue to conduct its affairs in such a manner that TFG's shares will continue to be excluded from the FCA's rules relating to NMPI.

ENDNOTES

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

TFG: Delivering Results Since 2005

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

(ii) TFG seeks to deliver 10-15% Fair Value Return on Equity ("RoE") per annum to shareholders. 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.

(iii) RoE is calculated from TFG's IPO in 2007. 2015 RoE includes a fair value adjustment for certain TFG Asset Management businesses, the value of which has accumulated over several years. Consequently the full year return of 14.5% is not prepared on a like for like basis with prior years. Like for like performance for 2015 was 8.2%. Please see Appendix III and Appendix IV for a definition of Fair Value RoE and Appendix IV for other details.

(iv) Annualised total shareholder return to 30 September 2016, defined as share price appreciation including dividends reinvested, for the last year, the last three years, the last five years, and since TFG's initial public offering in April 2007, and annualised Fair Value NAV Per Share Total Return ("NAV Total Return") to 30 September 2016, for the last year, the last three years, the last five years, and since TFG's initial public offering in April 2007 as sourced from Bloomberg. NAV Total Return is determined in accordance with the "NAV total return performance" calculation as set forth on the Association of Investment Companies ("AIC") website. TFG's NAV Total Return is determined for any period by calculating, as a percentage return on the Fully Diluted Fair Value NAV per Share ("NAV Per Share") at the start of such period, (i) the change in NAV Per Share over such period, plus (ii) the aggregate amount of any dividends per share paid during such period, with any dividend deemed reinvested at the NAV Per Share at the month end date closest to the applicable ex-dividend date (i.e., so that the amount of any dividend is increased or decreased by the same percentage increase or decrease in NAV Per Share from such ex-dividend date through to the end of the applicable period).

(v) Fair Value EPS ("EPS") divided by Dividends per Share at 30 September 2016.

(vi) As an "investment company" under U.S. GAAP, the vast majority of TFG's investments are held at fair value, while certain TFG Asset Management businesses are consolidated if they are deemed to be "service providers" to TFG. For the quarter ending 30 September 2015, TFG began reporting its key performance metrics on a fair value basis that adjusts U.S. GAAP metrics to include the fair value of the TFG Asset Management businesses that are currently consolidated under U.S. GAAP. The fair values used are as determined by TFG's Audit Committee based on information provided by an independent valuation specialist, prepared in accordance with ASC 820. The consistent use of fair value across all investments is referred to in this report as "Fair Value". Fair Value Key Metrics such as Fair Value NAV Per Share Total Return, Fair Value RoE and Fair Value NAV are calculated in a way that reflects the incentive fees that would otherwise have arisen if these Fair Values were actually reflected in the U.S. GAAP investment company accounting for TFG's financial statements and used as the basis for the calculation of fees. Please refer to Appendices III and IV for further details. During the third quarter of 2016, TFG determined, in consultation with its auditors and non-audit accounting advisors, that, based on the relative growth of its investments in TFG Asset Management businesses, TFG may be unable to continue satisfying the requirements for "investment company" reporting under U.S. GAAP for future reporting periods (including, potentially, with respect to the current reporting year) which would result in significantly more investments being consolidated under U.S. GAAP and, over time, a greater disparity between the U.S. GAAP and Fair Value performance metrics. However, TFG has further determined, in consultation with its auditors and non-audit accounting advisors, that TFG would satisfy the requirements for "investment entity" reporting under the International Financial Reporting Standards ("IFRS"), a change to which would result in all, or substantially all, of TFG's investments being held at fair value, such that the disparity between IFRS and Fair Value performance metrics would be significantly less than the expected disparity between U.S. GAAP and Fair Value performance metrics for future periods. As such, TFG is actively considering a potential change in its accounting principles from U.S. GAAP to IFRS, with any such change being initially reflected in our annual report for 2016 and requiring the restatement of certain reports for prior periods to IFRS. Any change in accounting principles could result in differences in the presentation and basis of reporting between TFG's reporting for future periods under IFRS and its reporting for prior periods under U.S. GAAP, limiting the comparability of reports for these periods, and may also result in the accrual and payment of the incentive fees described above that are included in the calculations of the Fair Value Key Metrics, but have not yet arisen under the current U.S. GAAP investment company accounting for TFG's financial statements. TFG's assessment of this potential change in accounting principles is ongoing and there can be no assurance as to what, if any, change will ultimately be made.

(vii) NAV Per Share based on TFG's financial statements as of 30 September 2016. Please note that the reported NAV Per Share excludes any shares held in treasury or in a subsidiary as of that date, but includes shares held in escrow which are expected to be released and incorporated into the U.S. GAAP NAV per Share over a five-year period and the number of shares corresponding to the applicable intrinsic value of the options issued to the Investment Manager at the time of the Company's IPO. Please see Figure 22 for more details.

(viii) Partner & Employee shareholdings at 30 September 2016, including all deferred compensation arrangements. Please refer to the 2015 Audited Tetragon Financial Group Master Fund Limited financial statements for more details of these arrangements.

Executive Summary

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

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

(4) Please see Note (1)(ii).

(5) Fair Value NAV Per Share Total Return ("NAV Total Return") to 30 September 2016, for the last year, the last three years, the last five years, and since TFG's initial public offering in April 2007 as sourced from Bloomberg. NAV Total Return is determined in accordance with the "NAV total return performance" calculation as set forth on the Association of Investment Companies ("AIC") website. TFG's NAV Total Return is determined for any period by calculating, as a percentage return on the Fully Diluted Fair Value NAV per Share ("NAV Per Share") at the start of such period, (i) the change in NAV Per Share over such period, plus (ii) the aggregate amount of any dividends per share paid during such period, with any dividend deemed reinvested at the NAV Per Share at the month end date closest to the applicable ex-dividend date (i.e., so that the amount of any dividend is increased or decreased by the same percentage increase or decrease in NAV Per Share from such ex-dividend date through to the end of the applicable period).

(6) Please refer to Financial Highlights on page 27 of this report for the definition of Fair Value Net Income.

(7) Founded in 1932, the AIC represents approximately 350 members across a broad range of closed-ended investment companies, incorporating investment trusts and other closed ended investment companies. TFG is classified by the AIC in its Flexible Investment sector as a company whose policy allows it to invest in a range of asset types. The AIC has indicated that the sector may assist investors and advisers to more easily find and compare those investment companies that have the ability to invest in a range of assets and allow investors to compare investment companies with similar open-ended funds.

The AIC has a Code of Corporate Governance (AIC Code) which sets out a framework of best practice in respect of the governance of investment companies. The Board of Directors of TFG considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Corporate Governance Guide for Investment Companies (which incorporates the UK Corporate Governance Code), will provide better information to shareholders. Please visit the TFG website at http://www.tetragoninv.com/site-services/aic/aic-code for further information.

(8) Edison is an international equity research and investor access firm with a team of over 110 analysts, investment and roadshow professionals and works with both large and smaller capitalised companies, blue chip institutional investors, wealth managers, private equity and corporate finance houses to support their capital markets activity. Edison provides services to more than 400 retained corporate and investor clients from offices in London, New York, Frankfurt, Sydney and Wellington. For further information, please visit: www.edisoninvestmentresearch.com. Edison is authorised and regulated by the Financial Conduct Authority.

(9) TFG received a five-star Morningstar Rating™ as of 30 September 2016. The Morningstar Rating™ is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision.

As of 30 September 2016, TFG has an overall five-star Morningstar Rating™, as well as five stars over both three and five years.

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

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

Further information is available on Morningstar's website at www.morningstar.co.uk. ©2016 Morningstar UK Limited. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar Rating, including its methodology, please go to http://corporate.morningstar.com/US/documents/MethodologyDocuments/ MethodologyPapers/ MorningstarFundRating_Methodology.pdf.

(10) (i) Please see Note 5.

(ii) MSCI ACWI refers to the MSCI All Countries World Index, which is managed by MSCI Inc. It is a global equity index consisting of developed and emerging market countries. Any indices and other financial benchmarks are provided for illustrative purposes only. Comparisons to indices have limitations because, for example, indices have volatility and other material characteristics that may differ from the fund. Any index information contained herein is included to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices, and is not intended to imply that the portfolio or investment was similar to any particular index either in composition or element of risk. The indices shown here have not been selected to represent appropriate benchmarks to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the fund's holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. Further information on the composition and calculation of the MSCI ACWI is available at www.msci.com. The data depicted here are sourced from Bloomberg using Bloomberg's "Custom Total Return Holding Period" function.

(iii) Cumulative return determined on a quarterly compounding basis using the actual TFG quarterly incentive fee LIBOR based hurdle rate. In the period from IPO to June 2008 this was 8%; thereafter, the hurdle has been determined using the 3 month USD LIBOR rate on the first day of each calendar quarter plus a spread of 2.647858%.

TFG Overview

(11) Euronext in Amsterdam is a regulated market of Euronext Amsterdam N.V. ("Euronext Amsterdam"). As is the case for Euronext Amsterdam, the SFS is a regulated market for the purposes of the Markets in Financial Instruments Directive.

(12) Includes GreenOak funds and advisory assets, LCM, Polygon Recovery Fund LP, Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund, Polygon Distressed Opportunities Master Fund, Equitix, TCI II, and TCICM as calculated by the applicable administrator for value date 30 September 2016. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited and TCI II (in the case of LCM and TCICM). TFG Asset Management AUM as used in this report includes the assets under management of several investment advisers, including Tetragon Asset Management L.P., and GreenOak, each of which is an investment manager registered under the U.S. Investment Advisers Act of 1940. Figures for GreenOak and TCI II may also include committed capital. TCICM utilises the investment expertise of certain third-party sub-advisors to assist in the management of its CLOs. Such sub-advisors will typically earn a substantial portion of the management fees from the CLOs.

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

(14) GreenOak Real Estate, LP, is referred to in this report as "GreenOak". TFG owns a 23% interest in GreenOak.

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

(16) Equitix Holdings Limited, referred to in this report as "Equitix".

(17) Hawke's Point, a mining finance company that is part of TFG Asset Management, referred to in this report as "Hawke's Point".

(18) Tetragon Credit Income Partners, referred to in this report as "TCIP".

(19) TCI Capital Management LLC, referred to in this report as "TCICM".

(20) Please see Note 12.

Key Metrics

(21) TFG's Key Metrics were modified, effective from Q3 2015, to incorporate the value that is being created in TFG Asset Management on a consistent Fair Value basis using valuations provided by an independent valuation specialist reporting to the Audit Committee. The resulting Fair Value metrics are described in this section and further detail on the drivers for each of the Fair Value metrics is discussed in the following sections of the report.

(22) Please see Note (1)(ii).

(23) Please refer to Financial Highlights on page 27 of this report for the definition of Fair Value Net Income.

(24) Please refer to Financial Highlights on page 27 of this report for the definition of Fair Value EPS.

(25) In Q1 2015, there were strong contributions from Other Equities, U.S. CLO 1.0 transactions and Real Estate. Please refer to the Q1 2015 report for more details.

(26) TFG amended the terms of its Optional Stock Dividend Plan and Director Share Issue Program to permit TFG to satisfy its obligations thereunder by transferring non-voting shares of TFG that are being held by TFG as treasury shares.

Q3 2016 in Review

(27) Based on the most recent trustee reports available as of 30 September 2016.

(28) Based on the most recent trustee reports available as of 30 September 2016.

(29) Based on the most recent trustee reports available as of 30 September 2016.

(30) In order to manage its balance sheet more efficiently whilst also hopefully allowing for opportunistic investments during times of market dislocation, TFG has obtained an unsecured Revolving Credit Facility. Its stated maturity date of 1 April 2019 will automatically be extended by six months on 1 April and 1 October in each year unless a lender (with respect to its commitment and loans) has provided prior written notice withholding consent to such an extension. The Revolving Credit Facility is subject to a minimum usage fee of 4% per annum on any amount by which 25% of the maximum facility amount exceeds the aggregate outstanding borrowings. In addition, there is a non-usage fee of 1% which is applied to the undrawn amount of the facility, excluding the amount which is subject to the minimum usage fee. Any drawn portion will incur interest at a rate of 1-month U.S. LIBOR plus a spread of 4%.

(31) Please see Note 12.

(32) Please see Note 12.

(33) Please see Note 12.

(34) Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in a broad-based securities index. Past performance or experience (actual or simulated) does not necessarily give a guide for the future and no representation is being made that the funds listed will or are likely to achieve profits or losses similar to those shown. Any indices and other financial benchmarks are provided for illustrative purposes only. Comparisons to indices have limitations because, for example, indices have volatility and other material characteristics that may differ from the funds. Any index information contained herein is included to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices, and is not intended to imply that the portfolio or investment was similar to any particular index either in composition or element of risk. The indices shown here have not been selected to represent appropriate benchmarks to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the fund's holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. The HFRX RV: FI-Convertible Arbitrage Index (Bloomberg Code: HFRXCA), the HFRI RV: FI-Convertible Arbitrage Index (Bloomberg Code: HFRICAI), the HFRX ED: Event Driven Index (Bloomberg Code: HFRXED), the HFRI ED: Event Driven Index (Bloomberg Code: HFRIEDI), the HFRX DS: Distressed Restructuring Index (Bloomberg Code: HFRXDS) and the HFRI DS: Distressed Restructuring Index (Bloomberg Code: HFRIDSI) are compiled by HFR Hedge Fund Research Inc. Further information relating to index constituents and calculation methodology can be found at www.hedgefundresearch.com. The Market Vectors Junior Gold Miners Index (Bloomberg Code: GDXJ) is compiled by Market Vectors Index Solutions, a subsidiary of Van Eck. Further information relating to index constituents and calculation methodology can be found at www.marketvectorsindices.com.

(35) (i) The Polygon Convertible Opportunity 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). From April 2010, forward, the reported returns reflect actual Class A share performance on the terms set forth in the Offering Memorandum. The return and AUM figures shown are final values as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the Fund reflects the actual net performance of the fund net of management and performance fees, as well as any commissions and direct expenses incurred by the fund, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown. (i) The fund began trading with Class B shares, which carry no incentive fees, on 20 May 2009.

(ii) The Polygon European Equity Opportunity Fund began trading 8 July 2009 with Class B shares, which carry no incentive fee. Class A shares commenced trading on 1 December 2009. Returns from inception through November 2009 for Class A shares have been pro forma adjusted to match the fund's Class A share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee and other items, in each case, as set forth in the offering Memorandum). From December 2009 to February 2011, reported performance reflects actual Class A share performance on the terms set forth in the Offering Memorandum. From March 2011, forward, the table reflects actual Class A1 share performance on the terms set forth in the Offering Memorandum. Class A1 share performance is equivalent to Class A share performance for prior periods. The return and AUM figures shown are final values as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the Fund reflects the actual net performance of the fund net of management and performance fees, as well as any commissions and direct expenses incurred by the fund, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown.

(iii) The Polygon Mining Opportunity Fund began trading with Class B1 shares, which carry no incentive fees, on 1 June 2012. Returns shown here 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, reported performance reflects actual Class A1 share performance on the terms set forth in the Offering Memorandum. The return and AUM figures are final values as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the fund reflects the actual net performance of the fund net of management and performance fees, as well as any commissions and direct expenses incurred by the fund, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown.

(iv) The Polygon Distressed Opportunities Fund began trading on 2 September 2013. Returns shown are for offshore Class A shares, reflecting the terms set forth in the Offering Memorandum (2.0% management fee, 20% incentive fee and other items, in each case). The return and AUM figures are final values as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the fund reflects the actual net performance of the fund net of management and performance fees, as well as any commissions and direct expenses incurred by the fund, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown.

(v) The Polygon Global Equities Fund began trading with Class B/B1 shares, which carry no incentive fees, on 12 September 2011. Returns shown from inception through August 2013 have been pro forma adjusted to account for a 2.0% management fee and a 20% incentive fee, in each case, as to be set forth in further definitive documents. The fund began trading Class A shares, which are not new issue eligible, on 23 September 2011. Class A1 shares of the Fund, which are new issue eligible, were first issued on 1 November 2013, and returns from inception through October 2013 have been pro forma adjusted to match the fund's Class A1 performance. AUM figure and net performance is as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the fund reflects the actual net performance of the fund net of management and performance fees, as well as any commissions and direct expenses incurred by the fund, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown.

(vi) The Private Equity Vehicle noted is the Polygon Recovery Fund L.P. ("PRF"). The manager of the PRF is a subsidiary of TFG. The management fees earned in respect of PRF are included in the TFG Asset Management business segment described herein. PRF is a limited-life vehicle seeking to dispose of its portfolio securities prior to the expiration of its term. PRF's term was extended to March 2018 with a potential further one year extension thereafter. Individual investor performance will vary based on their high water mark. Currently the majority of Class C share class investors have not reached their high water mark, so their performance is the same as their gross performance. AUM figure and net performance is for PRF as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the fund reflects the actual net performance of the fund net of management and performance fees, as well as any commissions and direct expenses incurred by the fund, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown.

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

Appendix III

(37) TFM has determined that it will continue to grow TFG Asset Management, as TFG's diversified alternative asset management business, with a view to a planned initial public offering and listing of shares of TFG Asset Management in the next three to five years (referred to as the "IPO Strategy").

Appendix V

(38) (i) The Total Escrow Shares of 12.9 million consists of 6.9 million shares which have been used as consideration for the acquisition of Polygon and applicable stock dividends relating thereto, as well as 6.0 million shares held in a separate escrow account in relation to equity-based compensation.

(ii) This comprises: a) 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. At the reporting date, this was 0.7 million shares. 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. b) The number of shares corresponding to the applicable intrinsic value of the remaining unexercised options issued to the GreenOak Founders in relation to the acquisition of a 10% stake in GreenOak in September 2010. At the reporting date, this was 0.9 million. The intrinsic value of the GreenOak share options is calculated as the excess of (x) the closing price of the shares as of the final trading day in the relevant period over (y) $5.50 (being the exercise price per share) times (z) 1,954,120 (being a number of shares subject to the options.

(iii) Certain Escrow Shares (6.9 million), 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 two years.

(iv) Dilution in relation to equity-based awards by TFG Asset Management for certain senior employees. At the reporting date, this was 0.7 million. The basis and pace of recognition is expected to match the rate at which service is being provided to TFG Asset Management in relation to these shares. See Appendix VII for more details.

(39) Equity-based awards are intended to give certain senior employees of TFG Asset Management long-term exposure to TFG stock (with vesting subject to forfeiture and certain restrictions). See Appendix VII for further details.

Appendix VI

(40) TFG has and may also continue to engage in share repurchases in the market from time to time. Such purchases may at appropriate price levels below NAV represent an attractive use of TFG's excess cash and an efficient means to return cash to shareholders. Any decision to engage in share repurchases will be made by the Investment Manager, upon consideration of relevant factors, and will be subject to, among other things, applicable law and profits at the time. The Company also continues to explore other methods of improving the liquidity of its shares.

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

This release does not contain or constitute an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction. The securities of TFG have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to US 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 US 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 Financial Markets Supervision Act as a collective investment scheme from a designated country.

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP LIMITED

FOR THE PERIOD ENDED 30 SEPTEMBER 2016 AND FOR THE PERIOD ENDED 30 SEPTEMBER 2015

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED CONSOLIDATED QUARTERLY REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016 AND FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

As at 30 September 2016 (unaudited)

	30 Sep 2016 US$ MM	31 Dec 2015 US$ MM
Assets		
Investment in Master Fund*	1,849.3	1,877.4
Total assets	1,849.3	1,877.4
Liabilities		
Accrued incentive fee	10.8	4.7
Total liabilities	10.8	4.7
Net assets	1,838.5	1,872.7
Equity		
Share capital	0.1	0.1
Share premium	840.7	921.9
Capital reserve in respect of share options	19.9	28.1
Share based compensation reserve	37.2	19.6
Retained earnings	940.6	903.0
	1,838.5	1,872.7
Shares outstanding	**Millions**	**Millions**
Shares	87.8	95.9
Net Asset Value per share	US$ 20.93	US$ 19.54

* Tetragon Financial Group Master Fund Limited

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

For the period ended 30 September 2016 and for the period ended 30 September 2015 (unaudited)

	Quarter ended 30 Sep 2016 US$ MM	Quarter ended 30 Sep 2015 US$ MM	9 Months ended 30 Sep 2016 US$ MM	9 Months ended 30 Sep 2015 US$ MM
Investment income allocated from the Master Fund				
Interest income	26.3	40.1	81.8	101.7
Fee income	13.2	15.2	40.7	45.9
Other income – cost recovery	4.0	5.0	12.3	14.9
Dividend income	0.1	-	2.3	0.1
Total investment income allocated from the Master Fund	43.6	60.3	137.1	162.6
Direct expenses				
Incentive fee	(10.8)	(4.9)	(18.0)	(31.1)
Total direct expenses	(10.8)	(4.9)	(18.0)	(31.1)
Operating expenses allocated from the Master Fund				
Management fees	(6.8)	(7.1)	(20.9)	(21.1)
Employee costs	(13.7)	(11.8)	(39.8)	(36.4)
Share based compensation	(6.0)	(5.8)	(17.5)	(17.3)
Legal and professional fees	(1.1)	(1.8)	(4.7)	4.4
Audit fees	(0.1)	(0.1)	(0.3)	(0.3)
Amortization of intangible assets	(0.9)	(1.7)	(2.6)	(5.1)
Other operating and administrative expenses	(4.4)	(5.1)	(15.0)	(15.5)
Interest expense	(0.5)	-	(0.8)	-
Total operating expenses allocated from the Master Fund	(33.5)	(33.4)	(101.6)	(91.3)
Total operating expenses	(44.4)	(38.3)	(119.6)	(122.4)
Net investment income	(0.8)	22.0	17.5	40.2
Increase in unrealized depreciation on:				
Share options	-	(1.1)	-	(3.9)
Increase in unrealized depreciation arising from direct operations	-	(1.1)	-	(3.9)

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
For the period ended 30 September 2016 and for the period ended 30 September 2015 (unaudited)

	Quarter ended 30 Sep 2016 US$ MM	Quarter ended 30 Sep 2015 US$ MM	9 Months ended 30 Sep 2016 US$ MM	9 Months ended 30 Sep 2015 US$ MM
Net realized and unrealized gain / (loss) from investments and foreign currency allocated from the Master Fund				
Net realized gain / (loss) from:				
Investments	44.6	13.1	15.3	54.4
Derivative financial instruments	7.6	(2.2)	10.7	1.4
Foreign currency transactions	(0.6)	(3.7)	2.7	8.4
	51.6	7.2	28.7	64.2
Net (decrease) / increase in unrealized (depreciation) / appreciation on:				
Investments	(8.9)	(29.1)	43.7	11.3
Derivative financial instruments	3.8	17.4	8.5	3.9
Translation of assets and liabilities in foreign currencies	(3.0)	(7.9)	(14.3)	(5.2)
	(8.1)	(19.6)	37.9	10.0
Net realized and unrealized gain from investments and foreign currencies allocated from the Master Fund	43.5	(12.4)	66.6	74.2
Net increase from operations before tax	42.7	8.5	84.1	110.5
Income and deferred tax expense	(0.3)	(0.9)	-	(7.2)
Net income	42.4	7.6	84.1	103.3
Earnings per Share				
Basic	US$ 0.48	US$ 0.08	US$ 0.90	US$ 1.07
Diluted	US$ 0.44	US$ 0.06	US$ 0.82	US$ 0.95
Weighted average Shares outstanding	**Millions**	**Millions**	**Millions**	**Millions**
Basic	87.6	96.9	93.0	96.5
Diluted	96.9	109.5	102.3	109.1

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the period ended 30 September 2016 and for the period ended 30 September 2015 (unaudited)

	9 Months ended 30 Sep 2016 US$ MM	9 Months ended 30 Sep 2015 US$ MM
Total investment income	137.1	162.6
Total operating expenses	(119.6)	(122.4)
Net unrealized depreciation on share options	-	(3.9)
Net realized gain from investments and foreign currencies allocated from the Master Fund	28.7	64.2
Net unrealized gain from investments and foreign currencies allocated from the Master Fund	37.9	10.0
Income and deferred tax expense	-	(7.2)
Net income	84.1	103.3
Share based compensation	17.5	17.3
Net increase in net assets resulting from operations	101.6	120.6
Dividends paid to shareholders	(35.2)	(37.8)
Issue of shares	0.1	0.1
Purchase of Treasury shares	(100.7)	-
Capital reserve in respect of Share options	-	16.3
(Decrease) / increase in net assets resulting from net share transactions	(100.6)	16.4
Total (decrease) / increase in net assets	(34.2)	99.2
Net assets at start of period	1,872.7	1,818.5
Net assets at end of period	1,838.5	1,917.7

TETRAGON FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 30 September 2016 and for the period ended 30 September 2015 (unaudited)

	9 Months ended 30 Sep 2016 US$ MM	9 Months ended 30 Sep 2015 US$ MM
Operating activities		
Net increase in net assets resulting from operations	84.1	103.3
Adjustments for:		
Net unrealized depreciation on share options	-	3.9
Share based compensation reserve	17.5	17.3
Net unrealized depreciation / (appreciation) on investments in the Master Fund	28.1	(87.6)
Operating cash flows before movements in working capital	129.7	36.9
Increase in payables	6.1	0.8
Net cash provided by operating activities	135.8	37.7
Financing activities		
Issue of shares	0.1	0.1
Purchase of Treasury shares	(100.7)	-
Dividends paid to shareholders*	(35.2)	(37.8)
Net cash used in financing activities	(135.8)	(37.7)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period**	-	-

*The gross dividend payable to shareholders was US$ 48.2 million (period ended September 2015: US$ 46.1 million) with a value equivalent to $13.0 million (period ended September 2015: US$ 8.4 million) elected to be taken by the dividend recipient in Shares rather than cash.

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

UNAUDITED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

FOR THE PERIOD ENDED 30 SEPTEMBER 2016 AND FOR THE PERIOD ENDED 30 SEPTEMBER 2015

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED QUARTERLY REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2016 AND FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
STATEMENTS OF ASSETS AND LIABILITIES
As at 30 September 2016 (unaudited)

	30 Sep 2016 US$ MM	31 Dec 2015 US$ MM
Assets		
Investments, at fair value	1,292.1	1,364.7
Management contracts	20.9	23.4
Cash and cash equivalents	498.5	440.4
Amounts due from brokers	46.1	59.9
Derivative financial assets	33.0	19.4
Fixed assets	0.4	0.5
Deferred tax asset	9.6	9.2
Other receivables	46.4	21.5
Total assets	1,947.0	1,939.0
Liabilities		
Derivative financial liabilities	5.4	0.7
Other payables and accrued expenses	44.7	48.5
Borrowings	38.0	-
Income tax payable	4.1	5.8
Deferred tax liability	5.5	6.6
Total liabilities	97.7	61.6
Net assets	1,849.3	1,877.4
Equity		
Share capital	0.1	0.1
Share premium	791.8	881.1
Retained earnings	1,020.4	976.6
Capital contribution	37.1	19.6
	1,849.3	1,877.4
	Millions	**Millions**
Shares outstanding	87.8	95.9
Net Asset Value per share	US$ 21.05	US$ 19.58

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
STATEMENTS OF OPERATIONS
For the period ended 30 September 2016 and for the period ended 30 September 2015 (unaudited)

	Quarter ended 30 Sep 2016 US$ MM	Quarter ended 30 Sep 2015 US$ MM	9 Months ended 30 Sep 2016 US$ MM	9 Months ended 30 Sep 2015 US$ MM
Interest income	26.3	40.1	81.8	101.7
Fee income	13.2	15.2	40.7	45.9
Other income – cost recovery	4.0	5.0	12.3	14.9
Dividend income	0.1	-	2.3	0.1
Investment income	43.6	60.3	137.1	162.6
Management fees	(6.8)	(7.1)	(20.9)	(21.1)
Employee costs	(13.7)	(11.8)	(39.8)	(36.4)
Share based compensation	(6.0)	(5.8)	(17.5)	(17.3)
Legal and professional fees	(1.1)	(1.8)	(4.7)	4.4
Audit fees	(0.1)	(0.1)	(0.3)	(0.3)
Amortization of intangible assets	(0.9)	(1.7)	(2.6)	(5.1)
Other operating and administrative expenses	(4.4)	(5.1)	(15.0)	(15.5)
Interest expense	(0.5)	-	(0.8)	-
Operating expenses	(33.5)	(33.4)	(101.6)	(91.3)
Net investment income	10.0	26.9	35.4	71.3
Net realized and unrealized gain / (loss) from investments and foreign currency				
Net realized gain / (loss) from:				
Investments	44.6	13.1	15.3	54.4
Derivative financial instruments	7.6	(2.2)	10.7	1.4
Foreign currency transactions	(0.6)	(3.7)	2.7	8.4
	51.6	7.2	28.7	64.2
Net (decrease) / increase in unrealized (depreciation) / appreciation on:				
Investments	(8.9)	(29.1)	43.7	11.3
Derivative financial instruments	3.8	17.4	8.5	3.9
Translation of assets and liabilities in foreign currencies	(3.0)	(7.9)	(14.3)	(5.2)
	(8.1)	(19.6)	37.9	10.0
Net realized and unrealized gain / (loss) from investments and foreign currency	43.5	(12.4)	66.6	74.2

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
STATEMENTS OF OPERATIONS (continued)
For the period ended 30 September 2016 and for the period ended 30 September 2015 (unaudited)

	Quarter ended 30 Sep 2016 US$ MM	Quarter ended 30 Sep 2015 US$ MM	9 Months ended 30 Sep 2016 US$ MM	9 Months ended 30 Sep 2015 US$ MM
Net increase from operations before tax	53.5	14.5	102.0	145.5
Income and deferred tax expense	(0.3)	(0.9)	-	(7.2)
Net income	53.2	13.6	102.0	138.3

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the period ended 30 September 2016 and for the period ended 30 September 2015 (unaudited)

	9 Months ended 30 Sep 2016 US$ MM	9 Months ended 30 Sep 2015 US$ MM
Net investment income	35.4	71.3
Net realized gain from investments and foreign currency	28.7	64.2
Net unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	37.9	10.0
Income and deferred tax expense	-	(7.2)
Net income after tax	102.0	138.3
Share based compensation	17.5	17.3
Net increase in net assets resulting from operations	119.5	155.6
Dividends paid to TFG Limited in lieu of incentive fee liability	(11.8)	(30.3)
Dividends paid to other shareholders	(35.2)	(37.8)
Total distributions	(47.0)	(68.1)
Issue of shares	0.1	0.1
Purchase of Treasury shares	(100.7)	-
(Decrease) / increase in net assets resulting from capital transactions	(100.6)	0.1
Total (decrease) / increase in net assets	(28.1)	87.6
Net assets at start of period	1,877.4	1,834.9
Net assets at end of period	1,849.3	1,922.5

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 30 September 2016 and for the period ended 30 September 2015 (unaudited)

	9 Months ended 30 Sep 2016 US$ MM	9 Months ended 30 Sep 2015 US$ MM
Operating activities		
Net income after tax	102.0	138.3
Adjustments for:		
Realized gains on investments	(18.8)	(43.9)
Cash received on investments in excess of interest income	103.9	123.6
Share based compensation	17.5	17.3
Amortization on intangible assets	2.6	5.1
Unrealized (gains)	(37.9)	(10.5)
Deferred tax	(1.5)	1.3
Operating cash flows before movements in working capital	167.8	231.2
Decrease in receivables	8.0	8.9
(Decrease) / Increase in payables	(3.8)	0.7
Income tax	(1.7)	-
Decrease / (increase) in amounts due from brokers	13.8	(13.7)
Cash flows from operations	184.1	227.1
Purchase of fixed assets	-	-
Proceeds from sale / prepayment / maturity of investments	37.4	106.4
Purchase of investments	(64.9)	(290.5)
Net proceeds from derivative instruments	11.1	4.4
Net cash provided by operating activities	167.7	47.4
Financing activities		
Proceeds from issue of shares	0.1	0.1
Treasury shares	(100.7)	-
Borrowings and loans	38.0	-
Dividends paid to shareholders*	(35.2)	(37.8)
Dividends paid to TFG Limited in lieu of incentive fee liability	(11.8)	(30.3)
Net cash used in financing activities	(109.6)	(68.0)
Net increase in cash and cash equivalents	58.1	(20.6)
Cash and cash equivalents at beginning of period	440.4	402.0
Effect of exchange rate fluctuations on cash and cash equivalents	-	0.5
Cash and cash equivalents at end of period	498.5	381.9

*The gross dividend payable to shareholders was US$ 48.2 million (period ended September 2015: US$ 46.1 million) with a value equivalent to $13.0 million (period ended September 2015: US$ 8.4 million) elected to be taken by the dividend recipient in Shares rather than cash.