

Diversified.
Alternative.
Investors.



TETRAGON

Contents

4	2023 Snapshot
7	Letter to our shareholders
14	Manager's review
24	Investment review
42	2023 Financial review
46	Governance
66	Other information
96	Audited financial statements

Diversified. Alternative. Investors.

Searching for intrinsic alpha – from returns in excess to risks taken.

At Tetragon, we seek to provide stable returns to investors across economic cycles and market conditions.

Tetragon is a Guernsey closed-ended investment group. Its non-voting shares are listed on Euronext in Amsterdam and also traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange.



To view company updates visit:
www.tetragoninv.com

Tetragon's shares are subject to restrictions on ownership by U.S. persons and are not intended for European retail investors. These are described on our website. Tetragon anticipates that its typical investors will be institutional and professional investors who wish to invest for the long term and who have experience in investing in financial markets and collective investment undertakings, who are capable themselves of evaluating the merits and risks of Tetragon shares, and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment.

Euronext in Amsterdam is a regulated market of Euronext Amsterdam N.V., Tetragon's "Home Member State" for the purposes of the EU Transparency Directive (Directive 2004/109/EC) is the Netherlands.

2023 Snapshot

Distributable income. Capital appreciation.

Net asset value⁽¹⁾

\$2.8Bn

31 December 2023

Ownership⁽²⁾

39.2%

Principal and Employee
Ownership at 31 December 2023

NAV per share total return⁽³⁾

6.4%

2023 Full Year

8.8%

5 Years Annualised

9.6%

10 Years Annualised

10.5%

Since IPO Annualised

429%

Since IPO

Investment returns/return on equity⁽⁴⁾

5.5%

2023 Return on Equity

10-15%

RoE Target

11.3%

Annual Average
Since IPO

Dividends

\$0.11

Q4 2023 Dividend

\$0.44

2023 Dividends

4.5%

Dividend Yield⁽⁵⁾

(9.4%)

Dividend 5-Year CAGR ⁽⁶⁾

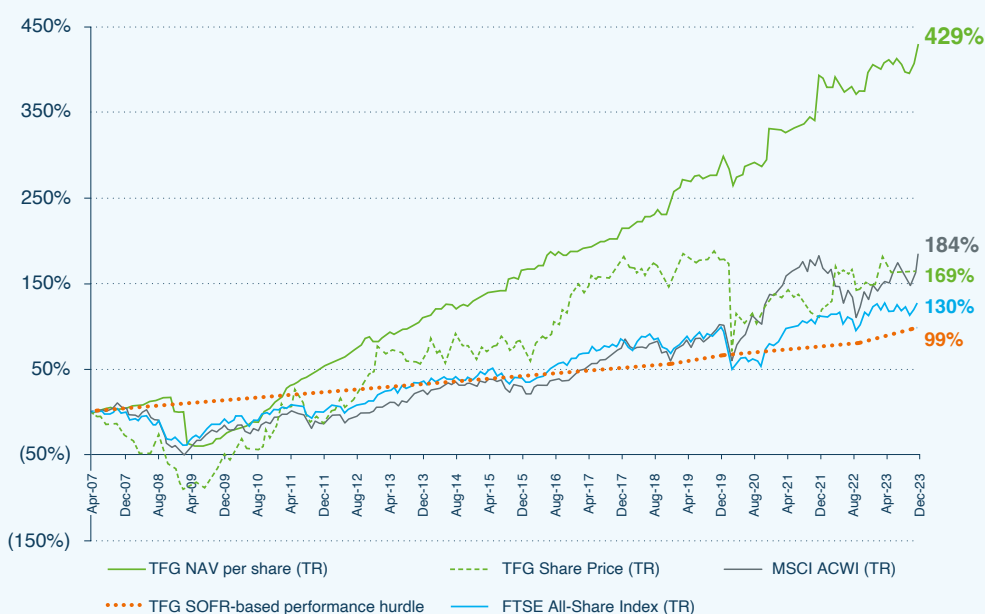
Figure 1

Tetragon Financial Group – Performance summary

	31 Dec 2023	31 Dec 2022	Change
Net Assets	\$2,825.4m	\$2,758.5m	\$66.9m
Fully Diluted NAV Per Share	\$31.13	\$29.69	\$1.44
Share Price ⁽¹⁾	\$9.88	\$9.62	\$0.26
Dividend (past 12 months)	\$0.44	\$0.44	\$0.00
Dividend Yield	4.5%	4.6%	
Ongoing Charges ⁽²⁾	1.75%	1.74%	
Principal and Employee Ownership	39.2%	37.3%	
	2023	2022	
Investment Returns/Return on Equity⁽³⁾	5.5%	(0.8%)	
NAV Per Share Total Return⁽⁴⁾	6.4%	1.0%	
Share Price Total Return ⁽⁵⁾	7.3%	18.5%	
Tetragon Hurdle: SOFR +2.75% ⁽⁶⁾	8.2%	4.5%	
MSCI ACWI Index Total Return ⁽⁷⁾	22.8%	(18.0%)	
FTSE All-Share Index Total Return ⁽⁷⁾	7.7%	0.2%	

Figure 2

Tetragon's NAV per Share Total Return and Share Price Since IPO to 31 December 2023



Notes

Page 4

- (1) The value of Tetragon's assets, less any liabilities, as at 31 December 2023. Source: Tetragon.
- (2) Shareholdings at 31 December 2023 of the principals of Tetragon's investment manager and employees of TFG Asset Management, including all deferred compensation arrangements (other than with respect to shares that are subject to performance criteria). Please refer to page 92 for more details of these arrangements. Source: Tetragon.
- (3) NAV Per Share Total Return to 31 December 2023, for the past year, the past five years, the past ten years, and since Tetragon's initial public offering in April 2007. NAV Per Share Total Return is determined in accordance with the "NAV total return performance" calculation as set forth on the Association of Investment Companies (AIC) website. Tetragon's NAV Per Share Total Return is determined for any period by calculating, as a percentage return on the Fully Diluted NAV per Share (NAV per share) at the start of such period, (i) the change in NAV per share over such period, plus (ii) the aggregate amount of any dividends per share paid during such period, with any dividend deemed reinvested at the NAV per share at the month end date closest to the applicable ex-dividend date (i.e. so that the amount of any dividend is increased or decreased by the same percentage increase or decrease in NAV per share from such ex-dividend date through to the end of the applicable period). NAV per share is calculated as Net Assets divided by Fully Diluted Shares Outstanding. Please refer to Figure 12 for further details.
- (4) Average RoE is calculated from Tetragon's IPO in 2007. Tetragon seeks to deliver 10-15% RoE per annum to shareholders. Over longer time horizons, Tetragon's returns will most likely reflect sensitivity to the underlying short-term risk-free rate regime. Therefore after periods of transition to high-SOFR environments, Tetragon should achieve higher sustainable returns; after periods of transition to low-SOFR environments, Tetragon should achieve lower sustainable returns.
- (5) The dividend yield represents the past four quarterly dividends divided by the TFG NA share price at 31 December 2023. The latest declared dividend is included in the calculation.
- (6) The five-year Compound Annual Growth Rate (CAGR) figure is at 31 December 2023. The latest declared dividend is included in the calculation.

Page 5

- (1) Based on TFG. NA.
- (2) Annual calculation as at 31 December 2023. The ongoing charges figure is calculated as defined by the AIC, and comprises all direct recurring expenses to Tetragon expressed as a percentage of average Net Assets, including the annual management fee of 1.5%.
- (3) Please see Note 4 for page 4.
- (4) Please see Note 3 for page 4.
- (5) 2023 total shareholder return, defined as share price appreciation including dividends reinvested, as sourced from Bloomberg.
- (6) Cumulative return determined on a quarterly compounding basis using the actual Tetragon quarterly incentive fee SOFR based hurdle rate. In the period from IPO to June 2008 this was 8%; July 2008 to June 2023, this was three-month USD LIBOR rate on the first day of each calendar quarter, plus a spread of 2.647858%; thereafter, the hurdle rate has been determined using the three-month term SOFR rate on the first day of each calendar quarter, as sourced from Bloomberg, plus a spread of 2.747858%.
- (7) Any indices and other financial benchmarks are provided for illustrative purposes only. Comparisons to indices have limitations because, for example, indices have volatility and other material characteristics that may differ from the fund. Any index information contained herein is included to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices, and is not intended to imply that the portfolio or investment was similar to any particular index either in composition or element of risk. The indices shown here have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather is disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the fund's holdings may differ significantly from the securities that comprise the indices. The "MSCI ACWI Index" refers to the MSCI All Country World Index (USD) which captures large- and mid-cap representation across 23 developed markets and 24 emerging markets countries. With 2,921 constituents, the index covers approximately 85% of the global investable equity opportunity set. Further information relating to the index constituents and calculation methodology can be found at www.msci.com/acwi. The FTSE All-Share Index represents 98-99% of UK market capitalisation and is the aggregate of the FTSE 100, FTSE 250 and FTSE Small Cap indices. Further information relating to the index constituents and calculation methodology can be found at www.ftserussell.com/products/indices/uk.

Long-term capital. Creating opportunities.

Fellow shareholders:

As diversified, alternative investors, our investment objective continues to be to generate distributable income and capital appreciation. We do this by seeking to generate stable returns across economic cycles and market conditions. 2023 was the first full calendar year with no meaningful Covid restrictions, and we felt the collaboration and culture benefits of a return to working together in our offices.

However, despite a return to a more “normal” way of living and working across the globe, markets continued to be plagued by uncertainty. Both the priced-in optimism and despair we talked about in our 2022 letter came to pass. Given that context, defensive capital preservation was a priority, as this is what allows us to deliver value based on the long-term compounding of returns. As ever, we were supported by our diversified approach, focusing our attention on identifying alternative investments that are more likely to have low correlation to markets and to each other.

Letter to shareholders

< **Roopa Thakrar**
Finance, London



Performance Summary

Tetragon delivered an investment Return on Equity (RoE) of 5.5%, a NAV per share total return of 6.4% and a share price total return of 7.3% in 2023. Tetragon also declared 44.0 cents of dividends per share for the year – a yield of 4.5%. Further detail relating to Tetragon's Key Performance Metrics can be found on page 19.

2023 Market Context

Early 2023 saw a continuation of 2022's uncertainty, driven by persistent inflation and the most aggressive central bank rate hike cycle since the early 1980s. Expectations of impending recessions in the United States, Europe and the United Kingdom peaked in the first quarter, with concerns seemingly validated as a solvency crisis gripped U.S. regional banks. This led to the failure of several banks, a liquidity intervention by the U.S. Federal Reserve and rapidly tightening lending standards.

U.S. markets shook off these concerns as excitement around artificial intelligence applications drove a narrow but impactful rally in the "Magnificent 7" mega-cap tech companies. Optimism was further fuelled by clear evidence of slowing inflation, with the Fed breaking a sequence of 10 consecutive rate increases by "skipping" a hike in June and pausing

again after a hike in July. Resilient employment data and remarkably strong third quarter GDP growth estimates buoyed market hopes that an emerging "soft landing" narrative would justify a Fed pivot away from further tightening. By the end of 2023, the enthusiasm focused on AI beneficiaries had transformed into a cross-asset class rally with the S&P 500 rising 26.3%,⁽¹⁾ the "Magnificent 7" stocks up an astounding 111.6% on average, the Euro STOXX 600 up 15.8%⁽¹⁾ and the MSCI ACWI Local Index rising 22.2%.⁽²⁾ Credit indices rallied from double digit losses in 2022 with U.S. high yield indices returning 13.4%⁽¹⁾ and investment grade indices returning 5.5%.⁽¹⁾

In 2023, Tetragon underperformed relative to the MSCI ACWI Local Index, which represents the performance of the MSCI ACWI Index if there were no foreign exchange fluctuations (similar to a portfolio with currency hedges), and with dividends reinvested, gross of any taxes.⁽³⁾ Nonetheless, over the time that Tetragon has been trading as a publicly-listed company, our NAV per share total return of 429% has demonstrated our ability to compound investment growth and return value to shareholders; this compares to the MSCI ACWI Local Index returning 209% over the same period.

Tetragon portfolio performance notes

Return on Equity. Tetragon's gross RoE was +7.6% in 2023 (+5.5% net), as compared to +22.2% for the MSCI ACWI Local Index. Over the last five years, Tetragon's annualised gross RoE was +12.6% (+8.6% net) compared to +12.8% for the MSCI ACWI Local Index.⁽¹⁾

Volatility. The volatility of Tetragon's gross RoE was 5.2% for 2023 (or 4.6% on the basis of its net RoE) and 10.1% for the last five years (or 8.1% on the basis of its net RoE). The volatility of the MSCI ACWI Local Index was 12.8% for 2023 and 16.3% for the last five years.⁽¹⁾

Sharpe Ratio. Over the last five years, Tetragon's Sharpe Ratio was 1.06 on a gross basis (and 0.84 on a net basis). The Sharpe Ratio for the MSCI ACWI Local Index was 0.66 over the same time period.⁽¹⁾

(1) Source: Bloomberg.

Net asset value⁽¹⁾

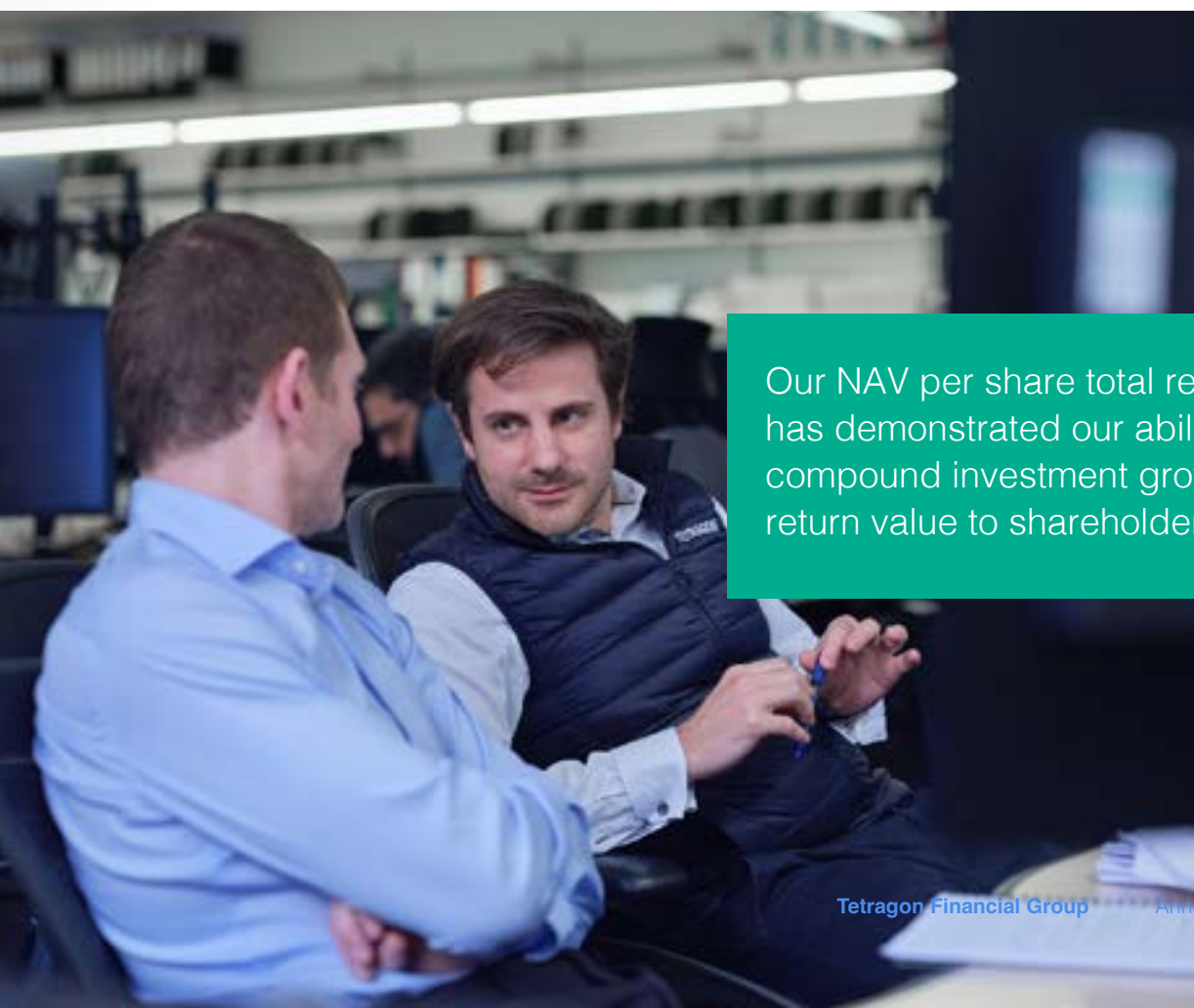
\$2.8Bn

31 December 2023

Ownership⁽²⁾

39.2%

Principal and Employee
Ownership at 31 December 2023



Our NAV per share total return has demonstrated our ability to compound investment growth and return value to shareholders.

Letter to shareholders

2023 Performance Highlights

In 2023, six of Tetragon's seven asset classes generated gains on the year. The main performance drivers in Tetragon's portfolio were Tetragon's investments in public equity ("other equities"), private equity and venture capital investments and investments in bank loans via CLOs. The only asset class that generated a loss was real estate.

Of note, Tetragon was able to use its balance sheet of permanent capital and revolver liquidity to drive significant performance from its primarily public equities portfolio which is focused on software and biotech investments. These investments rallied strongly in the fourth quarter as sentiment shifted in the markets, generating gains of +\$124.1 million during 2023. Technology-driven positions contributed approximately two-thirds of this, driven by companies well-positioned to benefit from AI infrastructure demand or to incorporate emergent AI applications into their business models. Biotechnology contributed most of the remaining gains, driven by a U.K. biotech company reporting encouraging developments for its potential cancer and autoimmune therapies.

Another significant development in the balance sheet investments was our position in Ripple Labs. In July 2023, a U.S. judge ruled that Ripple Labs did not violate federal securities law by selling its XRP token on public exchanges. This ruling was subsequently upheld in October when the court dismissed the SEC's request for an interlocutory appeal. Crypto markets were further buoyed by expectations that the SEC was preparing to approve the first spot Bitcoin ETFs, which contributed to a broad fourth quarter rally in tokens and related assets.

Our largest investment, TFG Asset Management, had a number of positive developments in its portfolio:

- Hawke's Point, TFG Asset Management's mining finance business, had a strong year of performance led by their largest strategic

investment, an Australian gold mining, exploration and development company. In addition, the team continues to explore investment opportunities in the battery metals space.

- After a challenging 2022, Acasta Partners delivered double-digit net performance in their flagship vehicle, in what remained a difficult environment for many alternative investment strategies. The Acasta Global Fund was nominated for the 12th time since its inception in 2009 for the 2023 With Intelligence EuroHedge Award in the Convertibles and Volatility category; it has won the award five times.⁽⁴⁾
- Following Acasta Partners' successful rebrand in 2022, Polygon Global Partners' event-driven business was renamed Westbourne River Partners, inspired by one of London's historic rivers.
- Banyan Square also had positive momentum in its public portfolio and made allocations to complete their fund.
- As we have discussed previously, in December 2018, GreenOak Real Estate merged with Bentall Kennedy, Sun Life Financial Inc.'s North American





The Acasta Global Fund was nominated for the 12th time for the 2023 *With Intelligence* EuroHedge Award in the Convertibles and Volatility category.

< **Ross Carden**
Acasta Partners, London

NAV Total Return in 2023

6.4%

Return on Equity in 2023

5.5%

Dividends in 2023

\$0.44

real estate and property management firm, to form BentallGreenOak (now trading as BGO). Since then, TFG Asset Management has continued to own nearly 13% of the combined entity. There were a number of cash flow elements to the transaction, including: TFG Asset Management's receipt of approximately \$42.3 million upon the closing of the transaction in July 2019; a series of fixed quarterly payments; and, the distribution of a portion of BGO's earnings over the seven years from the deal closing. In addition, as part of the transaction, Sun Life has an option to acquire the remaining interest in BGO approximately seven years from the closing (i.e., in 2026). The transaction also includes a put option that entitles TFG Asset Management and the other minority owners of BGO to sell their interest to Sun Life approximately eight and a half years from the close of the transaction (2027). As a consequence, it is expected that TFG Asset Management will sell its interest in BGO in 2026. Although this is continuously factored into the valuation, it will have requisite impacts on Tetragon's cash levels and reported AUM for TFG Asset Management. We will keep shareholders apprised of developments over the coming quarters.

Letter to shareholders

We continue to look to add new strategies and help individuals and teams to create successful asset management businesses by leveraging TFG Asset Management's operating infrastructure and shared strategic direction with Tetragon, who can support asset management businesses through co-investment and working capital. At the same time, we are also looking for creative ways to help our partners grow their existing businesses which may involve selling partial stakes or whole businesses if we believe it may unlock future growth and value. As we discussed in our 2021 Annual Report, the strong performance of BGO, Equitix and LCM, in particular, have enhanced the attractiveness of individual business transactions as an important way of realising the value inherent in TFG Asset Management. As such, the strategy for TFG Asset Management over the coming years will continue to include launching new strategies, and potentially acquiring businesses, but also executing on individual sale transactions that would take advantage of this value enhancement.

Although transactions such as these would inevitably have the effect of shrinking TFG Asset Management's portfolio of relatively mature market-leading businesses – and thus aggregate AUM – thereby possibly delaying progress toward a strategic transaction at the TFG Asset Management level – they would enable TFG Asset Management to monetise the benefits of its success in growing successful asset management businesses. Indeed, our view is that one the key metrics that underscores TFG Asset Management's success must be the returns achieved by successful dispositions of its private equity stakes in asset management companies.

Board Matters

Dividends and share repurchases

The fourth quarter 2023 dividend was declared at 11.00 cents per share, bringing the full-year 2023 dividend to 44.00 cents per share.

Tetragon repurchased \$60.3 million of its non-voting shares during 2023. Tetragon is announcing today its intention to repurchase approximately \$25 million shares, which, based on Tetragon's current NAV and share price, will be accretive to NAV per share. We are pleased that the Company has returned approximately \$1.7 billion to investors through dividends and share repurchases since its initial public offering in 2007. Tetragon will continue to seek to return value to its shareholders, including through dividends and share repurchases.

Cash

Tetragon's cash at bank balance was \$23.1 million as at 31 December 2023. After adjusting for known accruals and liabilities (short- and long-dated), its net cash balance was -\$243.5 million. Tetragon has access to a credit facility of \$400 million with a maturity date in July 2032. As at 31 December 2023, \$250 million of this facility was drawn and this liability has been incorporated into the net cash balance calculation.

Other investor matters

As described in the 2023 Half-Yearly report, Tetragon's hurdle has moved from a LIBOR-based hurdle to three-month term SOFR plus 2.747858% per annum as of 1 July 2023.

2024 Outlook

Throughout 2023, the U.S. 10-year Treasury yield traded between 3.3% and 5.0%, before ending December at 3.88%, an almost perfect round-trip to where it began the year. In similar fashion, many 2024 market outlooks seem to echo the beginning of 2023 in balancing hopes for a soft landing against concerns about slowing global GDP forecasts and the "last mile" of disinflation. This landscape is further complicated by hints of weakening in the U.S. jobs market, the recent recovery in public valuations, emerging pressures in global shipping and supply chains, and the growing scale of ongoing geopolitical tensions across Europe, the Middle East and Asia. In 2024, more than two billion voters in more than 50 countries will go to the polls, including the U.S. and U.K. Some of the election outcomes are more likely than others, but what is certain is that there will be significant political change against a geopolitically strained and economically complex backdrop.



While cognisant about macro-economic risks, we remain excited and highly selective about emerging opportunities.

Conclusion

Tetragon's adaptive approach to portfolio construction is designed to navigate uncertain environments by identifying and accessing the attractive investment opportunities that inevitably arise in periods of market stress, uncertainty, and transformation. While cognisant about the macro-economic risks, we remain excited and highly selective about the emerging opportunities spanning private and convertible credit, legal assets,

asset management partnerships, cryptocurrencies and equity themes across technology, biotechnology, raw materials, capital markets and European event-driven strategies. As we noted in last year's letter, Tetragon believes that times like these can set the stage for the next several years of strong returns.

With Regards,

The Board of Directors

4 March 2024

(1) Source: Bloomberg. Please see note 7 on page 6 for important disclosures.

(2) We refer throughout this letter to the MSCI ACWI Gross Total Return Local Index, as the "MSCI ACWI Local Index". Source: Bloomberg. Please see note 7 on page 6 for important disclosures.

(3) All statistics are calculated using monthly datapoints. Source: Bloomberg.

(4) The Acasta Global Fund was nominated for the 2023 EuroHedge Award in the Convertibles & Volatility category; there were three other nominees for this award. The With Intelligence EuroHedge Award is organised by With Intelligence. To be considered for an award, funds must submit performance data to the HFM Database and

have at least a 12-month track record history. Winners are decided using an established methodology based upon a combination of Sharpe ratios and returns over the relevant time period. To qualify for nominations, funds must achieve annualised returns higher than the median returns for their peer groups – and they must also be within 10% of their high-water marks that were set before the start of the performance period under review. The winners are those funds that meet the relevant criteria, and which achieve the highest returns among the nominated funds – so long as they are also within 25% of the best Sharpe ratios within their nominated peer groups. Further information about the award, including nomination and winning criteria, is available at <https://awards.withintelligence.com/eurohedgeawards/en/page#criteria#list-your-data>.

Manager's Review

This section includes commentary from Tetragon's investment manager and includes market context, our investment objective and strategy and key performance metrics.

**Investment
objective & strategy**
16 – 18

**Key performance
metrics**
19 – 20

**Risk
management**
21

**Our
impact**
22 – 23

2023 Nav Per Share Total Return

6.4%

2023 Return on Equity

5.5%

2023 Dividends Per Share

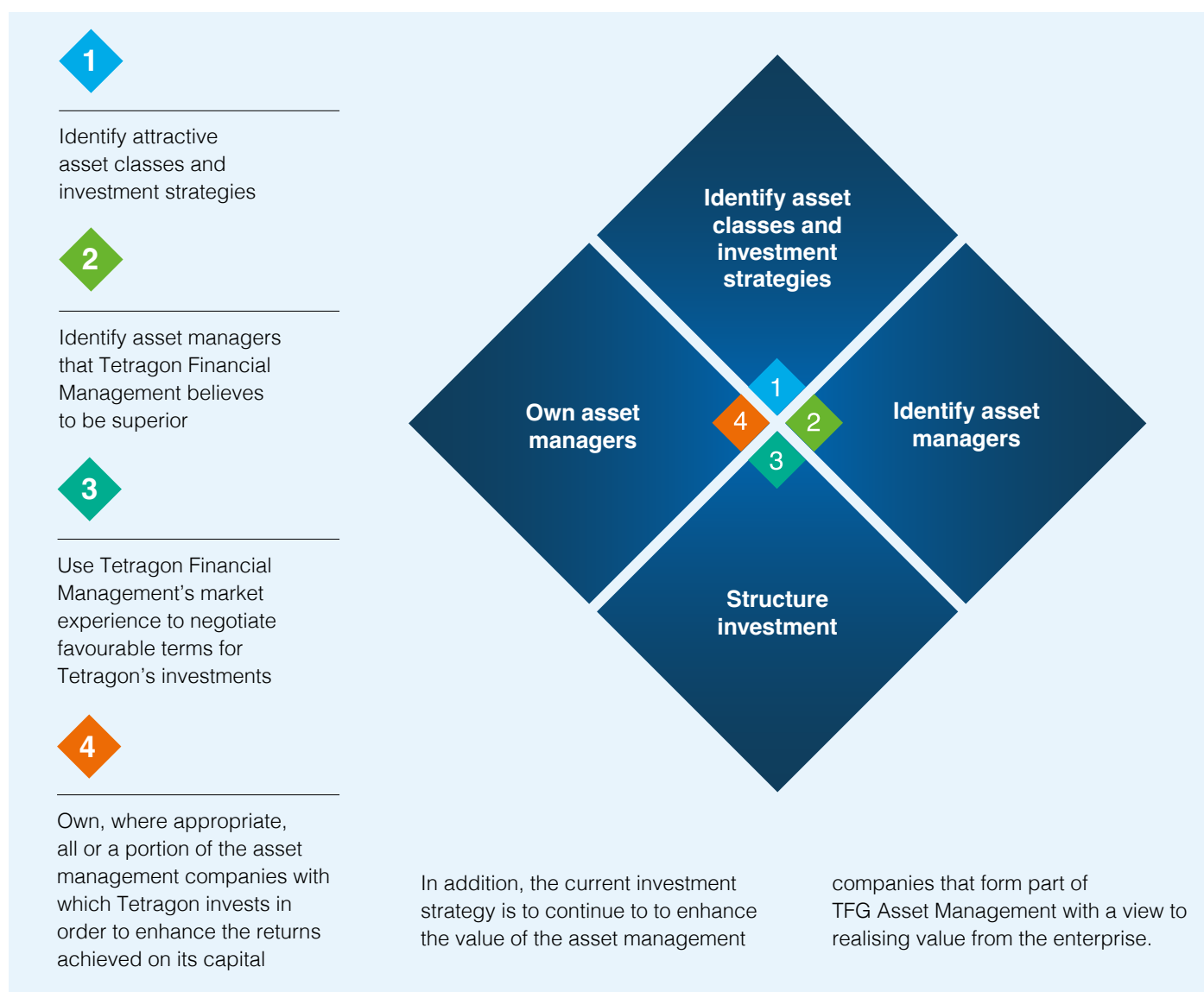
\$0.44

Investment objective & strategy

Tetragon's investment objective is to generate distributable income and capital appreciation. Our investment strategy is as follows:

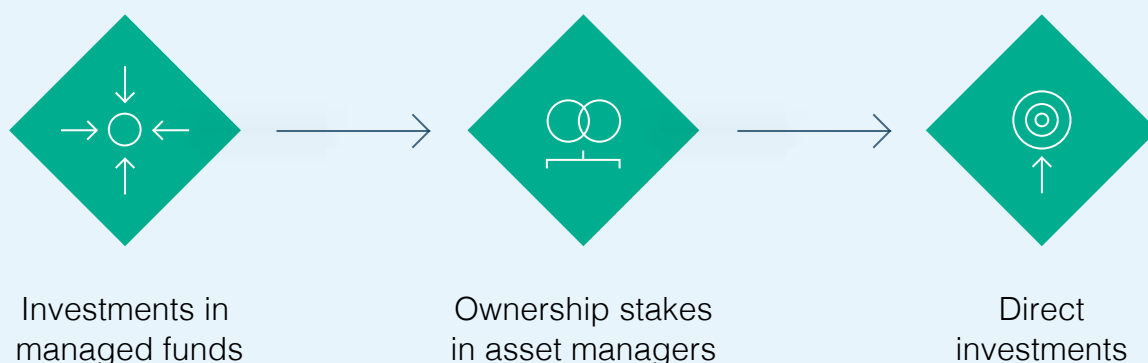
Our strategy

Our investment strategy is as follows:



The ways we invest

Our investment strategy leads us to invest in three primary ways.



Investments in managed funds

Internally-managed funds

We invest in a range of specialised funds managed by TFG Asset Management managers, with a view to obtaining diversified returns on favourable terms. In so doing, Tetragon aims to not only produce asset-level returns, but also to enhance these returns with capital appreciation and investment income from its ownership stakes in asset management businesses that derive income from external investors.

Externally-managed funds

We also invest with high-quality third-party managers in which we do not have an ownership stake, in order to access asset classes and investment strategies that we believe are attractive, and we look to create beneficial structures for these investments.

Ownership stakes in asset managers

One of Tetragon's largest investments is TFG Asset Management, which manages, oversees and supervises our ownership stakes in asset management companies.

TFG Asset Management enhances the value of each individual investment and the entity as a whole through a shared strategic direction and operating infrastructure – encompassing critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters – while at the same time giving entrepreneurial independence to the managers of the underlying businesses.

Factors in building out TFG Asset Management

Considerations when evaluating the viability of a potential asset manager typically include performance track records, reputation, regulatory requirements, infrastructure needs and asset-gathering capacity. Potential profitability and scalability of the asset management business are also important considerations.

Additionally, the core capabilities, investment focus and strategy of any new business should offer a complementary operating income stream to TFG Asset Management's existing businesses. Tetragon looks to mitigate potential correlated risks across TFG Asset Management's investment managers by diversifying its exposure across asset classes, investment vehicles, durations and investor types, among other factors.

Manager's review

Longer-term investment strategy

Tetragon's longer-term investment strategy with respect to TFG Asset Management is to continue to enhance the value of its asset management companies, with a view to realising value from the enterprise. This may be through transactions relating to individual businesses within TFG Asset Management, that would take advantage of this value enhancement or a strategic transaction at the TFG Asset Management level. Although transactions relating to individual businesses could shrink TFG Asset Management's portfolio of relatively mature market-leading businesses – thereby possibly delaying progress toward a strategic transaction at the TFG Asset Management level – they would enable it to monetise the benefits of its success in growing asset management businesses.

In any event, TFG Asset Management will continue to leverage its operating infrastructure and shared strategic direction, with Tetragon looking to support investments through co-investment and working capital.

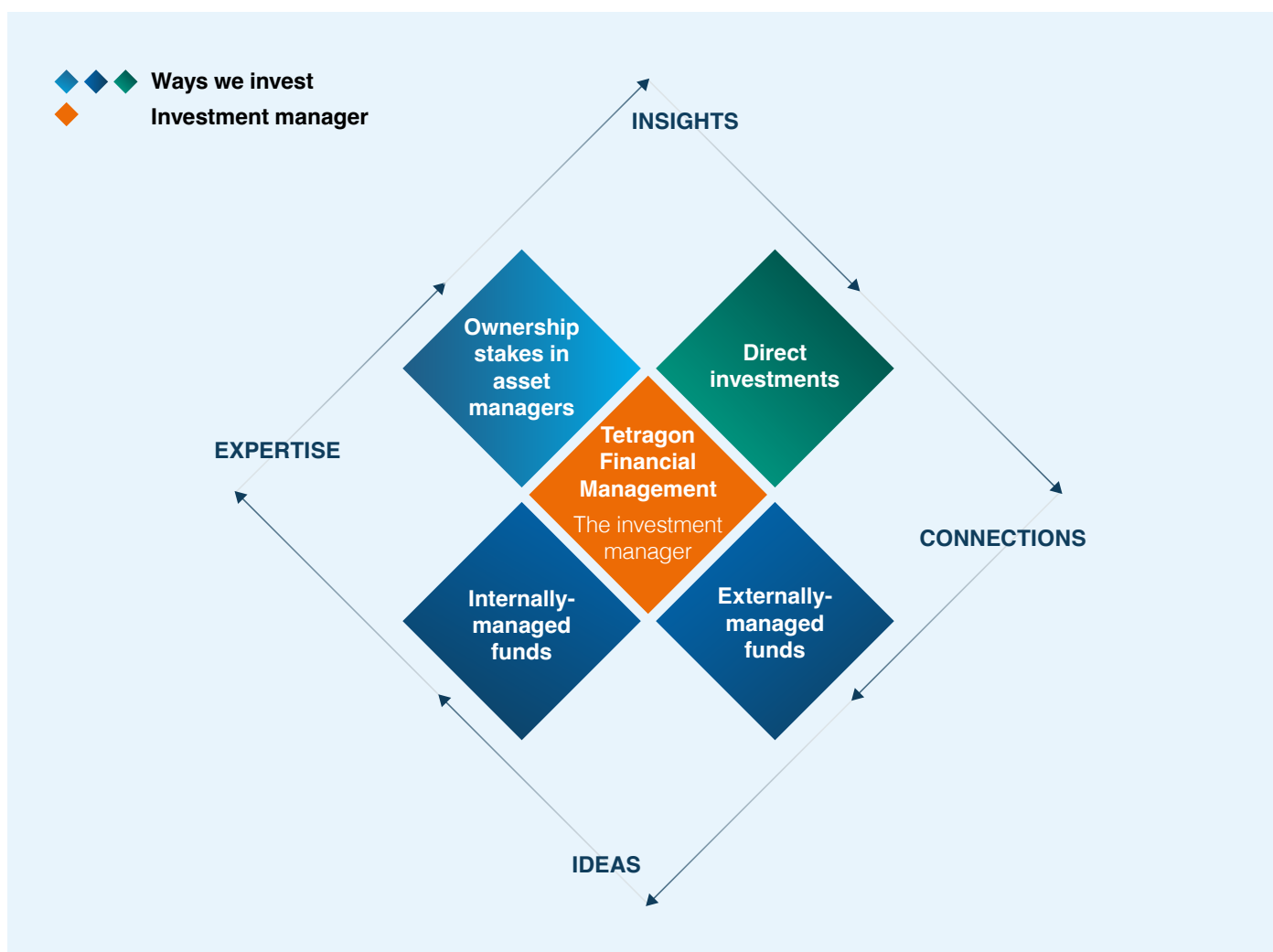
Direct Investments

We make investments directly on our balance sheet.

These investments reflect single-strategy ideas or idiosyncratic investments that we believe are attractive but may be unsuitable for an investment via TFG Asset Management vehicles. These investments tend to be opportunistic and with a catalyst.

Our alpha-driven ecosystem

Our alpha-driven ecosystem generates ideas, expertise, insights and connections.



Key Performance Metrics

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

2023 Nav Per Share Total Return

6.4%

2023 Return on Equity

5.5%

2023 Dividends Per Share

\$0.44

Figure 3

Fully diluted NAV per share

NAV per share total return 2019-2023

Fully diluted NAV per share (NAV per share) was \$31.13 at 31 December 2023. NAV per share total return was 6.4% for 2023.

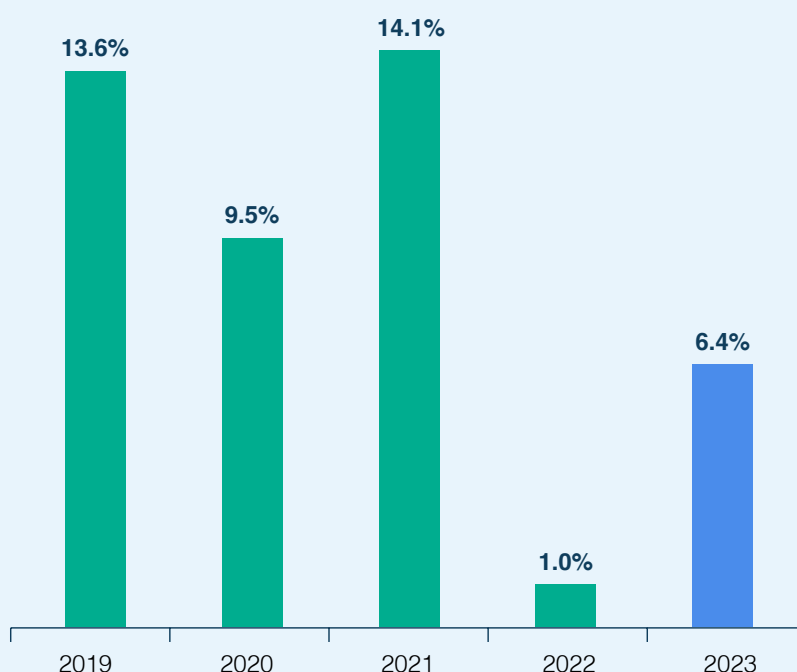


Figure 4

Investment returns/return on equity⁽¹⁾

Return on equity 2019-2023

RoE for 2023 was 5.5%.
Adjusted earnings per share
(EPS) for the period was \$1.72.

(1) Average RoE is calculated from Tetragon's IPO in 2007. Tetragon seeks to deliver 10-15% RoE per annum to shareholders. Over longer time horizons, Tetragon's returns will most likely reflect sensitivity to the underlying short-term risk-free rate regime. Therefore, after periods of transition to high-SOFR environments, Tetragon should achieve higher sustainable returns; after periods of transition to low-SOFR environments, Tetragon should achieve lower sustainable returns.

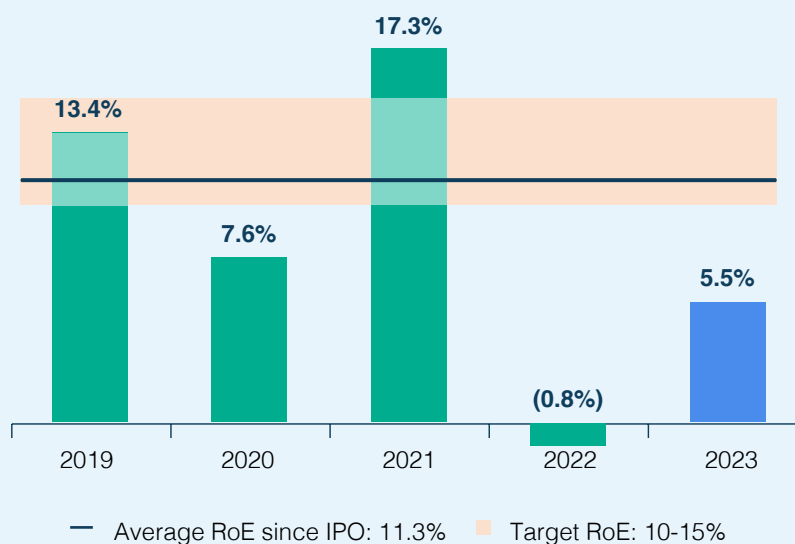
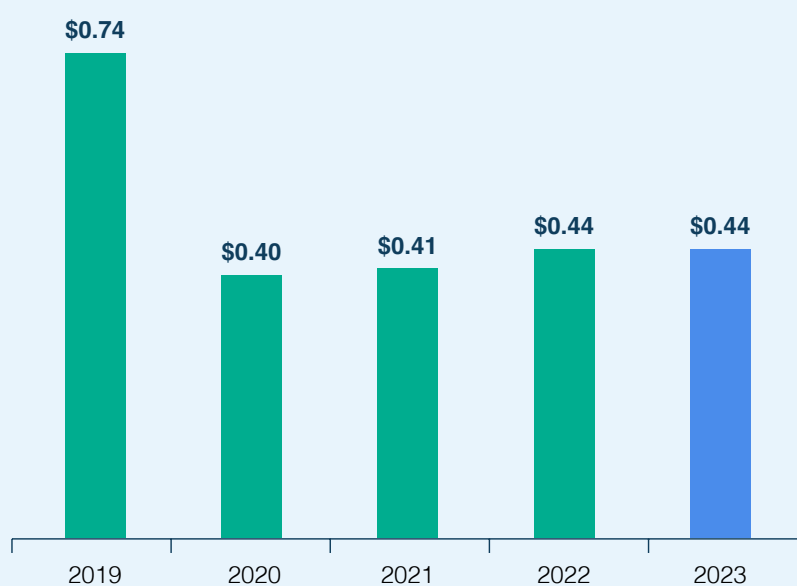


Figure 5

Dividends per share (DPS)

Dividend per share comparison 2019-2023

Tetragon declared a Q4 2023 dividend of \$0.11 per share, for a full-year dividend payout of \$0.44 per share. The cumulative DPS declared since Tetragon's IPO is \$8.6075.



Risk management⁽ⁱ⁾

Factors that Tetragon monitors with respect to portfolio risk management:



1

- Trades done in the month
- Settlement
- Counterparty
- Legal
- Regulatory/compliance
- Finance/tax

2

- Concentration limits
- Equity exposure
- Risk limits
- CLO credit metrics
- FX exposure
- Scenario analysis
- Interest rate sensitivity
- Tail hedge monitor

3

- Key financial highlights
- NAV bridge
- Investment P&L by asset class
- Valuation
- Allocation shifts (additions/disposals)

4

- Portfolio cash flow forecast
- Duration profile
- Cash versus debt
- Leverage facilities
- Review borrowing covenants
- Short-term cash management
- Remaining third-party commitments
- Exogenous uses of cash (capital call and FX margining scenarios)

Notes

- (i) These are some of the key risk management functions. However, they may not be the only risk management factors or functions that are considered.

Our impact

This year we launched our Tetragon in the Community initiative. In both London and New York we have sought to partner with local organisations from our communities that we can support both financially and by volunteering our time.

In London, we partnered with the primary school across the road from our office, Holy Trinity, which serves some of the most disadvantaged children in our London borough. Working with the school's leadership, we identified a series of highly targeted and impactful educational enrichment opportunities to fund, including Covid catch-up educational support, music lessons for children with an identified talent and a gardening club for those that don't have access to outside space at home.

Our New York office took part in a volunteer day in collaboration with Children's Aid, a NYC organisation whose focus is children living in poverty. The team travelled to the Dunlevy Milbank Community Center, located in Central Harlem, where they took part in a beautification project, including preparing a large outside wall for a new mural.

TFG Asset Management was the proud sponsor of One Young World's Entrepreneur of the Year Award 2023. Stephen Prince, CEO of TFG Asset Management, chaired this year's judging panel, before presenting the award live at the One Young World Summit 2023 in Belfast. As a global community for young leaders, One Young World identifies, connects and promotes the future generation of leaders, empowering them to build a sustainable future. The annual Summit, which brings together bright young leaders from 190+ countries, provides an opportunity for these individuals to come together to confront the biggest challenges facing society today. The Entrepreneur of the Year award celebrates five trailblazing entrepreneurs under the age of 35 who are addressing important global issues and inspiring others with their leadership.

Manager spotlight



Acasta Partners launched the inaugural Acasta Partners Further Education Scholarship in partnership with the Eastside Young Leaders' Academy (EYLA) in London.

EYLA's aim is to create leaders of character and purpose for tomorrow's world through leadership workshops and seminars, drawn from those most in need in grassroots communities. EYLA views education as a launchpad for this mission and as a gateway to belonging to an influential peer group who will individually and collectively exert positive influence in society.

Matthew, a student from Newham, was selected as the first recipient of the Acasta Partners Scholarship after a competitive interview process. The scholarship comprises an award of £10,000 per year toward tuition, course materials, and other expenses while at university. Matthew also took up the option of a paid summer internship with Acasta Partners, alongside ongoing mentorship. Due to the strength of the applications, the awarding committee decided to make two further awards of £5,000 per year to two additional recipients.



Find out more at
www.acasta.com





< New York
Volunteers took part in a beautification project at the Dunlevy Millbank Community Center in Harlem.

+ Manager spotlight



The Equitix Foundation held its annual charity drinks event, raising over £120,000 in support of three headline charities, Community Hot-Spots (a Norfolk-based community that operates a network of support for those impacted by the cost of living crisis), Fight 4 Change (a London-based charity that uses sport to inspire and educate young people and adults to make positive change in their lives), and Caring Minds (a charity that provides comprehensive mental healthcare service for residents of Birmingham and Solihull). The Equitix foundation was established with the vision of creating a lasting entity that can positively impact charities connected to the assets and communities that Equitix serves.

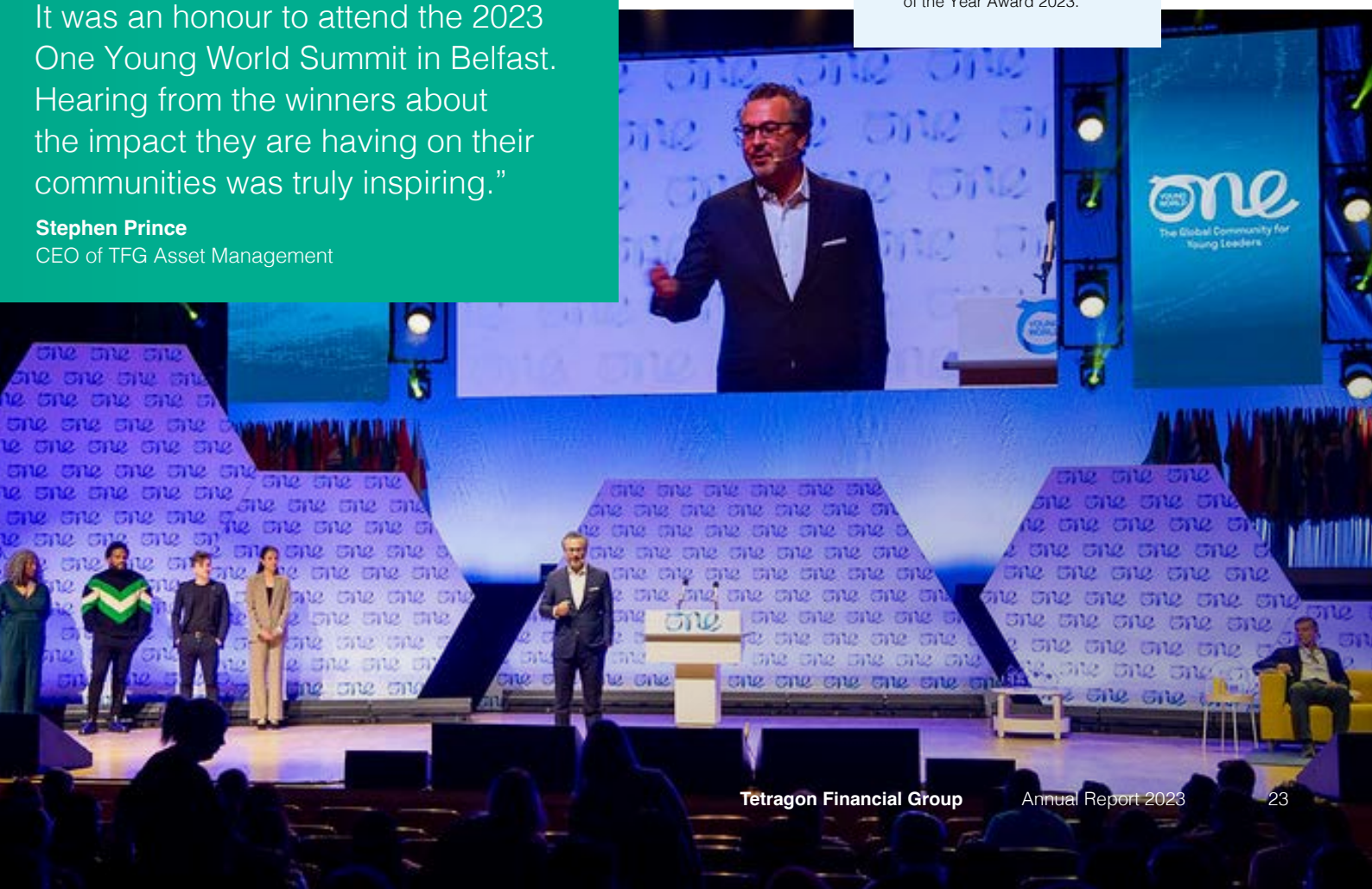
 Find out more at www.equitix.com

“

It was an honour to attend the 2023 One Young World Summit in Belfast. Hearing from the winners about the impact they are having on their communities was truly inspiring.”

Stephen Prince
CEO of TFG Asset Management

✓ Belfast
TFG Asset Management was the proud sponsor of One Young World's Entrepreneur of the Year Award 2023.



Investment Review

This section covers details on Tetragon's investment performance during 2023. We focus our time, energy and capital on alternative assets. We do so because we believe that investing in alternatives delivers stable returns to investors across credit, equity, interest rate, and inflation cycles.

Overview

26 – 28

Detailed investment review

29 – 39

Further portfolio metrics

41

Positive performance returns in 2023

Tetragon's Fully Diluted NAV Per Share increased from \$29.69 per share to \$31.13 per share year over year. The "Other equities and credit" segment was the largest positive contributor to performance returns in 2023, and, apart from real estate, all asset classes made gains on the year.

Overview

The main performance drivers for the year were Tetragon's investments in "other equities and credit" balance sheet investments, which gained \$124.1 million during 2023 and private equity and venture capital which gained \$90.7 million. The only asset class which generated a loss was real estate, which lost \$5.7 million. Tetragon's NAV at the end of the year stood at \$2.83 billion, compared to \$2.76 billion a year ago. A detailed performance review of each asset class follows beginning on page 29.

Other equities and credit

+\$124M

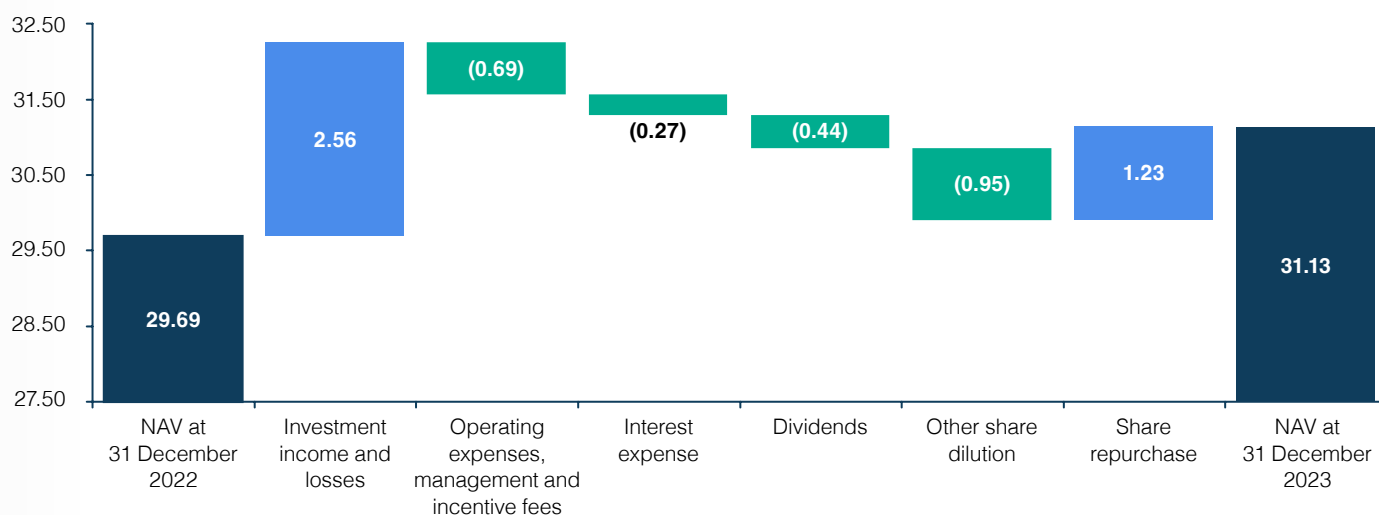
Gains in 2023



Figure 6

Year-on-Year NAV Per Share Progression (USD)

Tetragon's Fully Diluted NAV Per Share increased from \$29.69 per share as at 31 December 2022 to \$31.13 per share as at 31 December 2023.



Progression from 31 December 2022 to 31 December 2023 is an aggregate of each of the 12 months' NAV progressions. With the exception of share repurchases, all the aggregate monthly Fully Diluted NAV Per Share movements in the table are determined by reference to the fully-diluted share count at the start of each month.

Figure 7

Net Asset Breakdown Summary

The table shows a breakdown of the composition of Tetragon's NAV at 31 December 2022 and 31 December 2023, and the factors contributing to the changes in NAV over the period.

Asset Classes All figures are in millions of U.S. dollars	NAV at 31 Dec 2022	Additions ⁽ⁱ⁾	Disposals/ Receipts ⁽ⁱ⁾	Gains/ Losses	NAV at 31 Dec 2023
Private equity in asset management companies	1,343.3	61.0	(65.7)	6.8	1,345.4
Event-driven equities, convertible bonds and other hedge funds	548.9	32.4	(16.5)	7.7	572.5
Bank loans	304.1	6.0	(77.3)	11.4	244.2
Real estate	151.8	8.9	(7.3)	(5.7)	147.7
Private equity and venture capital	377.6	62.0	(20.9)	90.7	509.4
Legal assets	19.3	14.9	-	3.3	37.5
Other equities and credit ⁽ⁱⁱ⁾	181.6	25.9	(119.4)	124.1	212.2
Net cash ⁽ⁱⁱⁱ⁾	(168.1)	-	(77.8)	2.4	(243.5)
Total	2,758.5	211.1	(384.9)	240.7	2,825.4

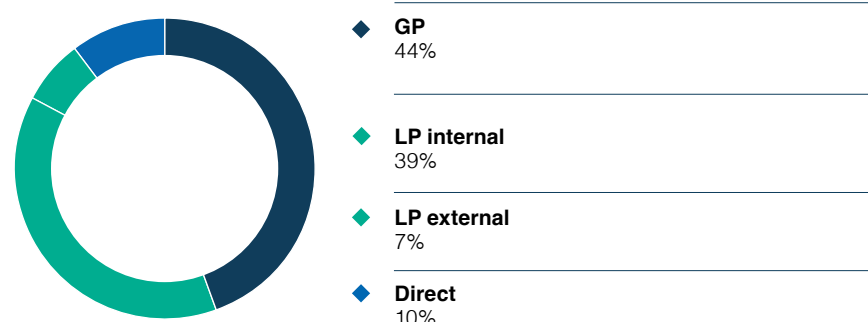
- (i) Any gains or losses on foreign exchange hedging instruments attributable to a particular strategy or sub-asset class have been included in "additions" or "disposals/receipts" respectively. For example, where a hedging gain or loss is made, this will result in either cash being received or paid, or cash being receivable or payable, which is equivalent to a receipt or disposal.
- (ii) Assets characterised as "other equities and credit" consist of investment assets held directly on the balance sheet. For certain contracts for difference (CFD), gross value or required margin is used. Under IFRS, these CFDs are held at fair value which is the unrealised gain or loss at the reporting date. Payments and receipts on the same investments have been netted off against each other.
- (iii) Net cash consists of: (1) cash held directly by Tetragon, (2) excess margin held by brokers associated with assets held directly by Tetragon, and (3) cash held in certain designated accounts related to Tetragon's investments, some of which may only be used for designated purposes without incurring significant tax and transfer costs, and (4) adjusted for all other assets and liabilities at the reporting date including any drawn amounts on the revolving credit facility.

Investment review

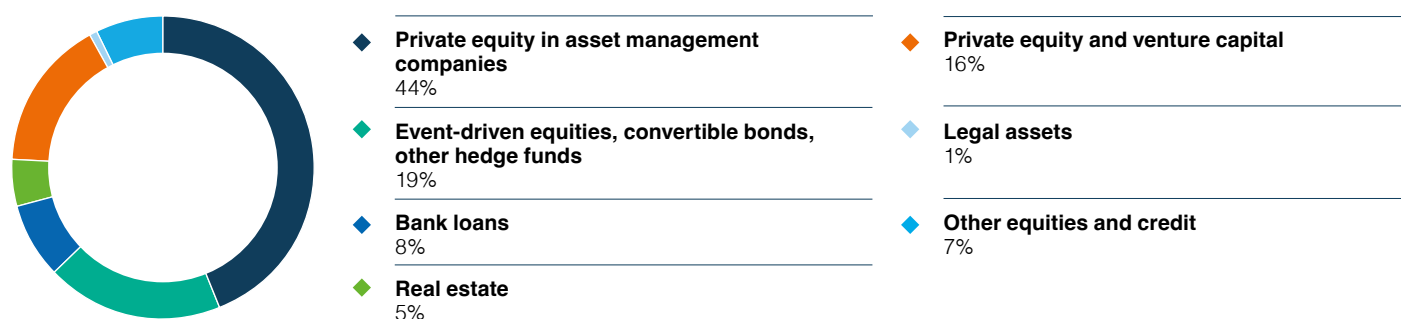
Figure 8

Net asset composition summary

Invested in three ways



Net asset breakdown at 31 Dec 2023



Net asset breakdown at 31 Dec 2022

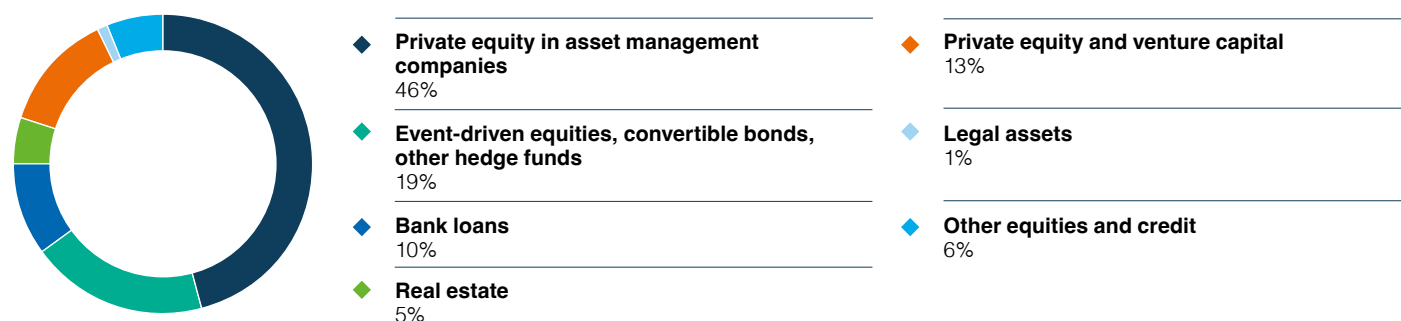


Figure 9

Top 10 Holdings by Value as of 31 December 2023

Rank	Holding	Asset Class	Value (\$ millions)	% of Investments
1	Equitix	Private equity in asset management company	737.6	24.0%
2	Westbourne River Event Fund – Low Net ⁽ⁱ⁾	Event-driven equities	302.5	9.9%
3	BGO	Private equity in asset management company	270.5	8.8%
4	LCM	Private equity in asset management company	258.5	8.4%
5	Westbourne River Event Fund – Long Bias ⁽ⁱ⁾	Event-driven equities	144.1	4.7%
6	Banyan Square Fund 1	Private equity and venture capital	127.0	4.1%
7	Hawke's Point Fund 1	Private equity and venture capital	113.4	3.7%
8	Ripple Labs Inc. – Series A & B Preferred Stock	Private equity and venture capital	103.8	3.4%
9	Acasta Global Fund	Convertible bonds	102.8	3.4%
10	TCI III	Bank loans	60.6	2.0%
Total				72.4%

(i) On 1 November 2023, the Polygon event-driven business was renamed Westbourne River Partners; the Polygon European Equity Fund Absolute Return was renamed Westbourne River Event Fund – Low Net, and the Polygon European Equity Fund Long Bias was renamed Westbourne River Event Fund – Long Bias.

Figure 10

Detailed Investment Review

Figure 10 breaks out more detail showing the effect of capital flows and performance gains and losses on the NAV of each asset class during 2023; more detailed commentary for each asset class follows.

Asset Classes All figures are in millions of U.S. dollars	NAV at 31 Dec 2022	Additions ⁽ⁱ⁾	Disposals/ Receipts ⁽ⁱ⁾	Gains/ Losses	NAV at 31 Dec 2023	% of investments
Private equity in asset management companies						
Equitix	683.2	29.6	(28.2)	53.0	737.6	24.0%
BGO	283.0	3.3	(17.8)	2.0	270.5	8.8%
LCM	290.7	3.4	-	(35.6)	258.5	8.4%
Other asset managers	86.4	24.7	(19.7)	(12.6)	78.8	2.6%
Event-driven equities, convertible bonds and other hedge funds						
Westbourne River Event Fund – Low Net ⁽ⁱⁱ⁾	287.8	20.0	-	(5.3)	302.5	9.9%
Westbourne River Event Fund – Long Bias ⁽ⁱⁱ⁾	131.8	8.9	-	3.4	144.1	4.7%
Acasta funds	104.2	-	(10.0)	12.4	106.6	3.5%
Other hedge funds	25.1	3.5	(6.5)	(2.8)	19.3	0.6%
Bank loans						
U.S. CLOs (LCM)	159.7	-	(42.8)	10.8	127.7	4.2%
Tetragon Credit Partners funds	132.7	6.0	(28.8)	1.1	111.0	3.6%
U.S. CLOs (non-LCM)	11.7	-	(5.7)	(0.5)	5.5	0.2%
Real estate						
BGO Europe funds & co-investments	35.3	5.9	(2.3)	(0.2)	38.7	1.3%
BGO U.S. funds & co-investments	49.2	2.2	(1.2)	(4.1)	46.1	1.5%
BGO Asia funds & co-investments	21.7	-	(1.7)	2.4	22.4	0.7%
BGO debt funds	3.9	0.5	(2.1)	0.3	2.6	0.1%
Other real estate	41.7	0.3	-	(4.1)	37.9	1.2%
Private equity and venture capital						
Hawke's Point funds & co-investments	59.1	6.9	-	50.7	116.7	3.8%
Banyan Square funds	123.6	12.6	(12.5)	3.3	127.0	4.1%
Other funds & co-investments	130.4	20.2	(1.1)	4.5	154.0	5.0%
Direct	64.5	22.3	(7.3)	32.2	111.7	3.6%
Legal assets						
Contingency Capital funds	19.3	14.9	-	3.3	37.5	1.2%
Other equities and credit⁽ⁱⁱⁱ⁾						
Other equities	165.7	25.8	(119.4)	124.4	196.5	6.4%
Other credit	15.9	0.1	-	(0.3)	15.7	0.5%
Cash						
Net cash ^(iv)	(168.1)	-	(77.8)	2.4	(243.5)	
Total	2,758.5	211.1	(384.9)	240.7	2,825.4	100.0%

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

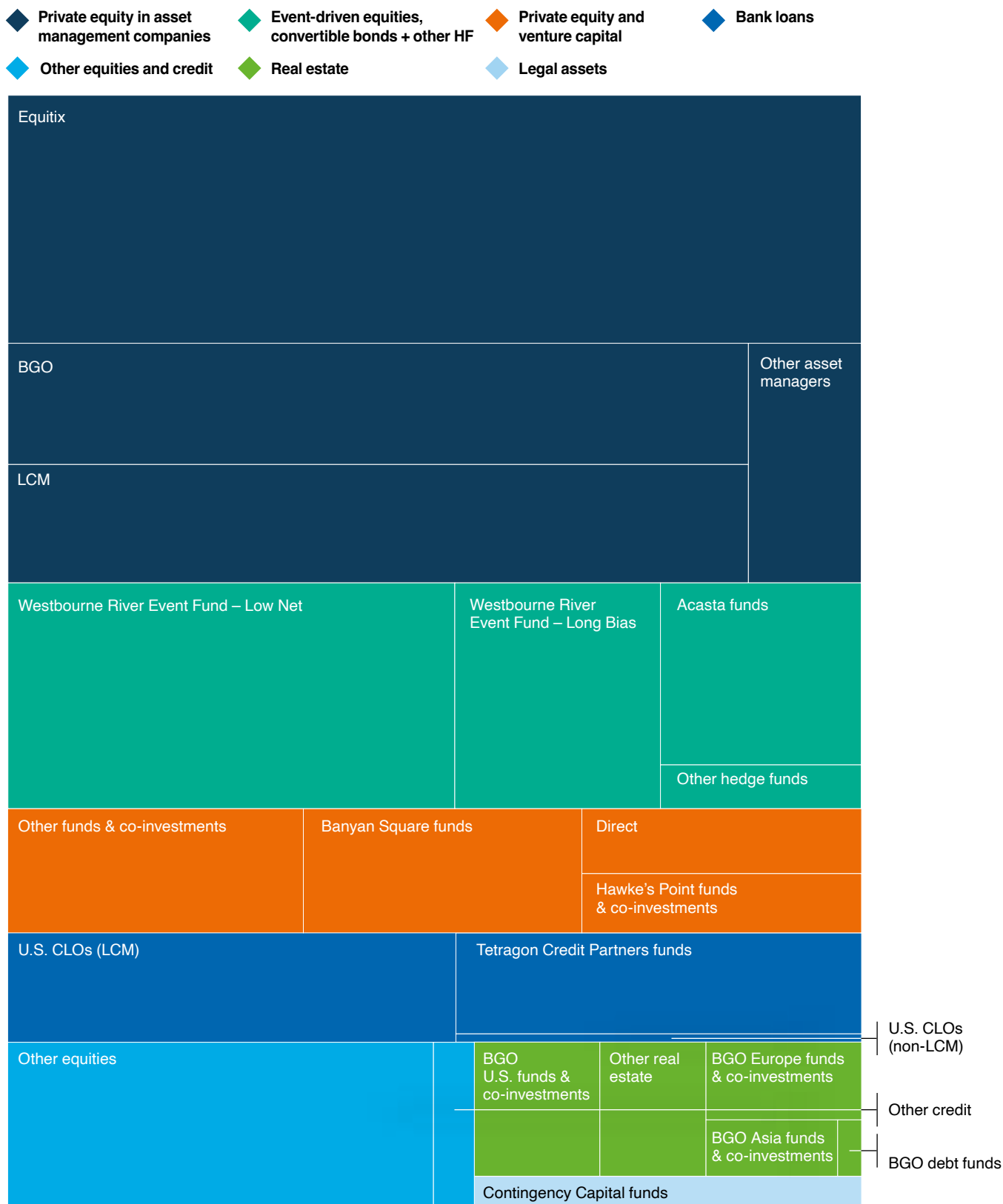
(ii) On 1 November 2023, the Polygon event-driven business was renamed Westbourne River Partners; the Polygon European Equity Fund Absolute Return was renamed Westbourne River Event Fund – Low Net, and the Polygon European Equity Fund Long Bias was renamed Westbourne River Event Fund – Long Bias.

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

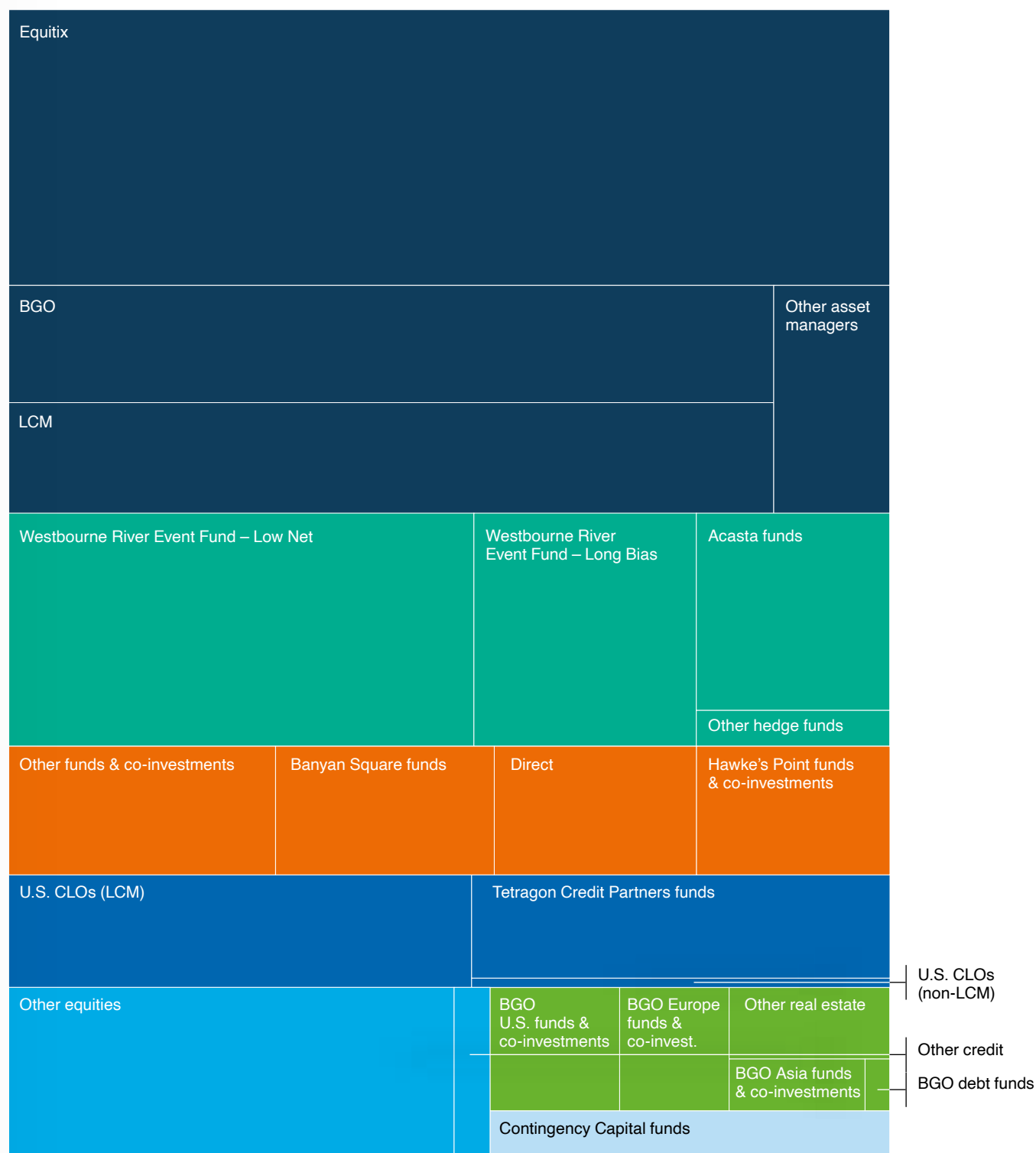
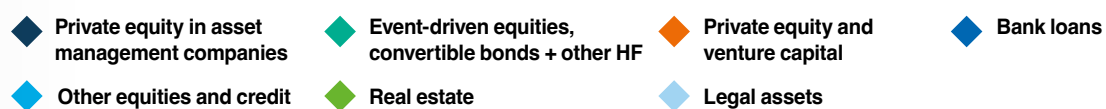
(iv) Net cash consists of: (1) cash held directly by Tetragon, (2) excess margin held by brokers associated with assets held directly by Tetragon, and (3) cash held in certain designated accounts related to Tetragon's investments, some of which may only be used for designated purposes without incurring significant tax and transfer costs, and (4) adjusted for all other assets and liabilities at the reporting date including any drawn amounts on the revolving credit facility.

Detailed net asset breakdown

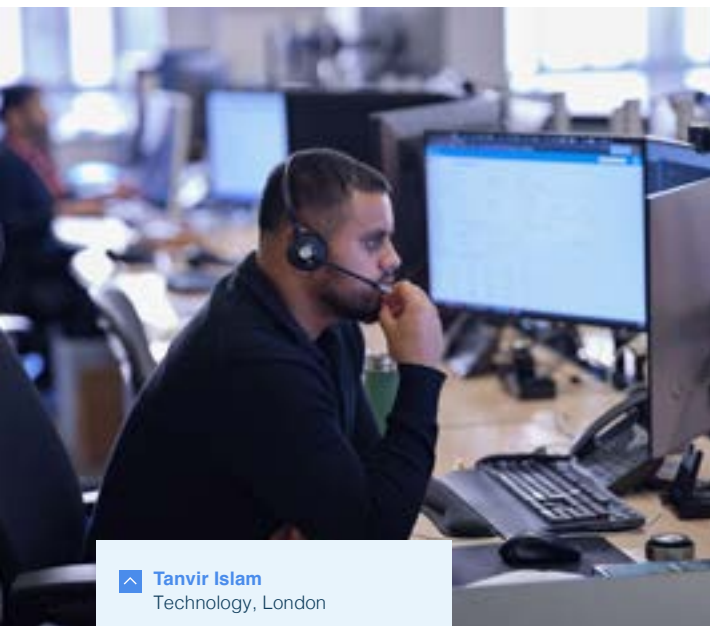
31 December 2022



31 December 2023



Detailed Investment Review



 **Tanvir Islam**
Technology, London

Private equity investments in asset management companies

TFG Asset Management is Tetragon's diversified alternative asset management platform. It enables Tetragon to produce asset level returns on its investments in managed funds on the platform, and to enhance those returns through capital appreciation and investment income from its ownership stakes in the asset management businesses. The combination of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream.

As at 31 December 2023, TFG Asset Management comprised LCM, BGO (the new trading name of BentallGreenOak), Westbourne River Partners (formerly known as Polygon), Acasta Partners, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and Contingency Capital. TFG Asset Management recorded an investment gain of \$6.8 million in 2023 as gains in Equitix were offset by downward valuations in LCM and other asset managers.

Equitix: Equitix is an integrated core infrastructure asset management and primary project platform, with a sector focus on social infrastructure, transport, renewable power, environmental services, network utilities and data infrastructure. Tetragon owns 75% of the company. During 2023, Equitix's AUM increased from £10.0 billion to £10.9 billion. Equitix started raising capital for Fund VII after closing Fund VI at £1.5 billion



During 2023, Equitix started raising capital for Fund VII after closing Fund VI at £1.5 billion in AUM.

in AUM, and also raised some capital into managed accounts during the period. Tetragon's investment made a gain of \$53.0 million in 2023, mainly during the first half of the year, driven by a combination of (a) higher valuation as the business continued to deliver against its business plan despite a 14% decrease in the market multiples, (b) a reduction in net debt due to positive cash generation, (c) dividend income received by Tetragon of \$28.2 million, and (d) foreign exchange gains on the unhedged portion of this investment.

BGO (the new trading name of BentallGreenOak):

BGO is a real estate-focused principal investing, lending and advisory firm. During 2023, distributions to Tetragon totalled \$17.8 million, reflecting a combination of fixed quarterly contractual payments, variable payments and carried interest. As a result of these distributions, the value of Tetragon's investment decreased to \$270.5 million during the period with a gain of \$2.0 million for the year. The value of the put/call option decreased by \$6.3 million, in part reflecting an update to BGO's business plan and forecasts. This was offset by gains in the fixed quarterly contractual payments due to unwinding of the discount rate and higher actual variable payments received in the year as compared to forecast payments.

LCM: LCM is a bank loan asset management company. LCM manages loan assets through Collateralised Loan Obligations (CLOs), which are long-term, multi-year investment vehicles. During the year, its AUM decreased by 14%, reflecting a combination of LCM not issuing any new deals due to market conditions as well as an amortisation of some existing deals. Tetragon's investment in LCM made a loss of \$35.6 million in 2023 as the valuation reflected the impact of the reduction in the AUM.

TFG Asset Management

+\$6.8M

2023 performance

Investment review

Platform and other asset managers: TFG Asset Management's other asset managers consist of Westbourne River Partners (the renamed European event-driven equity investing business of Polygon Global Partners); Acasta Partners, a manager of open-ended hedge fund and managed account vehicles, employing a multi-disciplinary approach; Tetragon Credit Partners, a structured credit investing business focused on primary CLO control equity as well as a broader series of offerings across the CLO capital structure; Hawke's Point, an asset management business that provides strategic capital to companies in the mining and resource sectors; Banyan Square Partners, a private equity firm focused on non-control equity investments; and Contingency Capital, a global asset management business focused on credit-oriented legal assets investments. The collective loss on Tetragon's investments in these managers was \$12.6 million during 2023, owing to a combination of a reduction in the fair value of some of these managers, as well as working capital support provided to relatively nascent businesses.

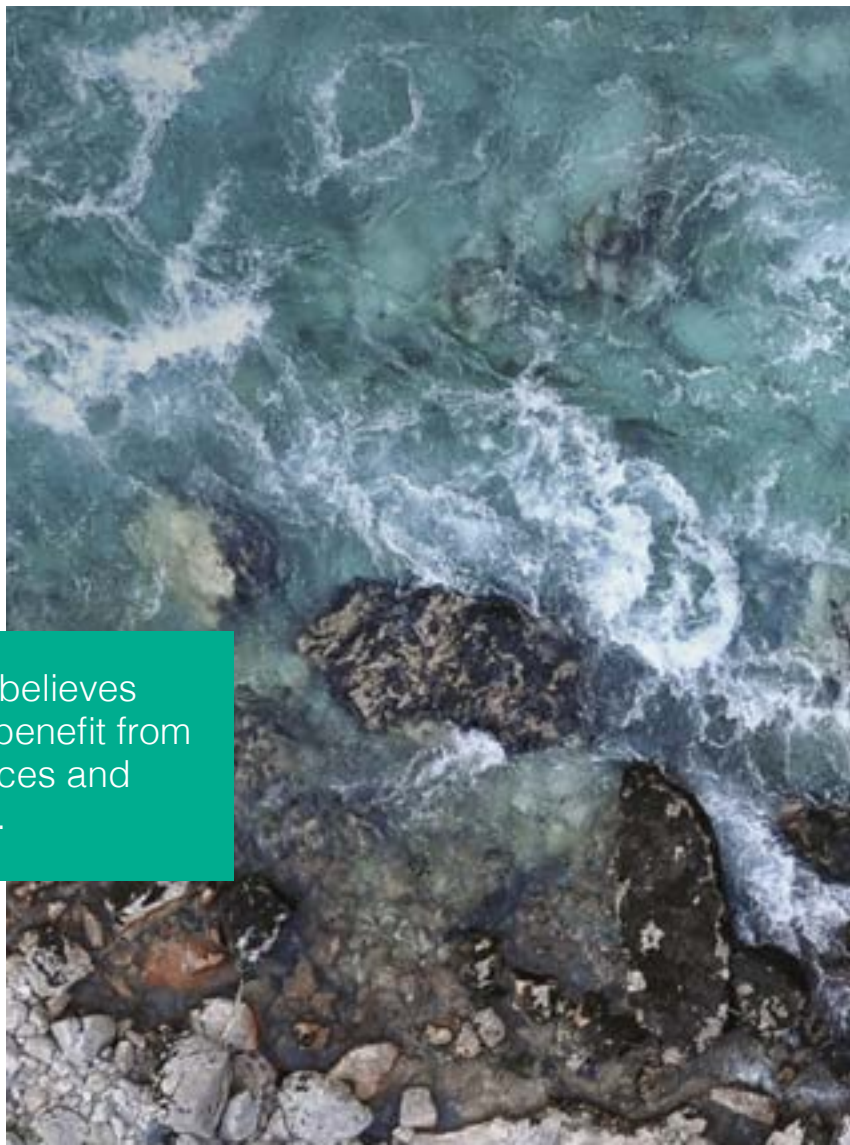
Please see Note 4 in the 31 December 2023 Tetragon Financial Group Limited Audited Financial Statements for further details on the basis for determining the fair value of TFG Asset Management. Additionally, for further colour on the underlying performance of the asset managers, please see Figure 18 for TFG Asset Management's *pro forma* operating results and associated commentary.

Event-driven equities, convertible bonds and other hedge funds

Tetragon invests in event-driven equities and convertible bonds and credit through hedge funds. At 31 December 2023, these investments are primarily through hedge funds managed by Acasta Partners and Westbourne River Partners. Investments in these funds generated a gain of \$7.7 million during 2023.

Westbourne River Partners funds: The Westbourne River Event Fund – Low Net (formerly Polygon European Equity Opportunity Fund – Absolute Return) focuses on event-driven investing in European small- and mid-cap equities to pursue what it believes are more attractive and less-followed opportunities seeking to deliver uncorrelated alpha. The Low Net product has targeted net exposure of between 0-30%. Tetragon's investments in this fund recorded a loss of \$5.3 million during the period. Net performance for the fund was down 1.6% for 2023. Tetragon made an additional investment of \$20 million into this fund during the year.

The Westbourne River team believes the funds should be able to benefit from steadily recovering asset prices and easing interest rates in 2024.



The Westbourne River Event Fund – Long Bias (formerly Polygon European Equity Opportunity Fund – Long Bias): this fund follows the same strategy as the Low Net vehicle, but has targeted net exposure of approximately 75%. Tetragon's investment generated a gain of \$3.4 million during 2023. Net performance for the fund was up 9.5% for 2023.

Taking a moment to reflect on 2023, given the rally in the tech sector, the funds' returns may feel disappointing, but the Westbourne River team believes that their results over the last two years shows the benefits of diversification and the focus on reducing beta to the markets. The team believes the funds should be able to benefit from steadily recovering asset prices and easing interest rates in 2024.

Acasta Partners funds: The Acasta Global Fund pursues a multi-disciplinary approach to investing, employing niche strategies to profit over economic and risk cycles. The fund invests opportunistically across the credit universe with a particular emphasis on convertible securities, special situations, instruments trading at stressed or distressed levels, metals and mining capital structures including related commodities, and in volatility driven strategies. Acasta Partners also manages the Acasta Energy Evolution Fund, a portfolio targeted

at opportunities driven by the transition of energy to renewable resources, and the resulting impact on metals and mining companies and associated commodities.

Tetragon's investment in Acasta funds generated a gain of \$12.4 million during 2023. Net performance in the Acasta Global Fund was +13.0% for its flagship share class, compared to the HFR RV Fixed Income-Convertible Arbitrage Index which returned +4.8% during the period.⁽¹⁾ Facing an uncertain macro outlook going into 2023, during the year, the fund favoured a core investment book built on safe carry, long/short credit positioning and strategies driven by idiosyncratic events and catalysts. Tetragon reduced its holding in Acasta Global Fund by \$10.0 million during 2023.

The fund was nominated for the 12th time since its inception in 2009 for the 2023 With Intelligence EuroHedge Award in the Convertibles and Volatility category; it has won the award five times.⁽²⁾

Other hedge funds: Investments in other hedge funds had a loss of \$2.8 million during 2023. This category now includes the TFG Asset Management Global Equities Fund (formerly Polygon Global Equities Fund.) Tetragon reduced its holdings by net \$3.0 million during the period.



Hedge funds

+ \$7.7M

2023 performance

Bank loans

+ \$11.4M

2023 Performance

Investment review

Bank Loans

Tetragon continues to invest in bank loans through CLOs primarily by taking majority positions in the equity tranches. Tetragon's CLO portfolio recorded a gain of \$11.4 million during 2023. Tetragon made new U.S. CLO investments indirectly via the Tetragon Credit Partners platform. We continue to view CLOs as attractive vehicles for obtaining long-term exposure to the leveraged loan asset class.

U.S. CLOs (LCM): Directly-owned LCM CLOs gained \$10.8 million during 2023. This performance was driven by rising risk-free rates and loan reinvestment opportunities which may increase the cash flow generation ability of CLO equity, and a generally benign level of loan losses during the year, offset by the realisation of losses on certain older-vintage underlying loans. During 2023, investments in this segment generated \$42.8 million in cash proceeds and as of year-end, the total fair value was \$127.7 million. As at the end of 2023, all LCM CLO transactions were compliant with their junior-most over-collateralisation (O/C) tests.⁽³⁾

Tetragon made no new investments in U.S. CLOs managed by LCM during 2023. Tetragon currently expects to make most of its new-issue LCM CLO majority equity investments via the Tetragon Credit Partners platform, but may choose to make opportunistic investments directly, when appropriate.

Tetragon Credit Partners Funds⁽⁴⁾: TCI II, TCI III, and TCI IV are CLO investment vehicles established by Tetragon Credit Partners, a 100% owned subsidiary of TFG Asset Management. As of the end of 2023, Tetragon's commitment to TCI II was \$70.0 million (which was fully funded), its commitment to TCI III was \$85.9 million (which was fully funded), and its commitment to TCI IV was \$25.6 million (which was 76.3% funded). TCI II and TCI III are fully invested, while TCI IV remains in its initial investment period. As at the end of 2023, the total fair value of this segment was \$111.0 million.

During 2023, Tetragon's investments in funds managed by Tetragon Credit Partners generated \$28.8 million in cash distributions and a gain of \$1.1 million. Performance was positively impacted by rising risk-free rates and loan reinvestment opportunities which may increase the cash flow generation ability of CLO equity, and a generally benign level of loan losses during the year, offset by the realisation of losses on certain older-vintage underlying loans. During the year, TCI IV made three investments in CLO mezzanine debt tranches. Additionally, TCI IV refinanced the debt

tranches of one CLO investment and "reset" another (refinanced all the debt tranches and extended the reinvestment period of the CLO). All CLOs held by TCI II, TCI III, and TCI IV were compliant with their junior-most O/C tests as of the end of December 2023.⁽⁵⁾

U.S. CLOs (non-LCM): The non-LCM-managed CLO segment saw a loss of \$0.5 million during 2023 and generated \$5.7 million in cash distributions. Tetragon did not add any direct non LCM-managed CLO investments, and as of the end of 2023, the fair value of this segment stood at \$5.5 million. During the year, Tetragon directed the optional redemption of one non LCM-managed CLO which increased the cash distributions received in 2023. As of the end of 2023, all non-LCM CLOs were compliant with their junior-most O/C tests. Tetragon currently expects to make most of its new issue non-LCM equity investments indirectly via the Tetragon Credit Partners platform.

Real estate

BGO Europe, U.S. and Asia funds and co-investments:

Tetragon holds most of its investments in real estate through BGO-managed funds and co-investment vehicles. The majority of these vehicles are private equity-style funds concentrating on opportunistic investments targeting middle-market opportunities in the U.S., Europe and Asia, where BGO believes it can increase value and produce positive unlevered returns by sourcing off-market opportunities where it sees pricing discounts and market inefficiencies. This segment had a net loss of \$1.6 million in 2023, primarily due to losses in the U.S.-focused investments.

Other real estate: In addition to the commercial real estate investments through BGO-managed real estate funds, Tetragon also has investments in commercial farmland in Paraguay managed by a specialist third-party manager in South American farmland. This investment generated an unrealised loss of \$4.1 million after a third-party revaluation in 2023.

Real estate

-\$5.7M

2023 Performance

Private equity and venture capital

Tetragon's private equity and venture capital investments comprise several types of investments: (1) Tetragon's investments in Hawke's Point funds and co-investments; (2) investments in Banyan Square Partners funds and co-investments; (3) private equity investments with third-party managers; and (4) direct private equity investments, including venture capital investments. This segment was the second-largest positive driver of performance during the year, generating gains of \$90.7 million.

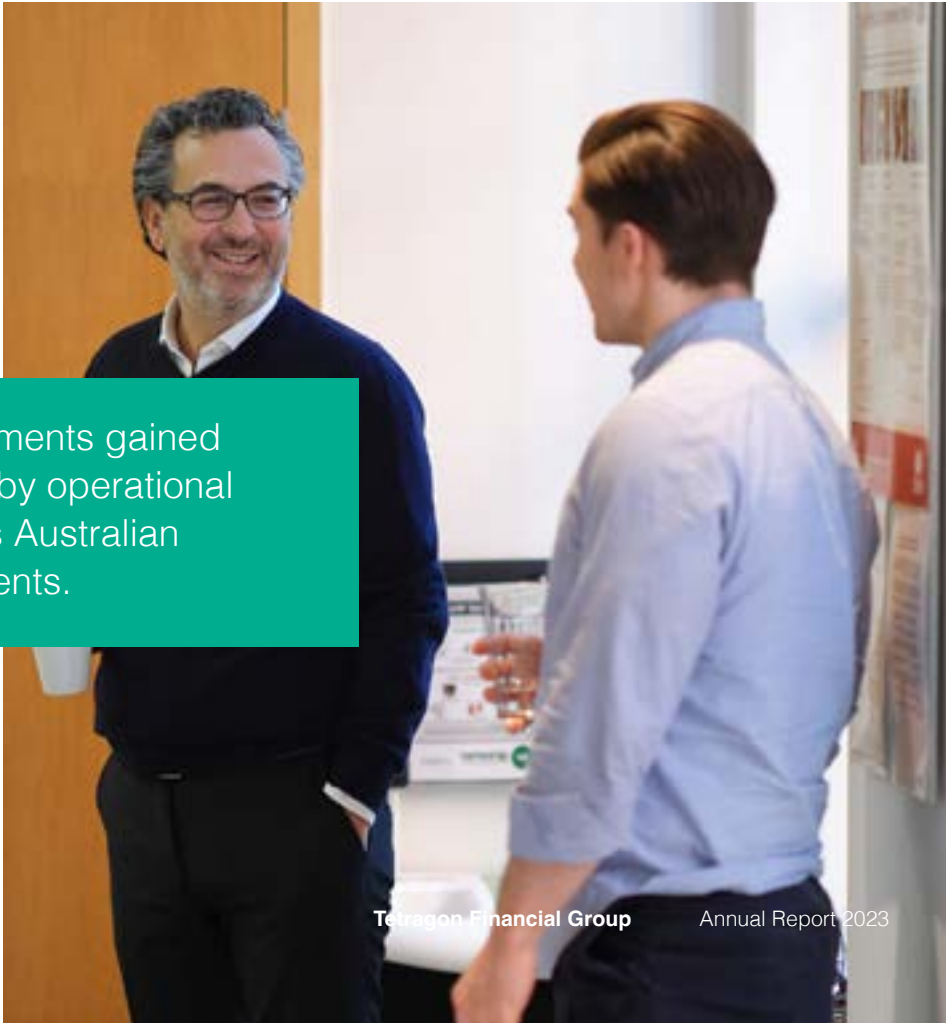
Hawke's Point: Tetragon's mining finance investments managed by Hawke's Point generated a gain of \$50.7 million during 2023, primarily driven by operational progress at one of its Australian gold project investments. Tetragon invested an additional \$6.9 million into Hawke's Point funds during the period.

Banyan Square Partners: In 2023, most of Banyan Square's portfolio companies achieved solid operating results despite macro headwinds, with a particular focus on profitability. However, the portfolio's growth was partially offset by rising interest rates that negatively impacted several portfolio companies with higher debt balances. As a result, the net gain during the period was \$3.3 million. There were 12 positions in the fund at year-end, including positions focused on application software, infrastructure software, and cybersecurity.

In addition, together with TFG Asset Management, Banyan Square Partners made a strategic investment in WovenLight, which is a data-driven consulting and software services business, which may add further investment opportunities to the Banyan Square team. Furthermore, the platform as a whole stands to benefit from the addition of WovenLight's machine learning and AI expertise.

Other funds and co-investments: Investments in externally-managed private equity funds and co-investment vehicles in Europe and North America made gains of \$4.5 million in 2023, spread across 36 different positions.

Direct: This category produced gains of \$32.2 million during the period, related to positive performance in the investment in Ripple Labs Inc. In July 2023, a U.S. judge ruled that Ripple Labs did not violate federal securities law by selling its XRP token on public exchanges. This ruling was subsequently upheld in October 2023 when the court dismissed the SEC's request for an interlocutory appeal. Crypto markets were further buoyed by expectations that the SEC was preparing to approve the first spot Bitcoin ETFs, which contributed to a broad fourth quarter rally in tokens and related assets.



Hawke's Point investments gained \$50.7 million, driven by operational progress at one of its Australian gold project investments.

Investment review

Private equity and venture capital

+\$90.7M

2023 Performance

The “other equities” segment generated a gain of \$124.4 million during 2023, making it the largest positive contributor to the portfolio.

Legal assets

+\$3.3M

2023 Performance



Legal assets

Tetragon makes investments in legal assets through vehicles managed by Contingency Capital. Tetragon has committed capital of \$60 million, \$32.1 million of which has been called to date, including \$14.9 million during 2023. A gain of \$3.3 million was generated from this investment. The performance of the Contingency Capital fund's portfolio continues to be above the underwritten projections and performance targets, and remains uncorrelated to the public equity and debt markets.

Other equities and credit

Tetragon also makes investments directly on its balance sheet reflecting single strategy ideas: either co-investing with some of its underlying managers or simply idiosyncratic investments which it believes are attractive but may be unsuitable for an investment via TFG Asset Management vehicles. These investments tend to be opportunistic and with a catalyst. We believe that the sourcing of these investments has been facilitated by the managers on the TFG Asset Management platform as well as third-party managers with whom Tetragon invests. We also believe this ability to invest flexibly is a benefit of Tetragon's structure. With a gain of \$124.1 million, this was the best-performing segment for Tetragon during 2023.





- **Other equities:** This segment generated a gain of +\$124.4 million during 2023, making it the largest positive contributor to the portfolio. Technology-driven positions contributed approximately two thirds of this, driven by companies well-positioned to benefit from AI infrastructure demand or to incorporate emergent AI applications into their business models. Biotechnology contributed most of the remaining gains, driven by a U.K. biotech company reporting encouraging developments for its potential cancer and autoimmune therapies.
- **Other credit:** This segment had flat performance during 2023 and currently comprises one position.

Cash

Tetragon's cash at bank balance was \$23.1 million as at 31 December 2023. After adjusting for known accruals and liabilities (short- and long-dated), its net cash balance was -\$243.5 million. Tetragon has access to a credit facility of \$400 million with a maturity date in July 2032. As at 31 December 2023, \$250 million of this facility was drawn and this liability has been incorporated into the net cash balance calculation.

The Company actively manages its cash levels to cover future commitments and to enable it to capitalise on opportunistic investments and new business opportunities. During 2023, Tetragon used \$211.1 million of cash to make investments, \$60.3 million to repurchase its shares and \$23.3 million to pay dividends. \$307.1 million of cash was received as distributions and proceeds from the sale of investments. Future cash commitments are \$95.4 million, comprising: investment commitments to BGO funds of \$27.4 million; private equity funds of \$32.4 million; Tetragon Credit Partners funds of \$6.1 million; Contingency Capital funds of \$27.9 million; and the Contingency Capital loan of \$1.6 million.

Notes

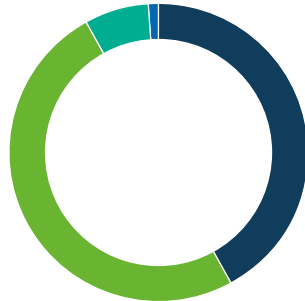
- (1) The indices shown here have not been selected to represent appropriate benchmarks to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, Tetragon's holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. The HFRX Convertible Arbitrage Index (Bloomberg Code: HFRXCA) is compiled by HFR Hedge Tetragon Research Inc. Further information relating to index constituents and calculation methodology can be found at www.hfr.com/.
- (2) The Acasta Global Fund was nominated for the 2023 EuroHedge Award in the Convertibles & Volatility category; there were three other nominees for this award. The With Intelligence EuroHedge Award is organised by With Intelligence. To be considered for an award, funds must submit performance data to the HFM Database and have at least a 12-month track record history. Winners are decided using an established methodology based upon a combination of Sharpe ratios and returns over the relevant time period. To qualify for nominations, funds must achieve annualised returns higher than the median returns for their peer groups – and they must also be within 10% of their high-water marks that were set before the start of the performance period under review. The winners are those funds that meet the relevant criteria, and which achieve the highest returns among the nominated funds – so long as they are also within 25% of the best Sharpe ratios within their nominated peer groups. Further information about the award, including nomination and winning criteria, is available at <https://awards.withintelligence.com/eurohedgeawards/en/page/criteria#list-your-data>.
- (3) Based on the most recent trustee reports available as of 31 December 2023. Throughout this report, we refer to overcollateralisation or "O/C" tests, which are CLO-specific tests that measure the par amount of underlying CLO collateral (adjusted in certain cases for defaults or other "stressed" asset types) against the par value of the rated CLO debt tranches. The failure of an overcollateralisation test generally results in the temporary cessation of cash flows to the CLO's equity tranche.
- (4) TCI II refers to Tetragon Credit Income II L.P., TCI III refers to Tetragon Credit Income III L.P., and TCI IV refers to Tetragon Credit Income IV L.P.
- (5) Based on the most recent trustee reports available as of 31 December 2023.

Investment review

Figure 11

Further portfolio metrics – exposures at 31 December 2023

By geography⁽¹⁾



◆ **North America**
42%

◆ **Europe**
50%

◆ **Asia Pacific**
7%

◆ **Latin America**
1%

By exposure⁽²⁾



◆ **Westbourne River Partners⁽ⁱ⁾**
15%

◆ **LCM⁽ⁱ⁾**
13%

◆ **BGO⁽ⁱ⁾**
12%

◆ **Acasta⁽ⁱ⁾**
4%

◆ **External⁽ⁱⁱ⁾**
7%

◆ **Direct balance sheet⁽ⁱⁱⁱ⁾**
11%

◆ **Equitix⁽ⁱⁱⁱ⁾**
24%

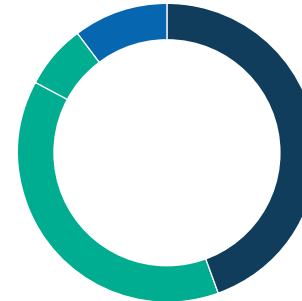
◆ **Tetragon Credit Partners⁽ⁱ⁾**
4%

◆ **Hawke's Point⁽ⁱ⁾**
4%

◆ **Banyan Square⁽ⁱ⁾**
4%

◆ **Contingency Capital⁽ⁱ⁾**
2%

By investment



◆ **GP**
44%

◆ **LP Internal**
39%

◆ **LP External**
7%

◆ **Direct**
10%

Currency exposure

Tetragon is a U.S. dollar-based fund and reports all its metrics in U.S. dollars. During 2023, all investments denominated in other currencies were hedged to U.S. dollars, except for some of the GBP-denominated exposure in Equitix.

(1) Assumptions for "By geography":

- Event-driven equities, convertible bonds, other hedge funds, private equity and venture capital, legal assets and other equities and credit investments are based on the geographies of the underlying portfolio assets.
- U.S. CLOs and Tetragon Credit Partners funds (bank loans) are treated as 100% North America.
- LCM, Tetragon Credit Partners, Banyan Square Partners, and Contingency Capital (TFG Asset Management) are treated as 100% North America.
- BGO (TFG Asset Management) is treated as 24% Europe, 66% North America, and 10% Asia-Pacific.
- Acasta Partners (TFG Asset Management) is treated as 80% Europe and 20% North America.

– Westbourne River Partners and Equitix (TFG Asset Management) are treated as 100% Europe.

– Hawke's Point (TFG Asset Management) is treated as 100% Asia-Pacific.

(2) Assumptions for "By exposure":

- Exposure represents the net asset value of the private equity position in the relevant asset management company and the investments in funds/accounts managed by that asset management company.
- Exposure represents the net asset value of investments.
- Exposure represents the net asset value of the private equity position in the asset management company.

Source: Tetragon.

Financial Review

A summary of Tetragon's 2023 financial highlights, and *pro forma* statements of comprehensive income and financial position.

**Financial
Highlights**
44

***Pro Forma* Statement of
Comprehensive Income**
45

***Pro Forma* Statement
of Financial Position**
45

Financial highlights

Figure 12

Financial Highlights 2021 – 2023

	2023	2022	2021
Reported GAAP Net income (\$MM)	\$141.1	(\$32.1)	\$418.2
Adjusted Net income (\$MM)	\$150.4	(\$22.6)	\$428.6
Reported GAAP EPS	\$1.62	(\$0.35)	\$4.68
Adjusted EPS	\$1.72	(\$0.25)	\$4.79
Return on equity	5.5%	-0.8%	17.3%
Net Assets (\$MM)	\$2,825.4	\$2,758.5	\$2,876.8
IFRS number of shares outstanding (MM)	81.2	85.6	90.2
NAV per share	\$34.79	\$32.24	\$31.88
Fully diluted shares outstanding (MM)	90.8	92.9	96.4
Fully diluted NAV per share	\$31.13	\$29.69	\$29.86
NAV per share total return	6.4%	1.0%	14.1%
DPS	\$0.44	\$0.44	\$0.41

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

- **Adjusted Net income (\$150.4 million):** Please see Figure 13 for more details and a breakdown of the Adjusted Net Income.
- **Return on Equity (5.5%):** Adjusted Net Income (\$150.4 million divided by Net Assets at the start of the year (\$2,758.5 million).
- **Fully Diluted Shares Outstanding (90.8 million):** Adjusts the IFRS shares outstanding (81.2 million) for various dilutive factors (9.6 million shares). Please see Figure 27 for more details.
- **Adjusted EPS (\$1.72):** Calculated as Adjusted Net Income (\$150.4 million) divided by the time-weighted average IFRS shares during the period (87.3 million).
- **Fully Diluted NAV Per Share (\$31.13):** Calculated as Net Assets (\$2,825.4 million) divided by Fully Diluted Shares Outstanding (90.8 million).

Figure 13

Pro Forma Statement of Comprehensive Income 2022 – 2023

	2023 (\$M)	2022 (\$M)
Net gain on financial assets at fair value through profit or loss	270.6	18.9
Net (loss)/gain on derivative financial assets and liabilities	(32.5)	42.4
Net foreign exchange gain	0.3	1.2
Interest income	2.3	0.4
Investment income	240.7	62.9
Management and incentive fees	(58.0)	(67.6)
Other operating and administrative expenses	(8.3)	(7.6)
Interest expense	(24.0)	(10.3)
Total operating expenses	(90.3)	(85.5)
Adjusted Net income	150.4	(22.6)

For 2023, the difference between Adjusted Net income as shown here and IFRS profit and total comprehensive income is an adjustment to remove share-based compensation expense of \$9.3 million (2022: \$9.5 million) This adjustment is consistent with how Adjusted Net income has been determined in prior periods.

During the year, \$16.3 million (2022: \$26.5 million) of incentive fee was expensed and remain outstanding at 31 December 2023.

Figure 14

Pro Forma Statement of Financial Position

as at 31 December 2022 and 31 December 2023

	31 Dec 2023 (\$M)	31 Dec 2022 (\$M)
ASSETS		
Investments	3,065.7	2,919.2
Derivative financial assets	5.1	21.7
Other receivables	4.7	6.1
Amounts due from brokers	7.2	5.5
Cash and cash equivalents	23.1	21.7
Total assets	3,105.8	2,974.2
LIABILITIES		
Loans and borrowings	(250.0)	(115.0)
Derivative financial liabilities	(8.3)	(2.5)
Amounts due to brokers	-	(68.0)
Other payables and accrued expenses	(22.1)	(30.2)
Total liabilities	(280.4)	(215.7)
NET ASSETS	2,825.4	2,758.5

Governance

This section provides details on Tetragon's corporate governance matters, as well as information regarding the Investment Manager.

Our structure

48

**Board
of Directors**

49 – 55

**Our investment
manager**

56 – 61

**Directors'
report**

62 – 63

**AIC Code of Corporate
Governance**

64

**Additional
information**

65

Our structure



(i) The value of Tetragon's assets, less any liabilities, as at 31 December 2023. Source: Tetragon.

(ii) Includes the AUM of LCM, Westbourne River Partners, Acasta Partners, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and TCICM, at 31 December 2023 and AUM for BGO representing Tetragon's pro rata share (12.86%) of BGO AUM (\$83.2 billion). Includes, where relevant, investments by Tetragon.

Board of Directors

The Board of Directors currently comprises five directors, of which three are Independent Directors.



Deron J. Haley

Independent Director

Deron Haley, also known as D.J., is a founding Partner and Chief Operating Officer at Durational Capital Management, LP, a New York-based private equity firm that specialises in consumer buy-outs. Prior to Durational Capital Management, he was the Chief Operating Officer of Hound Partners, LLC, a New York-based global equity fund. Prior thereto, he was a senior executive of Ziff Brothers Investments, LLC, a global, single-family office that invested directly in private and public equities, fixed income, global macro, and commodities, and led firmwide operational and management initiatives. D.J. began his finance career as an equity research analyst, and later a registered trader before taking on senior managerial roles. Prior to finance, he served five years active duty in the United States Navy. He is a founding Director of the Navy SEAL Foundation, and sits on the Investment Committee of The Heinz Endowments. D.J. recently served as an independent director on the Boards of Directors of several funds managed by TFG Asset Management. He holds a B.S. degree in Mechanical Engineering from Carnegie Mellon University in Pittsburgh and a M.B.A. degree from Harvard Business School.



Steven Hart

Independent Director

Steven Hart serves as president of Hart Capital LLC, which he founded in 1998 as a family office to invest in a diversified portfolio of assets with a strong education industry focus. Steven was the co-owner (1999-2010) and member of the Board of Directors (1999-2007) of Lincoln Educational Services Corporation. From 1983 to 1997, he was co-founder of a family-owned conglomerate where he acquired and managed manufacturing and distribution companies involved in automotive, printing, apparel and industrial textiles, electronics, synthetic foam, and home furnishing industries. Steven served as chairman of the State of Connecticut Investment Advisory Council from 1995 to 2003, which oversees the State of Connecticut Retirement Plans and Trust Funds, and, as a trustee (1996-2003), and chairman (2003) of the Stanford University Graduate School of Business Endowment Trust. From 2011-2020, he served as a member of the Boards of Directors of several funds connected with Blue Harbour Group, L.P. Steven earned an M.B.A. degree from Stanford University Graduate School of Business and a B.A. degree in Math/Economics from Wesleyan University.

Board of Directors



David O'Leary

Independent Director

David O'Leary retired from State Street Corporation in Boston, Massachusetts in 2012, where he was Executive Vice President – Chief Administrative Officer (2010-2012) and Executive Vice President – Global Head of Human Resources (2005-2010). At State Street, he managed a global team of 325 staff across 15 countries and was a member of its 10-person Operating Group and Management Committee, reporting directly to its Chief Executive Officer. From 1985 to 2004, David was at Credit Suisse First Boston, serving as Managing Director, Global Head of Human Resources from 1988 to 2003, where he managed a global team of 250 staff in 13 countries responsible for all aspects of Human Resources in the Americas, Europe, and Asia. David began his career in financial services at Merrill Lynch & Company in New York, where he was Vice President – Executive Compensation from 1981 to 1985. He earned a M.B.A. degree from the University of Massachusetts, where he graduated first in his class, a M.S. degree from the State University of New York and a B.S. degree from Union College.



Reade Griffith

Tetragon Co-Founder and Chief Investment Officer

Reade Griffith is Co-Founder and Chief Investment Officer of Tetragon Financial Group and TFG Asset Management. Reade is also a member of Tetragon's Board of Directors. Prior to co-founding Tetragon in 2005, Reade co-founded Polygon, a multi-strategy hedge fund management business, in 2002. In 2012, Tetragon acquired Polygon and it became part of TFG Asset Management, Tetragon's diversified alternative asset management business – which now has more than \$41 billion of assets under management.⁽ⁱ⁾

Reade is also Chief Investment Officer for TFG Asset Management's European event-driven equities business, Westbourne River Partners.

Reade holds an A.B. degree in Economics from Harvard College and a J.D. degree from Harvard Law School. Reade also served as an officer in the U.S. Marine Corps and left as a Captain following the 1991 Gulf War. Reade 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.

Reade is currently a member of the Royal United Services Institute Advisory Board and the Dean's Advisory Board at Harvard Law School. From 2017 until 2020, Reade was a member of the Financial Sector Forum at the Bank of England.



Paddy Dear

Tetragon Co-Founder

Paddy Dear co-founded Tetragon in 2005, is based in London and is a member of Tetragon's Board of Directors and its investment manager's Investment and Risk Committee.

Prior to co-founding Tetragon in 2005, Paddy co-founded Polygon, a multi-strategy hedge fund management business, in 2002. In 2012, Tetragon acquired Polygon and it became part of TFG Asset Management, Tetragon's diversified alternative asset management business – which now has more than \$41 billion of assets under management.⁽ⁱ⁾

Paddy received a BSc in Petroleum Engineering from Imperial College London, graduating top of his year. He started his career as a Petroleum Engineer with Marathon Oil working in London, Denver and offshore in the North Sea. He later moved into finance and prior to setting up Polygon was a Managing Director at UBS Investment Bank, where he worked for 14 years in London and New York.

(i) Includes the AUM of LCM, Westbourne River Partners, Acasta Partners, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and TCICM, as calculated by the applicable fund administrators at 31 December 2023 and AUM for BGO representing Tetragon's pro rata share (12.86%) of BGO AUM (\$83.2 billion). Includes, where relevant, investments by Tetragon.

The Board of Directors of Tetragon

Size, Independence and Composition of the Board of Directors of Tetragon

The structure, practices and committees of the Board of Directors of Tetragon, including matters relating to the size, independence and composition of the Board of Directors, the election and removal of Directors, requirements relating to board action and the powers delegated to board committees, are governed by Tetragon's Memorandum and Articles of Incorporation.

Tetragon has five directors, or the Directors. As set out below and as elsewhere described in the risk factors found on Tetragon's website at www.tetragoninv.com/shareholders#risk-factors, not less than a majority of the Directors are independent. A Director will be an "Independent Director" if the Board of Directors determines that the person satisfies the standards for independence contained in the Corporate Governance Code 2018 in all material respects. If the death, resignation or removal of an Independent Director results in the Board of Directors having less than a majority of Independent Directors, the vacancy must be filled promptly. Pending the filling of such vacancy, the Board of Directors may temporarily consist of less than a majority of Independent Directors and those Directors who do not meet the standards for independence may continue to hold office.

A Director who is not an Independent Director will not be required to resign as a Director as a result of an Independent Director's death, resignation or removal. In addition, Tetragon's Memorandum and Articles of Incorporation prohibit the Board of Directors from consisting of a majority of Directors who are resident in the United Kingdom.

Election and Removal of Directors of Tetragon

Each member of Tetragon's Board of Directors is elected annually by the holder of Tetragon's voting shares. All vacancies on the Board of Directors, including by reason of death or resignation, may be filled, and additional Directors may be appointed, by a resolution of the holder of Tetragon's voting shares.

A Director may be removed from office for any reason by notice requesting resignation signed by all other Directors then holding office, if the Director is absent from four successive meetings without leave

expressed by a resolution of the Directors or for any reason by a resolution of the holder of Tetragon's voting shares. A Director will also be removed from the Board of Directors if they become bankrupt, if they become of unsound mind, if they become a resident of the United Kingdom and such residency results in a majority of the Board of Directors being residents of the United Kingdom or if they become prohibited by law from acting as a Director. A Director is not required to retire upon reaching a certain age.

Action by the Board of Directors of Tetragon

The Board of Directors of Tetragon may take action in a duly convened meeting, for which a quorum is five Directors, or by a written resolution signed by at least five Directors. When action is to be taken by the Board of Directors, the affirmative vote of five of the Directors then holding office is required for any action to be taken. As a result, the Board of Directors will not be able to act without the affirmative vote of both of the Directors affiliated with the holder of Tetragon's voting shares.

The Directors are responsible for the management of Tetragon. They have delegated to the investment manager certain functions, including broad discretion to adopt an investment strategy to implement Tetragon's investment objective. However, certain matters are specifically reserved for the Board of Directors under the Memorandum and Articles of Incorporation.

Transactions in which a Director has an Interest

Provided that a Director has disclosed to the other Directors the nature and extent of any such Director's interests in accordance with the Companies (Guernsey) Law, 2008, as amended, a Director, notwithstanding his office: (a) may be a party to, or otherwise interested in, any transaction or arrangement with Tetragon or in which Tetragon is otherwise interested; (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by Tetragon or in which Tetragon is otherwise interested; and (c) shall not be accountable to Tetragon for any benefit derived from any such transaction or arrangement or from any interest in any such body corporate, and no such transaction or arrangement shall be void or voidable on the grounds of any such interest or benefit or because

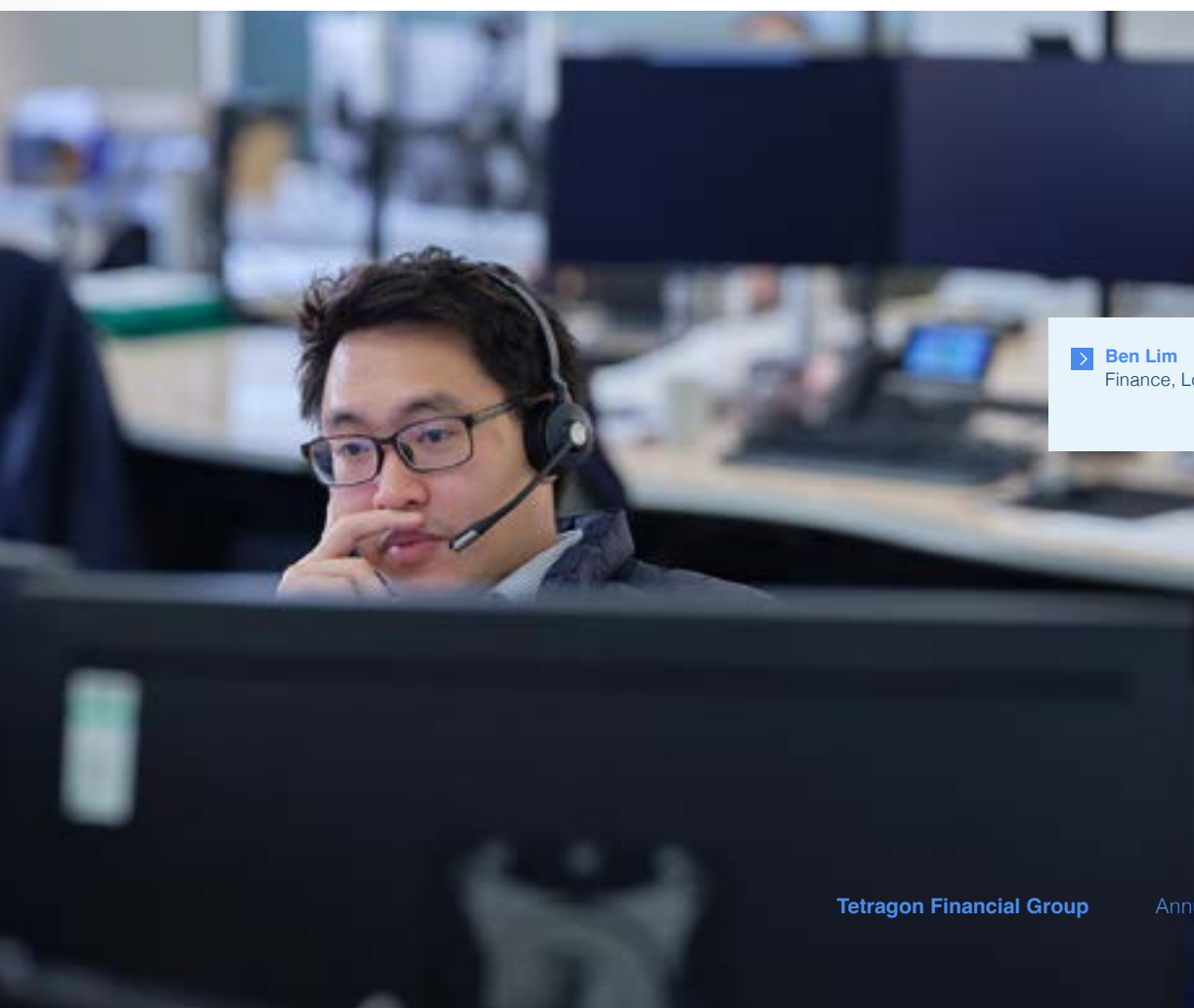
such Director is present at or participates in the meeting of the Directors that approves such transaction or arrangement, provided that (i) the material facts as to the interest of such Director in such transaction or arrangement have been disclosed or are known to the Directors and the Directors in good faith authorise the transaction or arrangement and (ii) the approval of such transaction or arrangement includes the votes of a majority of the Directors that are not interested in such transaction or such transaction is otherwise found by the Directors (before or after the fact) to be fair to Tetragon as of the time it is authorised. Under the Investment Management Agreement, the Directors have authorised the investment manager to enter into transactions on behalf of Tetragon with persons who are affiliates of the investment manager, provided that in connection with any such transaction that exceeds \$5 million of aggregate investment the investment manager informs the Directors of such transaction and obtains either (i) the approval of a majority of the Directors that do not have a material interest in such transaction or (ii) an opinion from a recognised investment bank, auditing firm or other appropriate professional firm substantively to the effect that the financial terms of the transaction are fair to Tetragon from a financial point of view.

Compensation

The remuneration for Directors is determined by resolution of the holder of Tetragon's voting shares. From 1 January 2024, the Directors' annual fee is \$150,000 in compensation for service on the Board of Directors

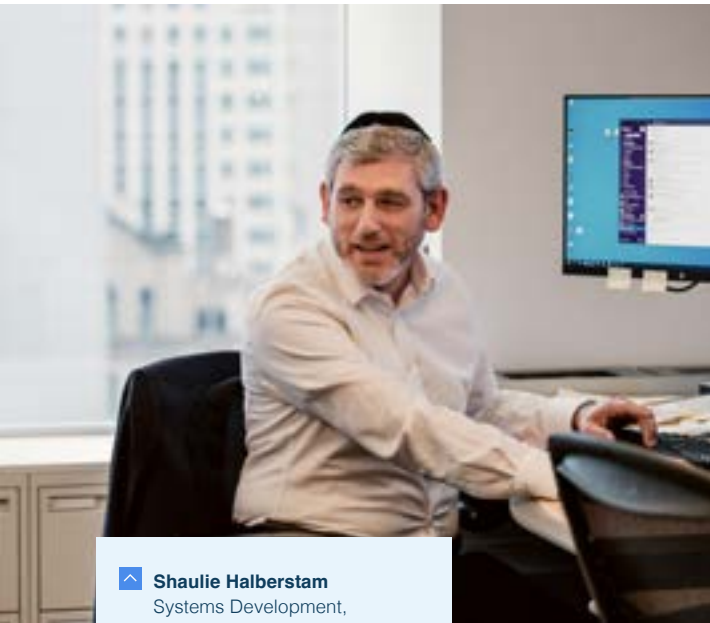
of Tetragon (2023: \$125,000). The Directors have the option to elect to receive shares in Tetragon instead of the fee. The Directors affiliated with the holder of Tetragon's voting shares have waived their entitlement to a fee. The Directors are entitled to be repaid by Tetragon for all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors has a contract with Tetragon providing for benefits upon termination of employment.

On 1 January 2020, the Independent Directors were awarded 24,490 shares each in Tetragon which vested on 31 December 2022. The fair value of the award, as determined by the share price on grant date of \$12.25 per share, is \$300,000 per Independent Director. In November 2022, a further 7,724 shares were awarded to each Independent Director with one-third of the shares vesting on 31 December 2023, 31 December 2024, and 31 December 2025. The fair value of the award, as determined by the relevant share price of \$9.71 per share, is \$75,000 per Independent Director. With respect to Director compensation from 1 January 2024, a further award of 10,122 shares was made to each Independent Director with 5,061 shares vesting on each of 31 December 2024 and 31 December 2025. The fair value of the award as determined by the relevant share price of \$9.88 per share is \$100,000 per Independent Director. The Independent Directors have deferred the settlement of all the awards to earlier of three to five years from the vesting date and/or separation from service with the Fund.



Ben Lim
Finance, London

The Board of Directors of Tetragon



 **Shaulie Halberstam**
Systems Development,
New York

Certain Corporate Governance Rules

Tetragon is required to comply with all provisions of the Companies (Guernsey) Law, 2008, as amended, relating to corporate governance to the extent that the same are applicable and relevant to Tetragon's activities. In particular, each Director must seek to act in accordance with the "Code of Practice – Company Directors". Tetragon reports against the AIC Code of Corporate Governance (AIC Code). The 2019 AIC Code has been endorsed by, amongst others, the Financial Reporting Council and the Guernsey Financial Services Commission (GFSC). This means that Tetragon may make a statement that by reporting against the AIC Code it is meeting its applicable obligations under the UK Corporate Governance Code 2018, the 2011 GFSC Finance Sector Code of Corporate Governance and any associated disclosure requirements under paragraph 9.8.6 of the London Stock Exchange's Listing Rules. No formal corporate governance code applies to Tetragon under Dutch law.

Indemnity

Each present and former Director or officer of Tetragon is indemnified against any loss or liability incurred by the Director or officer by reason of being or having been a Director or officer of Tetragon. In addition, the Directors may authorise the purchase or maintenance by Tetragon for any Director or officer or former Director or officer of Tetragon of any insurance, in respect of any liability which would otherwise attach to the Director or officer or former Director or officer.

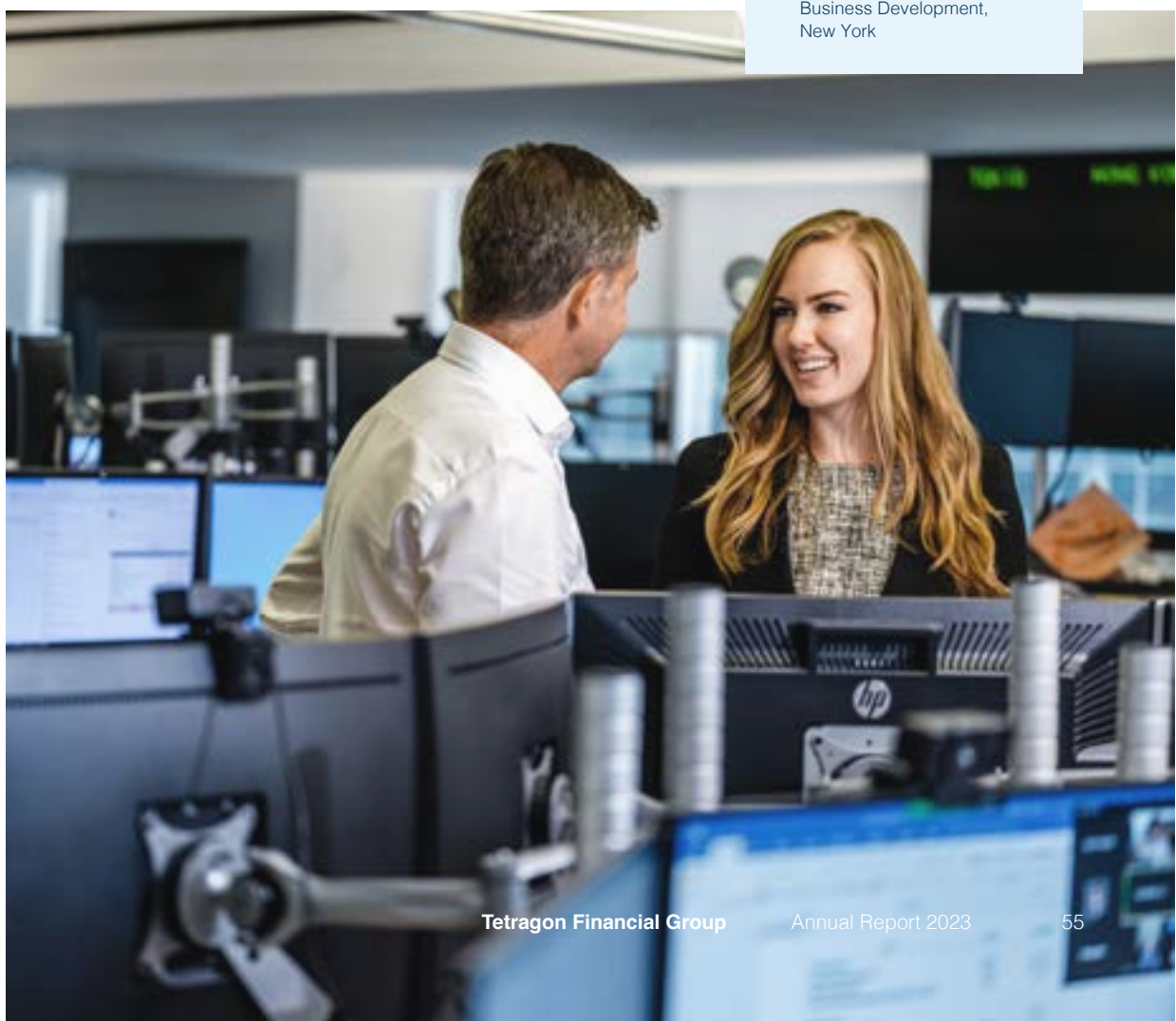
The Audit committee

The Audit Committee

The Audit Committee of Tetragon is responsible for, among other items, assisting and advising Tetragon's Board of Directors with matters relating to Tetragon's accounting and financial reporting processes and the integrity and audits of Tetragon's financial statements. The Audit Committee is also responsible for reviewing and making recommendations with respect to the plans and results of each audit engagement with Tetragon's independent auditor, the audit and non-audit fees charged by the independent auditor and the adequacy of Tetragon's internal accounting controls, and for reviewing Tetragon's administrator's and Tetragon's investment manager's statements on internal control systems prior to endorsement by the Board of Directors.

The total audit fee for the year for Tetragon was \$0.8 million. Non-audit fees payable to the independent auditor and its member firms was \$0.1 million in 2023. In addition to this, \$2.2 million of audit fees was payable by the entities controlled by Tetragon to the independent auditor and its member firms. The Audit Committee concluded that these fees do not pose a threat to the independent auditor's independence or objectivity.

▼ **Emily Cox,**
Business Development,
New York



Our Investment Manager

Tetragon Financial Management LP, or TFM, has been appointed the investment manager of Tetragon pursuant to an investment management agreement dated 26 April 2007 (see “Summary of Key Terms of Tetragon’s Investment Management Agreement”). The investment manager’s general partner, Tetragon Financial Management GP LLC, is responsible for all actions of the investment manager. The general partner is ultimately controlled by Reade Griffith and Paddy Dear, who also control the holder of Tetragon’s voting shares and are the voting members of the investment manager’s Investment and Risk Committees. Reade Griffith acts as the authorised representative of the general partner and the investment manager. TFM is registered as an investment adviser under the United States Investment Advisers Act of 1940.

Summary of Key Terms of Tetragon’s Investment Management Agreement

Under the terms of the Investment Management Agreement, the investment manager has full discretion to invest the assets of Tetragon in a manner consistent with the investment objective of Tetragon. The investment manager has the authority to determine the investment strategy to be pursued in furtherance of the investment objective, which strategy may be changed from time to time by the investment manager in its discretion. The investment manager is authorised to delegate its functions under the Investment Management Agreement.

The Investment Management Agreement continues in full force and effect unless terminated (i) by the investment manager at any time upon 60 days’ notice or (ii) immediately upon Tetragon giving notice to the investment manager or the investment manager giving notice to Tetragon in relation to such entity in the event of (a) the party in respect of which notice has been given becoming insolvent or going into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or a receiver being appointed over all or a substantial part of its assets or it becoming the subject of any petition for the appointment of an administrator, trustee or similar officer, (b) a party committing a material breach of the Investment Management Agreement which causes a material adverse effect to the non-breaching party and (if such breach shall be capable

of remedy) not making good such breach within 30 days of service upon the party in breach of notice requiring the remedy of such breach or (c) fraud or wilful misconduct in the performance of a party’s duties under the Investment Management Agreement.

The Investment Management Agreement provides that none of the investment manager, its affiliates or their respective members, managers, partners, shareholders, directors, officers and employees (including their respective executors, heirs, assigns, successors or other legal representatives) (each, as an indemnified party) will be liable to Tetragon or any investor in Tetragon for any liabilities, obligations, losses (including, without limitation, losses arising out of delay, mis-delivery or error in the transmission of any letter, cable, telephonic communication, telephone, facsimile transmission or other electronic transmission in a readable form), damages, actions, proceedings, suits, costs, expenses (including, without limitation, legal expenses), claims and demands suffered in connection with the performance by the investment manager of its obligations under the Investment Management Agreement or otherwise in connection with the business and operations of Tetragon, in the absence of fraud or wilful misconduct on the part of an indemnified party, and Tetragon has agreed to indemnify each indemnified party against any such liabilities, obligations, losses, damages, actions, proceedings, suits, costs, expenses, claims and demands, except as may be due to the fraud or wilful misconduct of the indemnified party.

The investment manager may act as investment manager or advisor to any other person, so long as its services to Tetragon are not materially impaired thereby, and need not disclose to Tetragon anything that comes to its attention in the course of its business in any other capacity than as investment manager. The investment manager is not liable to account for any profit earned or benefit derived from advice given by the investment manager to other persons. The investment manager will not be liable to Tetragon for any loss suffered in connection with the investment manager’s decision to offer investments to any other person, or failure to offer investments to Tetragon.

The investment manager is authorised to enter into transactions on behalf of Tetragon with persons who are affiliates of the investment manager, provided that



< **Maureen Wainwright,**
Research, London

in connection with any such transaction that exceeds \$5 million of aggregate investment, the investment manager obtains either (i) the approval of a majority of the Directors that do not have a material interest in such transaction (whether as part of a Board of Directors resolution or otherwise) or (ii) an opinion from a recognised investment bank, auditing firm or other appropriate professional firm substantively to the effect that the financial terms of the transaction are fair to Tetragon from a financial point of view.

Management and Incentive Fees; Expenses

All fees and expenses of Tetragon, including management fees relating to the administration of Tetragon and incentive fees (each as described below), will be paid by Tetragon.

The investment manager is entitled to receive management fees equal to 1.5% *per annum* of the NAV of Tetragon payable monthly in advance prior to the deduction of any accrued incentive fees.

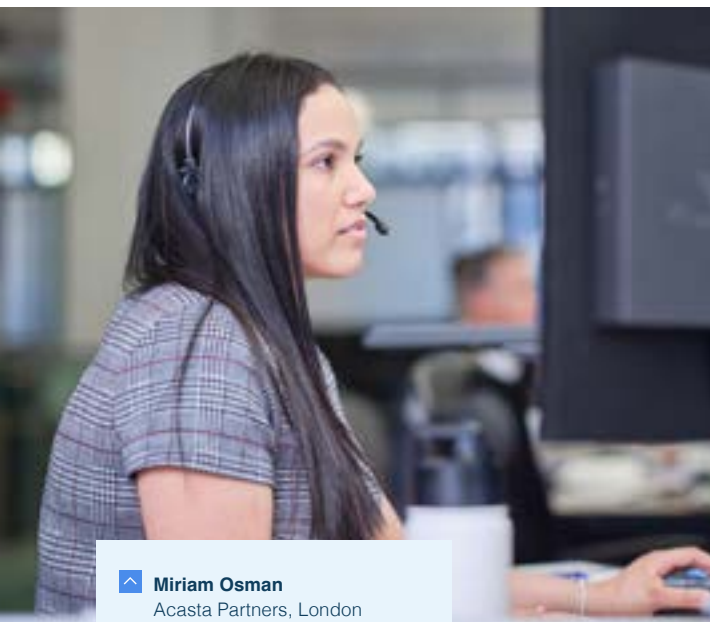
Tetragon will also pay to the investment manager an incentive fee for each Calculation Period (as defined below) equal to 25% of the increase in the NAV


of Tetragon during the Calculation Period (before deduction of any dividend paid or the amount of any redemptions or repurchases of shares (or other relevant capital adjustments) during such Calculation Period) above (i) the Reference NAV (as defined below) plus (ii) the Hurdle (as defined below) for the Calculation Period. If the Hurdle is not met in any Calculation Period (and no incentive fee is paid), the shortfall will not carry forward to any subsequent Calculation Period.

A “Calculation Period” is a period of three months ending on 31 March, 30 June, 30 September and 31 December of each year, or as otherwise determined by the Board of Directors of Tetragon.

The “Reference NAV” is the greater of (i) NAV at the end of the Calculation Period immediately preceding the current Calculation Period and (ii) the NAV as of the end of the Calculation Period ending three months earlier than the Calculation Period referred to in clause (i). For the purposes of determining the Reference NAV at the end of a Calculation Period, the NAV shall be adjusted by the amount of accrued dividends and amounts of any redemptions or repurchases of shares (or other relevant capital adjustments) and incentive fees to be paid with respect to that Calculation Period.

Our Investment Manager



 **Miriam Osman**
Acasta Partners, London

The “Hurdle” for any Calculation Period will equal (i) the Reference NAV multiplied by (ii) the Hurdle Rate (defined below).

The “Hurdle Rate” for any Calculation Period prior to and including 30 June 2023, equals 3-month U.S. Dollar LIBOR determined as of 11:00 a.m. London time on the first London business day of the then-current Calculation Period plus the hurdle spread of 2.647858%, in each case multiplied by (x) the actual number of days in the Calculation Period divided by (y) 365. (In Tetragon’s initial public offering in April 2007, the Hurdle Rate was fixed at 8% per annum for the 12-month period following IPO with it then being adjusted as specified above. The referenced hurdle spread of 2.647858% is the difference between 8% and the average three-month U.S. Dollar LIBOR at 11:00 a.m. London time on the 20 London business days preceding the IPO pricing date.)

The “Hurdle Rate” for any Calculation Period commencing with the Calculation Period beginning on 1 July 2023, equals (x) Term SOFR (as defined below) plus 2.747858% per annum, multiplied by (y) the actual number of days in the Calculation Period, divided by (z) 365.

“Term SOFR” means a rate per annum equal to the forward-looking term rate, based on the secured overnight financing rate published by the Federal Reserve Bank of New York (or any successor administrator of the secured overnight financing rate), that is published by the CME Group Inc. (or a successor administrator of Term SOFR) for a three-month period, on the first day of the applicable Calculation Period (the “Term SOFR Determination Date”); provided, however, that if as of 5:00 p.m. (Central time) on the Term SOFR Determination Date, Term SOFR for a three-month period has not been published, Term SOFR will be the next available Term SOFR for a three-month period as published by the CME Group Inc. (or a successor administrator of Term SOFR).⁽¹⁾

The incentive fee in respect of each Calculation Period is calculated by reference to the increase in NAV of the shares before deduction of any accrued incentive fee. The incentive fee is normally payable in arrears within 14 calendar days of the end of the Calculation Period. If the Investment Management Agreement is terminated other than at the end of a Calculation Period, the date of termination will be deemed to be the end of the Calculation Period. Apart from the management fees and the incentive fee, the investment manager does not charge separate fees based on the NAV of Tetragon.

An incentive fee of \$16.3 million was accrued in the fourth quarter of 2023 in accordance with Tetragon's investment management agreement. The hurdle rate for the first quarter of the 2024 incentive fee has been reset at 8.075188% (Q4 2023: 8.136008%) as per the process outlined above and in accordance with Tetragon's investment management agreement.

Tetragon generally bears all costs and expenses directly related to its investments or prospective investments, such as brokerage commissions, interest on debit balances or borrowings, custodial fees and legal and consultant fees. Tetragon also generally bears all out-of-pocket costs of administration, including accounting, audit, administrator and legal expenses, costs of any litigation or investigation involving their activities, costs associated with reporting and providing information to existing and prospective investors and the costs of liability insurance.

The Investment Manager's Role with Respect to TFG Asset Management

The investment manager's responsibilities with respect to Tetragon include, *inter alia*:

- investing and reinvesting the assets of Tetragon in securities, derivatives and other financial instruments and other investments of whatever nature and committing the assets of Tetragon in relation to agreements with entities, issuers and counterparties;
- holding cash balances or investing them directly in any short-term investments, and reinvesting any income earned thereon in accordance Tetragon's investment strategy;
- purchasing, holding, selling, transferring, exchanging, mortgaging, pledging, hypothecating and otherwise acting to acquire and dispose of and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to investments held or owned by Tetragon, with the objective of the preservation, protection and increase in value thereof;
- exercising any voting or similar rights attaching to investments purchased on behalf of Tetragon;
- borrowing or raising monies from time to time without limit as to the amount or manner and time of repayment;
- engaging consultants, attorneys, independent accountants or such other persons as the investment manager may deem necessary or advisable; and

- entering into any other contracts or agreements in connection with any of the foregoing activities.

TFG Asset Management is an investment of Tetragon, and, as such, the investment manager is responsible for exercising any of Tetragon's voting or similar rights with respect to TFG Asset Management as an investment and is responsible for the management, oversight and/or supervision of such investment. As with any other category of investments, the investment manager is also responsible for decisions with respect to acquisitions of asset management businesses to be added to TFG Asset Management using Tetragon's cash (which may include minority interests in asset management businesses, joint ventures or other similar arrangements) – as investment decisions with respect to Tetragon's cash or other assets. Following the acquisition of an asset management business, that business then becomes a part of TFG Asset Management and TFG Asset Management is responsible for the management, oversight and/or supervision of such business, including amendments to or modifications of the terms or arrangements of its ownership of such business (except, where relevant, to the extent of decisions with respect to Tetragon's cash), and any decision to sell or otherwise dispose of all or any portion of such business.

TFG Asset Management seeks to generate income and value from its asset management businesses by having these businesses manage third-party investor capital. TFG Asset Management has an internal management team that is responsible for the TFG Asset Management business as a whole, including the management, oversight and/or supervision of its various asset management businesses as they form and grow the funds and vehicles that they manage, and is responsible for its own costs.

Tetragon may invest in the various funds and other vehicles managed by a TFG Asset Management business. It may also provide financial support to any fund managed by a TFG Asset Management business (such as a "seeding" arrangement), or provide equity, loans or other financial support to TFG Asset Management or its asset management businesses. The investment manager is responsible for any decision to invest cash into any fund or other vehicle managed by a TFG Asset Management business and is also responsible for decisions regarding financial support for TFG Asset Management.

In connection with the management, oversight and/or supervision of asset management businesses within TFG Asset Management, TFG Asset Management (rather than the investment manager) is responsible for, *inter alia*, business development, marketing, legal and compliance, risk management and governance, as well as guidance on business issues faced by a new fund or vehicle and the strategic direction of such businesses.

Our Investment Manager

As such, TFG Asset Management is responsible for any restructuring or reorganisation of these asset management businesses from time to time (to the extent that such arrangements do not involve the acquisition of asset management businesses using Tetragon's cash), any disputes or litigation with respect to the ownership arrangements of such businesses and any decision to sell or otherwise dispose of all or any portion of such businesses.

Services Agreement between Tetragon's Investment Manager, or TFM, and Certain Subsidiaries of TFG Asset Management

The investment manager relies on two TFG Asset Management entities⁽²⁾ for a broad range of services to support its activities. The services provided to the investment manager under a Services Agreement by TFG Asset Management, through these entities, include infrastructure services such as operations, financial control, trading, marketing and investor relations, legal, compliance, office administration, payroll and employee benefits. One of those entities, TFG Asset Management UK LLP,⁽³⁾ which is authorised and regulated by the United Kingdom Financial Conduct Authority, also provides services to TFM relating to the dealing in and management of investments, arrangement of deals and advising on investments.

Cost Recovery by TFG Asset Management for Services Provided to Tetragon's Investment Manager

TFG Asset Management has implemented a cost-allocation methodology with the objective of allocating service-related costs, including to the investment manager, in a consistent, fair, transparent and commercially based manner.⁽⁴⁾

TFG Asset Management then charges fees to the investment manager for the services allocated to the investment manager on a cost-recovery basis designed to achieve full recovery of the allocated costs. In 2023, the total amount recharged to the investment manager, excluding direct expenses, was \$21.6 million.

Most of the costs related to these services are directly or indirectly attributable to personnel or "human capital", with compensation typically being the largest single cost.⁽⁵⁾

Consequently, one of the most critical cost allocations relates to professionals' time, which is commonly expressed as Full Time Equivalents or "FTEs". On a monthly basis, each TFG Asset Management employee,⁽⁶⁾ directly or via their team head, provides a breakdown of the approximate percentage of time spent supporting the various businesses for the previous month (this excludes certain functions such as office management and technology that are charged to business users on a standard basis (e.g., space used or global headcount) which removes any need on the part of those teams to allocate their FTEs to business lines). TFG Asset Management employees should not be incentivised to either over – or under-allocate to any business, as their time allocation is not a consideration in the determination of their overall compensation. Once allocated percentages are determined and agreed, an FTE is derived, subject to adjustments for items determined by contractual arrangements. Core personnel costs, including salary, bonus, pension and healthcare, are charged on an actual employee cost basis to each business line (including the investment manager) based on the FTE allocation described above.

In addition to FTE costs, there are a number of other costs that reflect the use of resources by TFG Asset Management personnel on behalf of the investment manager (in addition to the other TFG Asset Management businesses), including real property costs, technology and market data. A standard cost methodology is used to allocate these costs across the various business lines that are supported, including the investment manager. The setting of standard costs is designed to reflect what those costs would be on an arm's-length basis. The methodology is designed to create consistency in order to provide a fair allocation of resource costs to all businesses.

Employee FTE data is collated and used to process monthly cost allocations. Such allocations are invoiced monthly to users of the TFG Asset Management platform that are not owned by TFG Asset Management, including the investment manager, or allocated within the TFG Asset Management general ledger for businesses owned by TFG Asset Management.

TFG Asset Management's cost allocation methodology is documented and updated annually by TFG Asset Management's finance team in consultation with its legal and compliance teams and is approved each year by TFG Asset Management's executive committee.

KPMG LLP, reporting directly to Tetragon's Audit Committee, is currently engaged to periodically test that the costs allocated to (and therefore recovered from) the investment manager have been properly calculated in accordance with the approved cost-allocation methodology. Tetragon's Board of Directors has adopted procedures for related-party transactions that require approval of a majority of disinterested Directors. Accordingly, Tetragon's Independent Directors are required to approve the methodology for allocating costs and in their sole discretion the application of that methodology as part of their oversight processes. The annual cost allocation methodology update and the actual annual cost allocations that result based on these cost methodology policies and procedures are separately approved by the Independent Directors.

Investment and Risk Committee

The investment manager's Investment and Risk Committee is responsible for the investment and risk management of Tetragon's portfolio. The committee

- (1) Tetragon and its investment manager have agreed on a procedure for determining an alternate benchmark rate in the event that Term SOFR is unavailable in the future.
- (2) These TFG Asset Management subsidiaries also provide infrastructure services to LCM and Contingency Capital, and infrastructure and investment management services to Westbourne River Partners, Acasta Partners, Hawke's Point, the TCI General Partner and Banyan Square Partners.
- (3) Reade Griffith and Paddy Dear hold certain membership interests in TFG Asset Management UK LLP which collectively entitle them to exercise all of the voting rights in respect of the entity. Mr. Griffith and Mr. Dear have agreed that they will (i) exercise their

performs active and regular oversight and risk monitoring. The committee determines the investment strategy of Tetragon and approves each significant investment by it. The committee currently consists of Reade Griffith, Paddy Dear and Stephen Prince.

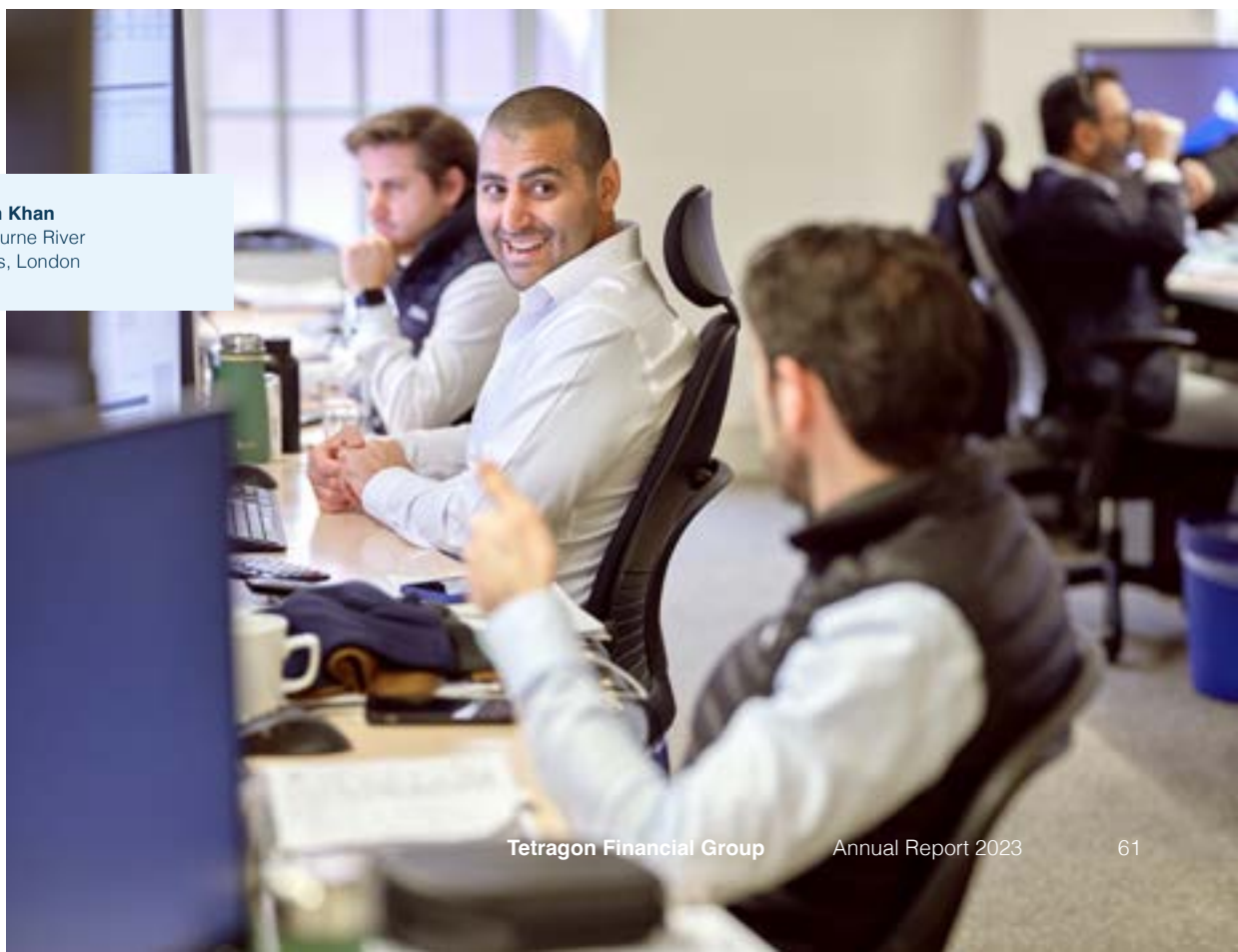
Executive Committee

The investment manager's Executive Committee oversees all key non-investment and risk activities of the investment manager and currently consists of: Reade Griffith, Co-Founder and Chief Investment Officer; Paddy Dear, Co-Founder; Stephen Prince, Chief Executive Officer of TFG Asset Management; Paul Gannon, Chief Financial Officer; Sean Côté, General Counsel and Co-Head of Legal Regulatory and Compliance; and Greg Wadsworth, Head of Business Development and Investor Relations.

voting rights in a manner that is consistent with the best interests of Tetragon and (ii) upon the request of Tetragon, for nominal consideration, sell, transfer, and deliver their membership interests in TFG Asset Management UK LLP to TFG Asset Management.

- (4) This cost allocation methodology also applies to the other TFG Asset Management businesses.
- (5) Employee compensation will also include TFG Asset Management's long-term incentive plan and its other equity-based awards.
- (6) Amounts paid by TFG Asset Management to Reade Griffith in connection with services provided by him to TFG Asset Management are not allocated to the investment manager.

> **Zubeen Khan**
Westbourne River
Partners, London



Tetragon Financial Group Limited Directors' Report

The Directors present to the shareholders their report together with the audited consolidated financial statements for the year ended 31 December 2023.

Tetragon and its Investment Objective

Tetragon Financial Group Limited, or Tetragon, was registered in Guernsey on 23 June 2005 as a company limited by shares, with registered number 43321. All voting shares of Tetragon are held by Polygon Credit Holdings II Limited. Tetragon continues to be registered and domiciled in Guernsey, Tetragon's non-voting shares are listed on Euronext in Amsterdam, a regulated market of Euronext Amsterdam (ticker symbol: TFG.NA) and traded on the Specialist Fund Segment of the London Stock Exchange plc (ticker symbols: TFG.LN and TFGS.LN).

Tetragon's investment objective is to generate distributable income and capital appreciation. Tetragon's investment manager, Tetragon Financial Management LP, or TFM, is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as is TFG Asset Management L.P., Tetragon's diversified alternative asset management business. Two of TFG Asset Management L.P.'s investment management entities, TFG Asset Management UK LLP and Equitix Investment Management Limited, are authorised and regulated by the United Kingdom Financial Conduct Authority.

Results, Activities and Future Developments

The results of operations are set out on page 105. A detailed review of activities and future developments is contained in the Annual Report issued with these consolidated financial statements to the shareholders of Tetragon.

Directors

The Directors who held office during the year were:

Paddy Dear
Reade Griffith
Deron Haley*
Steven Hart*
David O'Leary*

The remuneration for Directors is determined by resolution of the holder of Tetragon's voting shares.

* Independent Directors

Each Director's annual for the year ended 31 December 2023 was \$125,000 (2022: \$125,000) as compensation for service on Tetragon's Board of Directors and is paid in quarterly instalments by Tetragon. Paddy Dear and Reade Griffith have waived their entitlement to a Director's fee. From 1 January 2024, the annual fee was increased to \$150,000.

The Independent Directors have the option to elect to receive Tetragon shares instead of their quarterly Director's fee. During the year, David O'Leary received 6,199 shares (2022: 6,508).

In addition to the annual fee, Tetragon has awarded its shares to the Independent Directors as described on page 53.

The Directors are entitled to be repaid by Tetragon for all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors has a contract with Tetragon providing for benefits upon termination of employment.

Dividends

The Directors have the authority to declare dividend payments, based upon the recommendation of Tetragon's investment manager, subject to the approval of the holder of Tetragon's voting shares and adherence to applicable law including the satisfaction of a solvency test as stated under the Companies (Guernsey) Law, 2008. TFM's recommendation with respect to the declaration of dividends (and other capital distributions) may be informed by a variety of considerations, including (i) the expected sustainability of Tetragon's cash generation capacity in the short- and medium-term, (ii) the current and anticipated performance of Tetragon, (iii) the current and anticipated operating and economic environment and (iv) other potential uses of cash ranging from preservation of Tetragon's investments and financial position to other investment opportunities.

The Directors declared the following dividends during the year:

Dividend period	Dividend per share
Quarter ended 31 December 2022	\$0.1100
Quarter ended 31 March 2023	\$0.1100
Quarter ended 30 June 2023	\$0.1100
Quarter ended 30 September 2023	\$0.1100

On 4 March 2024, the Directors declared a dividend amounting to US\$ 0.1100 per share for the quarter ended 31 December 2023. The total dividend declared for the year ended 31 December 2023 amounted to \$0.4400 per share (2022: \$0.4400 per share).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008, requires the Directors to prepare financial statements for each financial year. Accordingly, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of Tetragon and of the profit or loss of Tetragon for the relevant financial period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess Tetragon's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate Tetragon or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of Tetragon and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of Tetragon and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial

information included on Tetragon's website, and for the preparation and dissemination of the financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Tetragon is required to comply with all provisions of Guernsey Company Law relating to corporate governance to the extent the same are applicable and relevant to its activities. In particular, each Director must seek to act in accordance with the "Code of Practice – Company Directors". Tetragon reports against the Association of Investment Companies (AIC) Corporate Governance Guide for Investment Companies and, as such, is deemed to meet the provisions of the Code of Corporate Governance issued by the Guernsey Financial Services Commission.

The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position, results and cash flows of Tetragon as required by the Disclosure Guidance and Transparency Rules (DTR) 4.1.12R and by Section 5.25c of the Financial Markets Supervision Act of the Netherlands and are in compliance with the requirements set out in the Companies (Guernsey) Law, 2008 as amended.

This annual report gives a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R of the Disclosure Guidance and Transparency Rules and by Section 5.25c of the Financial Markets Supervision Act of the Netherlands, which respectively require, *inter alia*, (i) an indication of important events that have occurred since the end of the financial year and the likely future development of Tetragon and (ii) a description of principal risks and uncertainties during the year.

The Directors confirm that they have complied with the above requirements.

Disclosure of information to the auditor

So far as each of the Directors is aware, there is no relevant audit information of which Tetragon's auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that Tetragon's auditor is aware of that information.

Auditor

KPMG Channel Islands Limited is the appointed independent auditor of Tetragon and it has expressed its willingness to continue in office. A resolution for the re-appointment of KPMG Channel Islands Limited as auditor of Tetragon is to be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors by:

David O'Leary **Director**
Steven Hart **Director**

Date: 4 March 2024

The AIC Code of Corporate Governance

In September 2016, Tetragon became a member of The Association of Investment Companies (AIC), the trade body for closed-ended investment companies.

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.

Tetragon 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 which 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 Tetragon 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.

Tetragon's reporting against the principles and provisions of the 2019 AIC Code is also set out on Tetragon's website at www.tetragoninv.com/shareholders#aic-code.

Dividend and Capital Return Policy

Tetragon seeks to return value to its shareholders, including through dividends and share repurchases.

Tetragon's Board of Directors has the authority to declare dividend payments, based upon the recommendation of Tetragon's investment manager, subject to the approval of Tetragon's voting shareholder and adherence to applicable law, including the satisfaction of a solvency test as required pursuant to the Companies (Guernsey) Law, 2008, as amended. In addition to making dividend recommendations to the Board of Directors, Tetragon's investment manager may authorise share repurchases.

Decisions with respect to declaration of dividends and share repurchases may be informed by a variety of considerations, including (i) the expected sustainability of the Company's cash generation capacity in the short- and medium-term, (ii) the current and anticipated performance of the Company, (iii) the current and anticipated operating and economic environment, (iv) other potential uses of cash ranging from preservation of the Company's investments and financial position to other investment opportunities and (v) Tetragon's share price.

Tetragon may also pay scrip dividends, which payments are currently conducted through an optional stock dividend plan.

Reporting

In accordance with applicable regulations under Dutch law, Tetragon publishes monthly statements on its website for the benefit of its investors containing the following information: the total value of Tetragon's investments; a general statement of the composition of Tetragon's investments; and the number of its legal issued and outstanding shares.

In addition, in accordance with the requirements of Euronext Amsterdam and applicable regulations under Dutch law, Tetragon provides annual and semi-annual reports to its shareholders, including year-end financial statements, which in the case of the financial statements provided in its annual reports, will be reported in accordance with IFRS and audited in accordance with international auditing standards as well as U.S. GAAS for regulatory purposes, if applicable. The NAV of Tetragon is available to investors on a monthly basis on the Company's website at www.tetragoninv.com.

Other Information

This section provides further detail about the business including our values and culture, risk factors, and details on historical share repurchases and distributions.

**TFG Asset
Management**
68 – 80

**Our values
and culture**
82 – 83

**Risk
factors**
84 – 90

**Share repurchases
& distributions**
91

**Share reconciliation
& shareholdings**
92

**Certain regulatory
information**
93

**Equity-based employee
compensation plans**
94

**Shareholder
information**
95

Other information

TFG Asset Management

TFG Asset Management⁽¹⁾ is Tetragon's diversified alternative asset management platform. It enables Tetragon to produce asset level returns on its investments in managed funds on the platform, and to enhance those returns through capital appreciation and investment income from its ownership stakes in the asset management businesses.

The combination of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream.

2010

Launched

9

Asset managers

530

Employees
(Excluding BGO)

\$42Bn

Assets Under
Management⁽²⁾

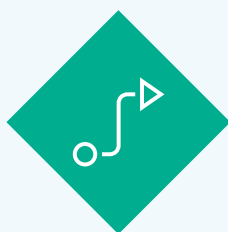
Other information

Delivering for Tetragon



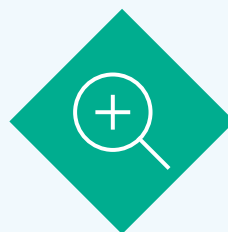
Growth

Proven value creation



Access

Specialised products
on favourable terms



Expertise

Insights from alternative
asset managers



Diversification

Wide range of
income streams

Delivering for our managers



Infrastructure

High-quality support
for niche and
scalable businesses



Access to capital

Tetragon can seed
business growth



Management expertise

Experienced,
strategic insight



Connections

Access to relationships
and information

Notes

- (1) TFG Asset Management L.P. is registered as an investment adviser under the United States Investment Advisers Act of 1940. TFG Asset Management UK LLP, which is part of TFG Asset Management, is authorised and regulated by the United Kingdom Financial Conduct Authority. Reade Griffith and Paddy Dear hold certain membership interests in TFG Asset Management UK LLP which collectively entitle them to exercise all of the voting rights in respect of the entity. Mr. Griffith and Mr. Dear have agreed that they will (i) exercise their voting rights in a manner that is consistent with the best interests of Tetragon and (ii) upon the request of Tetragon, for nominal consideration, sell, transfer, and deliver their membership interests in TFG Asset Management UK LLP to TFG Asset Management.
- (2) Includes the AUM of LCM, BGO, Westbourne River Partners, Acasta Partners, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners, Contingency Capital and TCICM. Includes, where relevant, investments by Tetragon. The AUM of Westbourne River Partners, Acasta Partners, Hawke's Point and Banyan Square Partners is as calculated by the applicable fund administrators. The AUM for LCM and TCICM is the aggregate value of collateral in each CLO as determined the applicable trustee. The AUM for Equitix and Tetragon Credit Partners is based on committed capital. The AUM for Contingency Capital is the sum of uncalled committed capital and the NAV as calculated by the applicable administrator. The AUM for BGO represents Tetragon's *pro rata* share (12.86%) of BGO AUM at 31 December 2023 (\$83.2 billion). Equitix AUM uses the USD-GBP exchange rate at 31 December 2023. TCICM (which comprises TCI Capital Management II LLC and TCI Capital Management LLC) acts as a CLO collateral manager for certain CLO investments and had AUM of \$2.4 billion at 31 December 2023.

Other information

Figure 15

	LCM	 BGO	 Westbourne River Partners	 ACASTA
Established	2001	2010	2002	2009
Joined Tetragon	2009	2010	2012	2012
Strategies	U.S. CLOs	Global real estate funds	Event-driven equities	Multi-disciplinary
Description	A specialist in below-investment grade U.S. broadly-syndicated leveraged loans.	A real estate-focused principal investing, lending and advisory firm.	An alternative asset management firm focused on event-driven investing in European small- and mid-cap equities.	An alternative investment firm that employs a multi-disciplinary approach to investing.
AUM at 31 Dec 2023 (\$Bn)⁽¹⁾	\$10.7	\$10.7	\$0.9	\$0.9
Percentage Tetragon ownership	100%	13%	100%	Non-controlling interest ⁽²⁾
Average fund duration	10-12 years ⁽³⁾	7-10 years	Quarterly liquidity	Quarterly liquidity

(1) Please see Note 2 on page 69.

(2) TFG Asset Management owns a non-controlling interest in this manager as well as providing all infrastructure services to it. Michael Humphries owns a controlling stake.

(3) 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.

(4) TFG Asset Management owns a non-controlling interest in this manager as well as providing all infrastructure services to it. Brandon Baer owns a controlling stake.



Our investment in TFG Asset Management has been a powerful driver of Tetragon's performance."

Reade Griffith

Chief Investment Officer

					
Established	2007	2014	2015	2019	2020
Joined Tetragon	2015	2014	2015	2019	2020
Strategies	Infrastructure funds	Mining finance	Structured credit	Private equity	Legal assets
Description	An integrated core infrastructure asset management and primary project platform, with a sector focus on social infrastructure, transport, renewable power, environmental services, network utilities and data infrastructure.	An asset management business that provides strategic capital to companies in the mining and resource sectors.	A structured credit investing business focused on control CLO equity as well as a broader series of offerings across the CLO capital structure.	A private equity firm focused on non-control equity investments, as well as opportunistic investments in public equity and credit instruments.	A global asset management business focused on credit-oriented legal assets.
AUM at 31 Dec 2023 (\$Bn)⁽¹⁾	\$13.9	\$0.1	\$0.9	\$0.1	\$0.7
Percentage Tetragon ownership	75%	100%	100%	100%	Non-controlling interest ⁽⁴⁾
Average fund duration	25 years	Not applicable	10 years	Not applicable	7 years

Other information

Figure 16

TFG Asset Management AUM by business at 31 December 2023

This chart shows the breakdown of the AUM by business in billions of U.S. dollars.

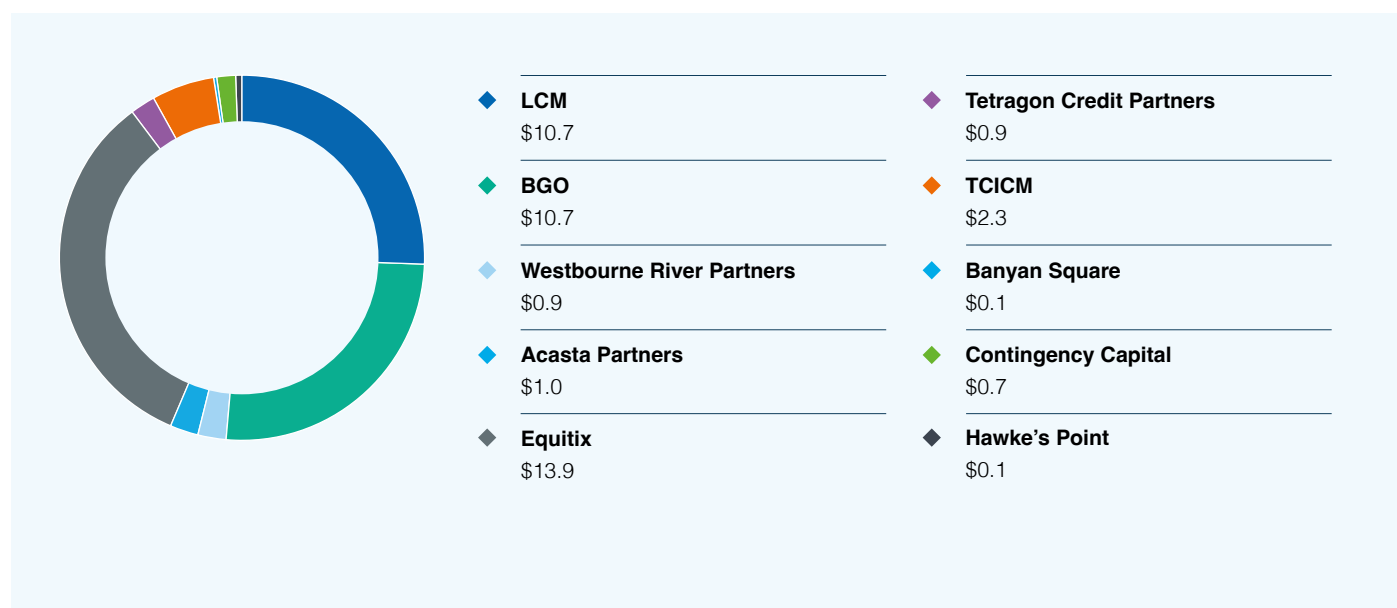
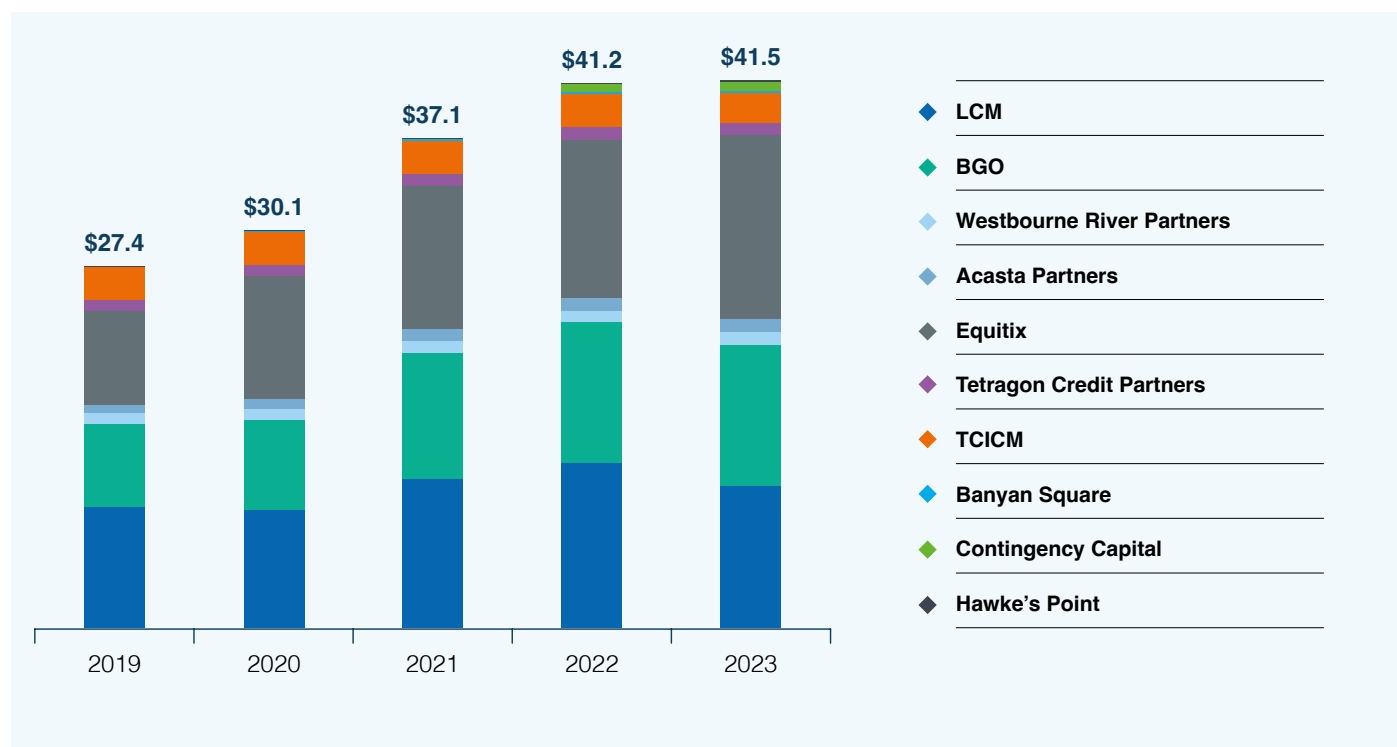


Figure 17

TFG Asset Management AUM at 31 December 2019 – 2023

This chart depicts the growth of that AUM over the past five years in billions of U.S. dollars.⁽¹⁾



Notes

(1) Please see Note 2 on page 69. AUM for BGO represents Tetragon's *pro rata* share (12.86%) of BGO AUM at 31 December of each year.

Figure 18

TFG Asset Management *Pro Forma* Statement of Operations⁽ⁱ⁾

	2023 (\$M)	2022 (\$M)	2021 (\$M)
Management fee income	179.5	169.4	143.4
Performance and success fees ⁽ⁱⁱ⁾	65.2	48.9	59.6
Other fee income	40.5	30.5	24.0
Distributions from BGO	18.4	19.7	21.6
Interest income	2.8	5.4	0.5
Total income	306.4	273.9	249.1
Operating, employee and administrative expenses	(204.8)	(182.8)	(178.3)
Non-TFG Asset Management-owned interest	(24.8)	(18.8)	(20.1)
Net income – “EBITDA equivalent”	76.8	72.3	50.7

- (i) This table includes the income and expenses attributable to TFG Asset Management's businesses, (with the exception of BGO) during that period. In the table above, 100% of Equitix's income and expenses are reflected and 25% of Equitix's income and expenses are reversed out through the Non-TFG Asset Management-owned interest line, being the proportion not attributable to Tetragon. Similarly, 100% of the income and expenses from Acasta Partners, in which TFG Asset Management has a non-controlling interest, are reflected above with the percentage not owned by TFG Asset Management reversed out through the Non-TFG Asset Management owned interest line. BGO EBITDA is not included, but distributions relating to ordinary income and carried interest are included. The EBITDA equivalent is a non-GAAP measure and is designed to reflect the operating performance of the TFG Asset Management businesses rather than is or what was reflected in Tetragon's financial statements.
- (ii) The performance and success fees include some realised and unrealised Westbourne River and Acasta performance fees. These represent the fees calculated by the applicable administrator of the relevant 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. Tetragon pays full management and performance fees on its investments in the open Westbourne River and Acasta funds. Success fees also include fees earned by Equitix on successfully completing certain primary projects and delivering de-risked investments into their secondary funds; these are recognised once Equitix is entitled to recover them.

Overview: Figure 18 shows a *pro forma* statement of operations that reflects the operating performance of the majority-owned asset management companies within TFG Asset Management. The reported fee income includes some amounts which were earned on capital invested in certain funds by Tetragon. During 2023, this included \$12.9 million of management fees (2022: \$12.5 million) and \$1.2 million of performance and success fees (2022: \$3.1 million).

- **EBITDA:** In 2023, TFG Asset Management's EBITDA was \$76.8 million, 6.2% higher than 2022, driven principally by growth in management and performance fee income.
- **Management fee income:** Management fee income continued to grow, increasing by \$10.1 million, or 6.0%, year-on-year. Of note, Equitix management fee income increased by \$5.9 million, or 6.4%, as its AUM continued to grow. LCM increased by \$2.6 million due to the annualisation of CLOs raised in the prior year. Contingency Capital added \$1.4 million as the strategy continued to deploy capital throughout the year.
- **Performance and success fees:** Unlike management fee income, performance and success fees can be quite volatile in nature and subject to timing differences. Overall, this category was up \$16.3 million on the prior year, driven primarily by an increase in performance fee income earned by the Acasta funds.
- **Other fee income:** This category includes two different buckets of fees: (i) income generated by Equitix on management services contracts, which is known as the EMS business and (ii) certain cost recoveries from Tetragon relating to seeded funds. EMS continues to be the main driver, and this increased 34% year on year.
- **Distributions from BGO:** Distributions from BGO reflect (i) quarterly fixed distributions, (ii) quarterly variable distributions and (iii) distributions of carried interest. A decrease in the variable distributions was the main driver for the decrease in this line item. For 2023, fixed payments contributed \$14.1 million, plus variable and carried interest payments of \$4.3 million.
- **Operating expenses:** Operating expenses increased by \$22.0 million year-on-year, with \$14.7 million coming from Equitix as this businesses added headcount and continued to scale up, and increased costs on Acasta, tracking the higher performance fee income earned on the funds.

Other information

LCM

A specialist in below-investment grade U.S. broadly syndicated leveraged loans

Strategies: U.S. CLOs

Founded: 2001

Description of business:

- LCM Asset Management is a specialist in below-investment grade U.S. broadly syndicated leveraged loans.
- LCM manages loan assets through Collateralised Loan Obligations (CLOs), which are long-term, multi-year investment vehicles. LCM has a track record of over 20 years in CLO issuance and management and has launched 40 CLOs to date.
- The team combines fundamental credit analysis with expertise in CLO structuring.
- LCM is based in New York.
- TFG Asset Management owns 100% of the business and Tetragon is an investor in LCM products.
- Find out more at www.lcmam.com.

LCM AUM history⁽ⁱ⁾

LCM's AUM was \$10.7 billion at 31 December 2023.

 Find out more at www.lcmam.com

The following pages provide a summary of each of TFG Asset Management's asset management companies and a review of AUM growth and underlying strategies and investment vehicles.

Figure 19



(i) Includes, where relevant, investments from Tetragon, TCI II, TCI III and TCI IV.



A real estate-focused principal investing, lending and advisory firm

Strategies: Global real estate funds

Founded: 2010

Description of business:

- BGO (the new trading name of BentallGreenOak) is a real estate-focused principal investing, lending and advisory firm.
- BGO has \$83 billion in Assets Under Management and over 750 clients and partners. They have 28 offices around the world and have 64 million square feet of assets under administration.
- BGO was formed in June 2019 upon the merger of TFG Asset Management's GreenOak Real Estate joint venture with Bentall Kennedy, an affiliate of SLC Management, a global institutional asset management arm of Sun Life Financial Inc.
- TFG Asset Management owns approximately 13% of the combined business and Tetragon invests in BGO products.
- Further information on BGO is available at www.bgo.com.*

**Clicking this link takes you to a website owned and operated by BGO, a third-party. BGO's website is not under the control of Tetragon and Tetragon is not responsible for the content of any hyperlink contained.*

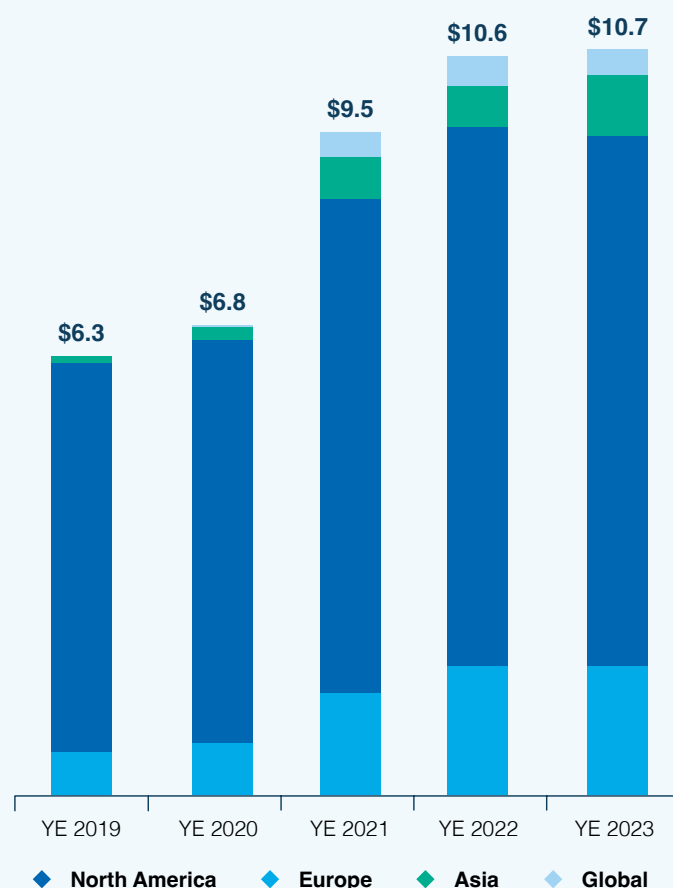
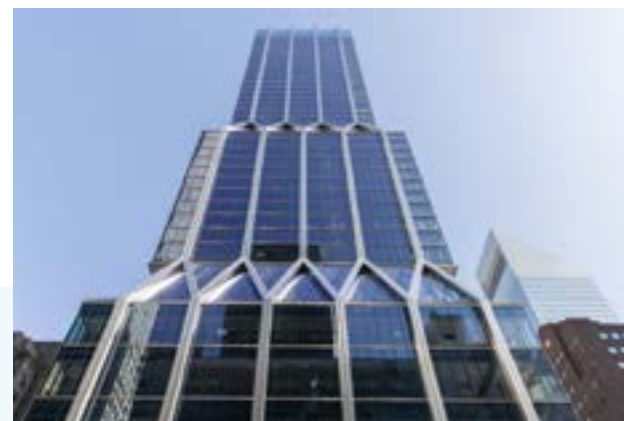
BGO AUM history⁽ⁱ⁾

Tetragon's *pro rata* share (12.86%) of BGO's AUM at 31 December 2023 (\$83.2 billion) was \$10.7 billion.

The AUM data shows Tetragon's *pro rata* share of BGO AUM for each year.

Find out more at
www.bgo.com

Figure 20



In billions of U.S. dollars

(i) Includes investment funds and advisory assets managed by BGO. Includes, where relevant, investments from Tetragon.

Other information



An alternative asset management firm focused on event-driven investing in European small- and mid-cap equities

Strategies: Event-driven equities

Founded: 2009

Description of business:

- Westbourne River Partners is an alternative asset management firm focused on event-driven investing in European small- and mid-cap equities.
- Westbourne River Partners has offices in New York and London.
- TFG Asset Management owns 100% of the business and Tetragon invests in the Westbourne River Partners funds.
- Find out more at www.westbournerriverpartners.com.

Westbourne River Partners AUM history⁽ⁱ⁾

Westbourne River Partners's AUM was \$0.9 billion at 31 December 2023.

 Find out more at www.westbournerriverpartners.com

Figure 21



In billions of U.S. dollars

(i) Includes AUM for Westbourne River Event Fund and associated managed account as calculated by the applicable fund administrator at 31 December of each year. Includes, where relevant, investments by Tetragon.



An alternative investment firm that employs a multi-disciplinary approach to investing

Strategies: Multi-disciplinary

Founded: 2009

Description of business:

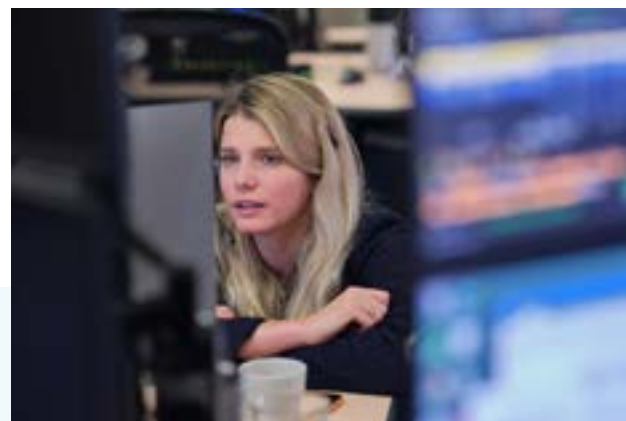
- Acasta Partners is an alternative investment firm that employs a multi-disciplinary approach to investing.
- Acasta Partners' approach includes strategies directed at convertible bonds and volatility-linked instruments, metals and mining companies and commodities, as well as fundamental and event-driven opportunities across the credit markets.
- Acasta Partners has offices in New York, London and Florida.
- TFG Asset Management owns a non-controlling interest in the business, and provides infrastructure and other services. Tetragon invests in Acasta funds.
- Find out more at www.acasta.com.

Acasta AUM history⁽ⁱ⁾

Acasta's AUM was \$1.0 billion at 31 December 2023.

Find out more at
www.acasta.com

Figure 22



In billions of U.S. dollars

(i) Includes, where relevant, investments by Tetragon.

Other information



An integrated core infrastructure asset management and primary project platform

Strategies: Infrastructure funds

Founded: 2007

Description of business:

- Equitix is an integrated core infrastructure asset management and primary project platform, with a sector focus on social infrastructure, transport, renewable power, environmental services, network utilities and data infrastructure.
- Equitix has over 360 assets, across 21 countries, including projects in the U.K., Europe, North America, the Middle East and Asia.
- TFG Asset Management owns 75% of the business.
- Find out more at www.equitix.co.uk*

* Clicking this link takes you to a website owned and operated by a third-party. Equitix's website is not under the control of Tetragon and Tetragon is not responsible for the content of any hyperlink contained.

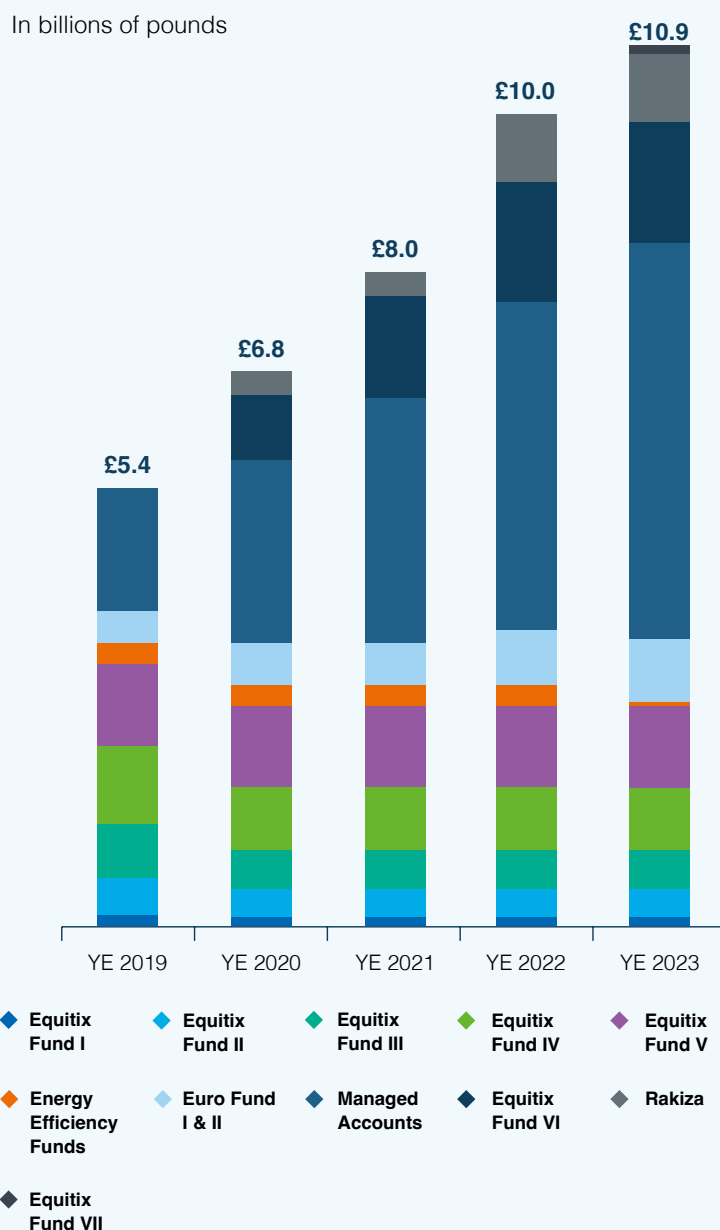
Equitix AUM history⁽ⁱ⁾

Equitix's AUM was £10.9 billion (\$13.9 billion)⁽ⁱ⁾ at 31 December 2023.

 Find out more at www.equitix.co.uk

(i) USD-GBP exchange rate at 31 December 2023.

Figure 23





A structured credit investing business focused on control CLO equity

Strategies: Structured credit

Founded: 2015

Description of business:

- Tetragon Credit Partners is a structured credit investing business focused on primary CLO control equity as well as a broader series of offerings across the CLO capital structure.
- Tetragon Credit Partners is one of the largest, longest-tenured CLO equity investors globally, having invested across 124 CLOs and 35 managers since 2005.
- Tetragon Credit Partners is based in New York.
- TFG Asset Management owns 100% of the business, and Tetragon is an investor in Tetragon Credit Partners' products.
- Find out more at www.tetragoncreditpartners.com.

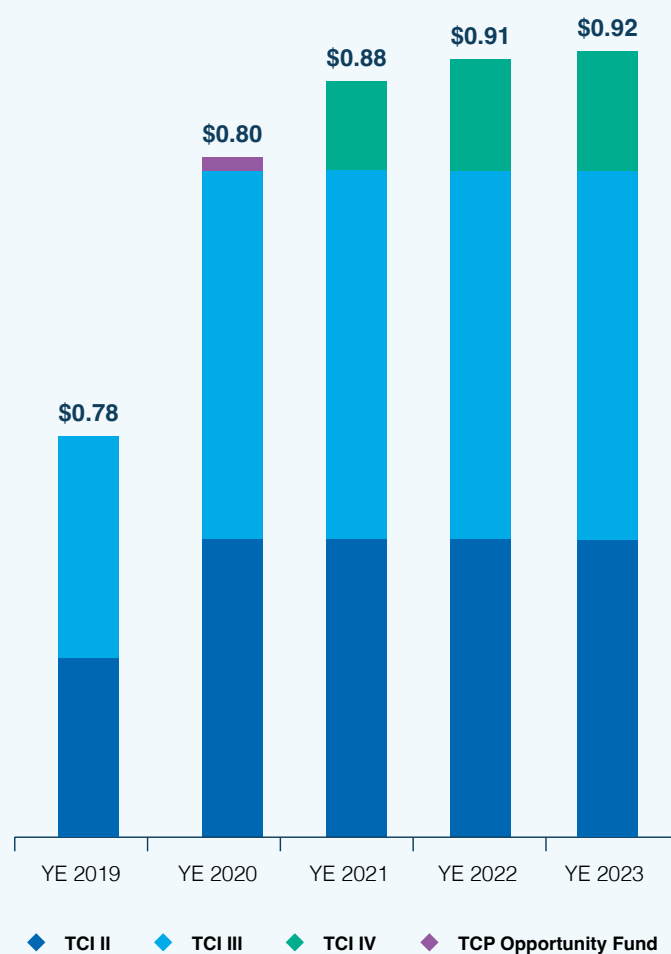
Tetragon Credit Partners committed capital/AUM history⁽ⁱ⁾

The sum of total committed capital for Tetragon Credit Partners vehicles was \$0.9 billion at 31 December 2023.

Find out more at www.tetragoncreditpartners.com

(i) Includes, where relevant, investments by Tetragon.

Figure 24



In billions of U.S. dollars

Other information



An asset management business that provides strategic capital to companies in the mining and resource sectors

Strategies: Mining finance

Founded: 2014

Description of business:

- Hawke's Point is an asset management business that provides strategic capital to companies in the mining and resource sectors.
- The team's investment approach is supported by detailed technical analysis and mineral resource modelling, coupled with financial modelling based on first-principles-bottom-up analysis.
- Hawke's Point's investments currently include a series of gold and battery metal assets in North America and Australia.
- Hawke's Point has offices in London and New York.
- TFG Asset Management owns 100% of the business and Tetragon is an investor in Hawke's Point funds.
- Hawke's Point's AUM was \$0.1 billion at 31 December 2023.
- Find out more at www.hawkespointcapital.com.



A private equity firm focused on non-control equity investment opportunities, as well as opportunistic investments in public equity and credit instruments

Strategies: Private equity

Founded: 2019

Description of business:

- Banyan Square Partners is a private equity firm focused on non-control equity investments, as well as opportunistic investments in public equity and credit instruments.
- Banyan Square Partners primarily invests in enterprise software and technology companies.
- Banyan Square Partners is based in New York.
- TFG Asset Management owns 100% of the business, and Tetragon invests in Banyan Square products.
- Banyan Square Partners' AUM was \$0.1 billion at 31 December 2023.
- Find out more at www.banyansq.com.



A global asset management business focused on credit-oriented legal assets

Strategies: Legal assets

Founded: 2020

Description of business:

- Contingency Capital is a global asset management focused on credit-oriented legal assets.
- Contingency Capital invests in a broad spectrum of legal assets including loans to law firms, portfolios of litigation, and distressed and special situations investments where the primary driver is related to a legal, tax or regulatory process.
- Contingency Capital is based in New York.
- TFG Asset Management owns a non-controlling interest in this business as well as providing infrastructure services. Tetragon invests in Contingency Capital products.
- Contingency Capital's AUM was \$0.7 billion at 31 December 2023.
- Find out more at www.contingencycapital.com.



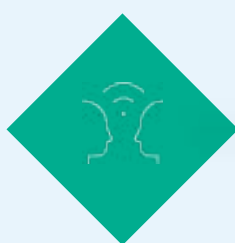
Our values and culture

Our values



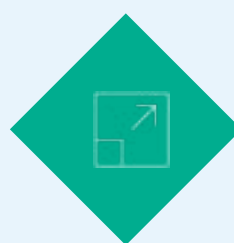
Rigour

We are analytical. We do our own research and highly value expertise within our team. We are exacting in our processes and thoughtful in the decisions we make. We learn and evolve from our experiences.



Partnership

We collaborate to generate and improve ideas. We empower colleagues to challenge assumptions. We are non-hierarchical. Senior leaders are approachable and accessible to the team. We respect, support and learn from each other.



Ambition

We are forward-looking, ambitious and look for people with drive. We embrace new challenges and ways of thinking. We work towards common goals, trusting our people to take ownership and responsibility.

“

To be successful you don't just need to attract supersmart, hard-working people – you need them to stay. That's why creating a collegial and respectful culture is so important.”

Reade Griffith

Chief Investment Officer

“

Building an inclusive workplace that welcomes people of all races, ethnicities, cultures, sexual orientations, genders and class backgrounds is important to our success.”

Stephen Prince
Chief Executive Officer

Our culture

Building an inclusive workplace that welcomes people of all races, ethnicities, cultures, sexual orientations, genders and class backgrounds, is important to our success. So, when we build our teams, we look for diversity of experience. Combined with intellectual curiosity, we believe this creates diversity of thought, superior analysis and a stimulating environment in which to work and learn.

We strive to ensure that our colleagues and partners feel comfortable, valued and included. By empowering them with responsibility. By being open to questions and ideas from anywhere.

This accessibility and mutual respect for each other's experiences and perspectives helps us to work dynamically and collaboratively. It is how we unlock innovation and drive growth.

We are committed to conducting our businesses in accordance with the highest legal and ethical standards, in furtherance of the interests of our clients and in a manner that is consistent with all applicable laws, rules and regulations.

Risk factors

Principal risks

The principal risks facing Tetragon as a listed investment company are both financial and operational in nature, and ultimately relate to both Tetragon's issued and outstanding non-voting shares as well as its investment portfolio.

The financial risks inherent in its portfolio are primarily market-related or are otherwise relevant to particular asset classes. Operational risks include those related to Tetragon's organisational structure, investment manager, legal and regulatory environment, taxation, financing and other areas where internal or external factors could result in financial or reputational loss.

The risks and uncertainties discussed in this section are those that Tetragon believes are material, but these risks and uncertainties are not the only ones that the company faces. Additional risks and uncertainties that the company does not presently know about or that it currently believes are immaterial may also adversely impact the company's business, financial condition, results of operations, the value of its assets or the value of an investment in Tetragon's shares. If any of the following risks actually occur, the company's business, financial condition, results of operations, the value of its assets and the value of your investment would likely suffer.

Financial risks

Risks relating to investing in Tetragon's shares

The market price of Tetragon's non-voting shares fluctuates significantly and may bear no correlation to Tetragon's NAV, and holders may not be able to resell their Tetragon shares at or above the price at which these were purchased. In addition to portfolio-level and operational risks highlighted below, factors that may cause the price of Tetragon's shares to vary include:

- Changes in Tetragon's financial performance and prospects or in the financial performance and prospects of companies engaged in businesses that are similar to Tetragon's business.
- Changes in the underlying values of Tetragon's investments.
- Illiquidity in the market for Tetragon shares, including due to the liquidity (or lack thereof) of the Euronext Amsterdam exchange and the Specialist Fund Segment of the Main Market of the London Stock Exchange.
- Speculation in the press or investment community regarding Tetragon's business or investments, or factors or events that may directly or indirectly affect its business or investments.
- A loss of a major funding source. If Tetragon breaches the covenants under its financing agreements it could be forced to sell assets at prices less than fair value.
- A further issuance of shares or repurchase of shares by Tetragon.
- Dividends declared by Tetragon.
- Broad market fluctuations in securities markets that in general have experienced extreme volatility often unrelated to the operating performance or underlying asset value of particular companies or partnerships.
- General economic trends and other external factors.
- Sales of Tetragon shares by other shareholders.

- The ability to invest in Tetragon shares or to transfer any shares may be limited by restrictions imposed by ERISA regulations and Tetragon's articles of incorporation.

Risks relating to Tetragon's investment portfolio

Tetragon's investment portfolio is comprised of a broad range of assets, including public and private equities and credit (including distressed securities and structured credit), convertible bonds, real estate, venture capital, infrastructure, bank loans, legal assets and TFG Asset Management, a diversified alternative asset management business. As a general matter, the portfolio is exposed to the risk that the fair value of these investments will fluctuate.

Risks relating to TFG Asset Management

- The asset management business is intensely competitive.
- The performance of TFG Asset Management may be negatively influenced by various factors, including the performance of managed funds and vehicles and its ability to raise capital from third-party clients.
- TFG Asset Management is highly dependent on its investment professionals for the management of its investment funds and vehicles and on other employees for management, oversight and supervision of its asset management businesses. If and when such persons cease to participate in the management of TFG Asset Management or its investment funds and vehicles, the consequence could be material and adverse.
- Certain of TFG Asset Management's businesses have a limited or no operating history.
- The asset management business is subject to extensive regulation.
- Misconduct of TFG Asset Management employees or at the companies in which TFG Asset Management has invested could harm TFG Asset Management by impairing its ability to attract and retain clients and subjecting it to significant legal liability and reputational harm.

Risk factors

- Failure by TFG Asset Management to deal appropriately with conflicts of interest in its investment business could damage its reputation and adversely affect its businesses.
- Tetragon's investment in TFG Asset Management is illiquid.

Risks relating to other Tetragon portfolio investments

- Tetragon otherwise currently invests or expects to invest its capital, directly and indirectly, in:
- bank loans, generally through subordinated, residual tranches of CLOs;
- real estate, generally through private equity-style funds managed by BGO;
- public and private equity securities, particularly in event-driven strategies, generally through the Westbourne River Event Fund;
- convertible securities, mainly in the form of debt securities that can be exchanged for equity interests, including through the Acasta Global Fund;
- credit securities (including distressed securities and structured credit), including through Tetragon Credit Partners;
- private equity and venture capital through direct investments and fund investments, including through Banyan Square Partners;
- infrastructure projects through Equitix Holdings Limited;
- legal assets including through Contingency Capital; and
- mining industry-related equity securities and instruments, including through Hawke's Point.

These portfolio investments are subject to various risks, many of which are beyond Tetragon's control, including:

- These securities are susceptible to losses of up to 100% of the initial investments.

- The performance of these investments may significantly depend upon the performance of the asset manager of funds or products in which Tetragon invests.
- Tetragon may be exposed to counterparty risk.
- The fair value of investments, including illiquid investments, may prove to be inaccurate and require adjustment.
- Adverse changes in international, national or local economic and other conditions could negatively affect investments.
- Tetragon is subject to concentration and geographic risk in its investment portfolio.
- Tetragon's investments are subject to interest rate risk, which could cause its cash flow, the fair value of its investments and its operating results to decrease.
- Tetragon's investments are subject to currency risks, which could cause the value of its investments in U.S. dollars to decrease regardless of the inherent value of the underlying investments.
- The utilisation of hedging and risk management transactions may not be successful, which could subject Tetragon's investment portfolio to increased risk or lower returns on its investments and in turn cause a decrease in the fair value of its assets.
- Tetragon engages in over-the-counter trading, which has inherent risks of illiquid markets, wide bid/ask spreads and market disruption.
- Leverage and financing risk and the use of options, futures, short sales, swaps, forwards and other derivative instruments potentially magnify losses in equity investments.
- Market illiquidity could negatively affect these investments.
- These investments may be subject to medium- and long-term commitments with restrictions on redemptions or returns of capital.

Operational risks

Risks relating to organisational structure

Tetragon has approved a very broad investment objective and the investment manager has substantial discretion when making investment decisions. In addition, the investment manager's strategies may not achieve Tetragon's investment objective.

Tetragon's listed shares do not carry any voting rights other than limited voting rights in respect of variation of their class rights. Tetragon's voting shares are owned by Polygon Credit Holdings II Limited which is a non-U.S. affiliate of Tetragon's investment manager and is ultimately controlled by Reade Griffith and Paddy Dear, who also majority own the investment manager. Pursuant to an agreement between Reade Griffith and Paddy Dear, Reade Griffith is the controller of Tetragon's voting shares and the investment manager. Tetragon's voting shares control the composition of the Board of Directors and exercise extensive influence over Tetragon's business and affairs.

Under Tetragon's articles of incorporation, a majority of its directors are required to be independent (Independent Directors), satisfying in all material respects the UK Corporate Governance Code definition of that term. However, because the Board of Directors may generally take action only with the approval of five of its directors, the Board of Directors generally are not able to act without the approval of both directors who are affiliated with the holder of Tetragon's voting shares. The holder of the voting shares has the right to amend Tetragon's articles of incorporation to change these provisions regarding Independent Directors and to remove a Director from office for any reason. As a result of these provisions, the Independent Directors are limited in their ability to exercise influence over Tetragon's business and affairs.

Tetragon's organisational, ownership and investment structure creates significant conflicts of interest that may be resolved in a manner which is not always in the best interests of Tetragon or its shareholders.

Tetragon's directors and its administrator may have conflicts of interest in the course of their duties.

Tetragon's ability to pay its expenses and dividends will depend on its earnings, financial condition, fair value of its assets and such other factors that may be relevant from time to time, including limitations under the Companies (Guernsey) Law, 2008, as amended.

Risks relating to Tetragon's investment manager

Tetragon's success depends on its continued relationship with its investment manager and its principals. If this relationship were to end or the principals or other key professionals were to depart, it could have a material adverse effect on Tetragon's business, investments and results of operations.

Tetragon is reliant on the skill and judgement of its investment manager in valuing and determining an appropriate purchase price for its investments. Any determinations of value that differ materially from the values Tetragon realises at the maturity of the investments or upon their disposal will likely have a negative impact on Tetragon and its share price.

Tetragon's arrangements with its investment manager were negotiated in the context of an affiliated relationship and may contain terms that are less favourable than those which otherwise might have been obtained from unrelated parties in an arm's-length negotiation.

The holders of Tetragon's listed shares will not be able to terminate its Investment Management Agreement with the investment manager, and the Investment Management Agreement may only be terminated by Tetragon in limited circumstances.

The liability of Tetragon's investment manager is limited under Tetragon's arrangements with it, and Tetragon has agreed to indemnify the investment manager against claims that it may face in connection with such arrangements, which may lead the investment manager to assume greater risks when making investment-related decisions than it otherwise would if investments were being made solely for its own account.

The investment manager does not owe fiduciary duties to Tetragon shareholders. However, these contractual limitations do not constitute a waiver of any obligations that the investment manager has under applicable law, including the U.S. Investment Advisers Act of 1940 and related rules.

The investment manager may devote time and commitment to other activities.

The fees payable to the investment manager are based on changes in Tetragon's NAV, which will not necessarily correlate to changes in the market value of its listed shares.

Tetragon's compensation structure with its investment manager may encourage the investment manager to invest in high-risk investments. The management fee payable to the investment manager also creates an incentive for it to make investments and take other actions that increase or maintain Tetragon's NAV over the near-term even though other investments or actions may be more favourable.

The compensation of the investment manager's personnel contains significant performance-related elements, and poor performance by Tetragon or any other entity for which the investment manager provides services may make it difficult for Tetragon's investment manager to retain staff.

Risk factors

Tetragon's investment manager relies on two entities that are part of TFG Asset Management for a broad range of services to support its activities. The services include (i) infrastructure services such as operations, financial control, trading, marketing and investor relations, legal, compliance, office administration, payroll and employee benefits and (ii) services relating to the dealing in and management of investments, arrangement of deals and advising on investments. TFG Asset Management has implemented a cost-allocation methodology with the objective of allocating service-related costs, including to Tetragon's investment manager, in a consistent, fair, transparent and commercially based manner. TFG Asset Management then charges fees to Tetragon's investment manager for the services allocated to it on a cost-recovery basis that is designed to achieve full recovery of the allocated costs. Tetragon's Independent Directors, who are specifically mandated to approve, among other things, related-party transactions, are required to approve the methodology for allocating costs and in their sole discretion the application of that methodology as part of their oversight processes. As such, the annual cost allocation methodology update and the actual annual cost allocations that result based on these cost methodology policies and procedures are separately approved by the Independent Directors.

There are conflicts of interest created by contemporaneous trading by Tetragon's investment manager and investment managers that are part of TFG Asset Management.

Risks relating to Tetragon's legal environment and regulation

Changes in laws or regulations or accounting standards, or a failure to comply with any laws and regulations or accounting standards, may adversely affect Tetragon's business, investments and results of operations.

Tetragon has and may become involved in litigation that may adversely affect Tetragon's business, investments and results of operations.

No formal corporate governance code applies to Tetragon under Dutch law and Tetragon reports against the AIC Corporate Governance Guide for Investment Companies (which incorporates the UK Corporate Governance Code) on a voluntary basis only.

The rights of the non-voting shareholders and the fiduciary duties owed by the Board of Directors to Tetragon will be governed by Guernsey Law and its articles of incorporation and may differ from the rights and duties owed to companies under the laws of other countries.

Tetragon's non-voting shares are subject to restrictions on ownership by U.S. persons.

Tetragon's shares have not been and will not be registered under the United States Securities Act of 1933. Consequently, Tetragon shares may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, "U.S. persons" as defined in Regulation S under the Securities Act absent registration or an exemption from registration under the Securities Act. No public offering of any Tetragon shares is being, or has been, made in the United States.

Furthermore, Tetragon shares may not be held by any "benefit plan investor" that is subject to Title I of the United States Employee Retirement Income Security Act of 1974. Tetragon's Articles of Incorporation prohibit any "ERISA Person" from acquiring or holding Tetragon shares. The consequences of failing to comply with this prohibition include the divestment of the relevant shares and the forfeiture of any dividends previously received with respect to such shares, as well as any gains from their disposition.

These restrictions may adversely affect overall liquidity of Tetragon shares.

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

Risks relating to taxation

United States investors may suffer adverse tax consequences because Tetragon is treated as a passive foreign investment company (PFIC) for U.S. federal income tax purposes.

Changes to tax treatment of derivative instruments may adversely affect Tetragon and certain tax positions it may take may be successfully challenged.

Investors may suffer adverse tax consequences if Tetragon is treated as resident in the United Kingdom or the United States for tax purposes.

Coronavirus and public health emergency risks

In 2020, there was an outbreak of a novel and highly contagious form of coronavirus, or COVID-19, which the World Health Organisation declared to constitute a "Public Health Emergency of International Concern". The outbreak of COVID-19 resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in many equity and debt markets globally. Many governments and businesses reacted by instituting quarantines and other social distancing measures, prohibitions on travel (including on the movement of people and goods between countries), material monetary and/or fiscal policy changes, and the closure of offices, businesses, schools, retail stores and other public venues. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, created significant disruption in supply chains and economic activity and had a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on Tetragon and could adversely affect its ability to fulfil its investment objectives. The spread of COVID-19 creates a variety of potential risks. The magnitude and duration of these risks cannot be predicted at this time.

The extent of the impact of any public health emergency on Tetragon's investments' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand (consumer and industrial), goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, disruptions to shipping and other transportation, all of which are highly uncertain and cannot be predicted.

The effects of a public health emergency may materially and adversely impact the value and performance of Tetragon's investments, Tetragon's ability to source, manage and divest investments and its ability to achieve its investment objectives, all of which could result in significant losses to Tetragon. In addition, the operations of Tetragon's investments may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including operational disruptions and its potential adverse impact on the health of any such entity's personnel and reduced efficiency due to illness of a portion of the workforce or the need to work remotely. Tetragon's key vendors and service providers, such as providers of outsourced accounting services, consultants and external counsel, are also subject to these risks.

Risks resulting from the United Kingdom's exit from the European Union

The United Kingdom withdrew from the European Union on 31 January 2020. This is referred to as Brexit. In connection with Brexit, the United Kingdom and the European Union agreed the Trade and Cooperation Agreement, or TCA, that governs the future trading relationship between the United Kingdom and the European Union in specified areas. The TCA took effect from 1 January 2021 following a transition period that commenced immediately following the Brexit date.

The United Kingdom is no longer in the European Union customs union and is outside of the European Union single market. As a result, logistical disruption is expected whilst the United Kingdom and European Union implement the new relationship under the TCA. Notably, the TCA does not include a EU-wide cooperation arrangement for financial services, with U.K. firms instead having to negotiate individual European Union member state regulations and cooperation/recognition arrangements. The initial timeframe set to agree a financial services cooperation framework may be subject to extension and a cooperation agreement on financial services is not guaranteed. The uncertainty surrounding the implementation of the TCA and the outcome of ongoing negotiations may have economic, tax, fiscal, legal, regulatory and other implications for the asset management industry, the broader European and global financial markets generally and for Tetragon. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by Tetragon.

Risk factors

The future application of EU-based legislation and/or taxation to the private fund industry in the United Kingdom will depend, among other things, on how the United Kingdom negotiates its relationship with the European Union as regards financial services. There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on Tetragon and its investments. The ongoing effects of Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities), an adverse effect on Tetragon and increased legal, regulatory or compliance burden on Tetragon, each of which may have a negative impact on the operations, financial condition, returns or prospects of Tetragon.

Although the most immediate impacts of Brexit on corporate transactions will likely be related to changes in market conditions, the development of new regulatory regimes and parallel competition law enforcement may have an adverse impact on transactions, particularly those occurring in, or impacted by conditions in, the United Kingdom and the European Union.

Risks relating to the conflict in Ukraine

On 24 February 2021, the Russian military commenced a full-scale invasion into Ukraine and the conflict is currently ongoing. In response, the United States, United Kingdom, the European Union and other countries imposed sanctions designed to target the Russian financial system. Further sanctions may be forthcoming, and the United States and allied countries have announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighbouring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally and therefore could adversely affect the performance of Tetragon's investments. Furthermore, given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's decision to place its nuclear forces on

high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to Tetragon and the performance of its investments and operations, and the ability of Tetragon to achieve its investment objective.

Risks relating to the Israel-Hamas War

On 7 October 2023, the Hamas militant group breached the fences separating Israel and Gaza and carried out a violent terrorist attack. The foregoing attack sparked an armed conflict, which is currently ongoing, between Hamas and other Palestinian militant groups and Israel, known as the 2023 Israel-Hamas war. Although since the establishment of the State of Israel a state of hostility has existed in varying degrees of intensity between various Arab countries and Israel, the current conflict between Israel and Hamas has escalated to a heightened level not seen in recent years and may escalate further. Additionally, while Israel has entered into peace agreements with both Egypt and Jordan, and several other Middle Eastern and North African countries have normalized relations with Israel, the 2023 Israel-Hamas war has created tremendous unrest and uncertainty in the region, which may threaten any such peace agreements. A further expansion of the hostilities between Israel and Palestine could have significant international ramifications. The 2023 Israel-Hamas war could potentially have a significant adverse impact and result in significant losses to Tetragon, including those described above in "Risks Relating to the Conflict in Ukraine". The ultimate impact of the 2023 Israel-Hamas war and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of Tetragon or any particular industry, business or investee country, and the duration and severity of those effects is impossible to predict.

Share repurchases and distributions

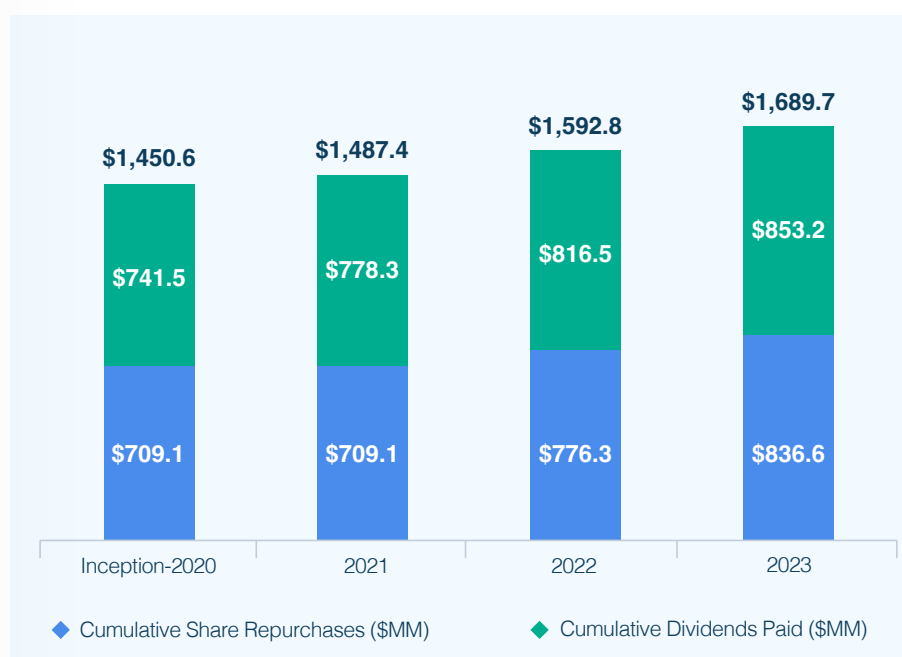
Figure 25

Share Repurchase and Dividends History (\$ millions)

Year	Amount Repurchased	Cumulative Amount Repurchased	Dividends	Cumulative dividends
2007	\$2.2	\$2.2	\$56.5	\$56.5
2008	\$12.4	\$14.5	\$60.4	\$117.0
2009	\$6.6	\$21.2	\$18.8	\$135.7
2010	\$25.5	\$46.7	\$37.5	\$173.3
2011	\$35.2	\$81.9	\$46.4	\$219.6
2012	\$175.6	\$257.5	\$51.5	\$271.1
2013	\$16.1	\$273.6	\$55.5	\$326.6
2014	\$50.9	\$324.5	\$58.7	\$385.3
2015	\$60.9	\$385.4	\$63.3	\$448.6
2016	\$157.8	\$543.2	\$61.0	\$509.6
2017	\$65.4	\$608.6	\$64.0	\$573.6
2018	-	\$608.6	\$65.1	\$638.7
2019	\$50.3	\$658.8	\$66.5	\$705.2
2020	\$50.3	\$709.1	\$36.4	\$741.5
2021	-	\$709.1	\$36.8	\$778.3
2022	\$67.1	\$776.3	\$38.2	\$816.5
2023	\$60.3	\$836.6	\$36.7	\$853.2
TOTAL	\$836.6		\$853.2	

Figure 26

The below graph shows cumulative historical share repurchases and dividends distributed by Tetragon from inception to 31 December 2023 in millions of U.S. dollars.⁽ⁱ⁾



Notes

- (i) Tetragon seeks to return value to its shareholders, including through dividends and share repurchases. Decisions with respect to declaration of dividends and share repurchases may be informed by a variety of considerations, including (i) the expected sustainability of the company's cash generation capacity in the short- and medium-term, (ii) the current and anticipated performance of the company, (iii) the current and anticipated operating and economic environment, (iv) other potential uses of cash ranging from preservation of the company's investments and financial position to other investment opportunities and (v) Tetragon's share price. Cumulative dividends paid includes the cash and stock dividends paid to shareholders, but excludes dividends declared on shares held in escrow.

Share reconciliation and shareholdings

Figure 27

IFRS to Fully Diluted Shares Reconciliation

	Shares at 31 December 2023 (millions)
Legal Shares Issued and Outstanding	139.7
Less: Shares Held in Treasury	47.7
Less: Total Escrow Shares ^(1.i)	10.8
IFRS Shares Outstanding	81.2
Add: Dilution for equity-based awards ^(1.ii)	9.6
Fully Diluted Shares Outstanding	90.8

- 1 (i) The Total Escrow Shares of 10.8 million consists of shares held in separate escrow accounts in relation to certain equity-based compensation.
- (ii) Dilution in relation to equity-based awards by TFG Asset Management for certain senior employees as well as equity-based awards by Tetragon to its independent Directors. At the reporting date, this was 9.6 million. The basis and pace of recognition is expected to match the rate at which service is being provided to TFG Asset Management or Tetragon in relation to these shares. Please see "Equity-based employee compensation plans" on page 94 for more details. Certain of these persons may from time to time enter into purchases or sales trading plans (each a, "Fixed Trading Plan") providing for the sale of Vested Shares or the purchase of Tetragon shares in the market, or may otherwise

sell their Vested Shares or purchase Tetragon shares, subject to applicable compliance policies. Applicable brokerage firms may be authorised to purchase or sell Tetragon shares under the relevant Fixed Trading Plan pursuant to certain irrevocable instructions. Each Fixed Trading Plan is intended to comply with Rule 10b5-1 under the United States Securities Exchange Act of 1934, as amended. Each Fixed Trading Plan has been or will be approved by Tetragon in accordance with its applicable compliance policies.

Rule 10b5-1 provides a "safe harbour" 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.

Shareholdings

Persons affiliated with Tetragon maintain significant interests in Tetragon shares. For example, as of 31 December 2023, the following persons own (directly or indirectly) interests in shares in Tetragon in the amounts set forth below:

Figure 28

Individual	Shareholding at 31 December 2023
Mr. Reade Griffith ^(2.i)	19,090,590
Mr. Paddy Dear	5,676,316
Mr. David O'Leary	61,476
Mr. Steven Hart	31,889
Mr. Deron Haley	31,889
Other Tetragon/TFG Asset Management Employees	7,172,266
Equity-based awards ^(2.ii)	3,306,101

2. (i) Includes approximately 2.6 million incentive shares held in escrow with respect to Mr. Griffith's employment agreement vesting in July 2024 that are not subject to performance criteria *per se*. The remaining incentive shares covered by Mr. Griffith's employment agreement are subject to agreed-upon investment performance criteria and are excluded from this figure. Please see page 94 for further details.

- (ii) Equity-based awards are intended to give certain senior employees of TFG Asset Management long-term exposure to Tetragon stock (with vesting subject to forfeiture and certain restrictions). Where shares have vested but not yet been released, they have been removed from this line and included in shares owned by "Other Tetragon/TFG Asset Management Employees". Please see page 94 for further details.

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

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

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

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

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

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

Equity-based employee compensation plans

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

These awards under the long-term incentive plan, along with other equity-based awards, are typically spread over multiple vesting dates up to 2024 which may vary for each employee and are subject to forfeiture provisions. The arrangements may also include additional periods, beyond the vesting dates, during which employees gain exposure to the performance of the Tetragon shares, but the shares are not issued to the employees. Such periods may range from one to five years beyond the vesting dates.

In 2021 and 2023, further awards to certain senior TFG Asset Management employees (excluding the principals of the investment manager) totalling approximately 3.4 million shares were made covering vesting and release periods out to 2030.

The shares underlying these equity-based incentive programs may be held in escrow until they vest and will be eligible to receive shares under the Tetragon Optional Stock Dividend Plan (DRIP Shares).

In July 2019, TFG Asset Management entered into an employment agreement with Mr. Reade Griffith, Director of Tetragon, that covers his services to TFG Asset Management for the period through to 30 June 2024. Mr. Griffith is currently the Chief Investment Officer of TFG Asset Management as well as the Chief Investment Officer of its Westbourne River Partners event-driven European equity strategies (in addition to other roles). Under the terms of this agreement, Mr. Griffith received \$9.5 million in cash in July 2019, \$3.75 million in cash in July 2020, 0.3 million Tetragon non-voting shares in July 2021 and will receive the following:

- 2.1 million Tetragon non-voting shares in July 2024; and
- between zero and an additional 3.15 million Tetragon non-voting shares – with the number of shares based on agreed-upon investment performance criteria – vesting in years 5, 6 and 7.

All of the Tetragon non-voting shares covered by Mr. Griffith's employment agreement are subject to forfeiture conditions. The shares are held in escrow for release upon vesting and are eligible to participate in the optional stock dividend program, and as a result of subsequent dividends, further shares will be added to the escrow. Of the shares held in escrow with respect to Mr. Griffith's employment agreement, the 2.1 million shares (plus dividend shares) vesting in July 2024 are not subject to performance criteria *per se* and are included in Figure 27. The remaining shares are subject to agreed-upon investment performance criteria and are excluded from Figure 27.

Tetragon has awarded its shares to the Independent Directors as described on page 53.

For the purposes of determining the fully diluted NAV per Share, the dilutive effect of the equity-based compensation plans will be reflected in the fully diluted share count over the life of the plans. Such dilution will include, among other things and in addition to the award shares, any DRIP Shares and shares that will be required to cover employer taxes. At 31 December 2023, approximately 9.6 million shares were included in the fully diluted share count.

Shareholder information

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Sub-Registrar and CREST Transfer Agent

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Legal Advisor (as to Dutch law)

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market of Euronext Amsterdam

London Stock Exchange
(Specialist Fund Segment)

Administrator and Registrar

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Financial statements

**Independent
Auditor's Report**
98 – 103

**Consolidated statement
of Financial Position**
104

**Consolidated statement
of Comprehensive Income**
105

**Consolidated statement
of Changes in Equity**
106

**Consolidated statement
of Cash Flows**
107

**Notes to the
Financial Statements**
108 – 141

Independent auditor's report to the members of Tetragon Financial Group Limited

Report on the audit of the consolidated financial statements

Our opinion is unmodified

We have audited the consolidated financial statements of Tetragon Financial Group Limited (the "Company") and its subsidiary (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2023, and of the Group's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows:

The risk

Valuation of TFG Asset Management included within non-derivative financial instruments at fair value through profit or loss.

\$1,345.4 Million (2022: \$1,343.3 Million)

Refer to note 2 accounting policy and note 3 and 4 disclosures

Basis:

As at 31 December 2023, the Group's investment in TFG Asset Management represents 47.6% (2022: 48.7%) of the Group's net asset value.

TFG Asset Management is valued as a single investment, utilising a sum of the parts approach, whereby each of the asset managers owned by TFG Asset Management is valued separately.

This approach aggregates the fair value of the asset managers held by TFG Asset Management using a combination of discounted cash flow models ("DCF") and market multiple approaches, overlayed by the central costs and net assets at the TFG Asset Management level.

An independent third party valuation specialist (the "Valuation Agent") has been engaged to assist in the valuation process of TFG Asset Management.

Risk:

As the TFG Asset Management investment is unquoted and illiquid, in order to determine its fair value, management adopted a number of assumptions and data points which are unobservable in the market.

These include:

Key assumptions:

The weighted average cost of capital ("WACC"), the EV/EBITDA multiple and discount for lack of liquidity ("DLOL") assumptions have a high degree of estimation uncertainty with a potential range of reasonable outcomes greater than our materiality for the consolidated financial statements as a whole.

Other assumptions and data points:

Whilst we do not consider other assumptions and data points to be at a significant risk of misstatement, due to the relevance of these elements in terms of the overall valuation and associated audit effort, the following areas also have had a significant effect on our audit approach:

- control premium; and
- forecast cashflows and its related assumptions.

The consolidated financial statements disclose in note 4 the sensitivities estimated by the Group.

Our response

Our audit procedures included:

Control design:

We have obtained an understanding of the valuation process and tested the design and implementation of the valuation process control.

We performed the procedures below rather than seeking to rely on the control as the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Challenging managements' assumptions and inputs including use of KPMG valuation specialist:

With the support of a KPMG valuation specialist we:

- assessed the scope of the services provided by the Valuation Agent and read the valuation report prepared by them;
- assessed the objectivity, capabilities and competence of the Valuation Agent;
- assessed the reasonableness of the methodology applied by the Valuation Agent in developing the fair value of TFG Asset Management;
- critically assessed the valuations provided by the Valuation Agent by challenging and corroborating the key and other assumptions, and by agreeing data points to supporting documentation or market information where available;
- assessed whether the WACC, the EV/EBITDA multiples and DLOL employed were within a reasonable range independently developed based on market data.

Assessing disclosures:

We considered the adequacy of the disclosures made in the consolidated financial statements (see notes 2, 3 and 4) in relation to the use of estimates and judgements regarding the fair value of investments, the valuation estimation techniques inherent therein and fair value disclosures for compliance with IFRS as adopted by the EU.

Independent auditor's report to the members of Tetragon Financial Group Limited

Our application of materiality and an overview of the scope of our audit

Materiality for the consolidated financial statements as a whole was set at \$55.4 million, determined with reference to a benchmark of group net assets of \$2,825.4 million, of which it represents approximately 2.0% (2022: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Group was set at 75% (2022: 75%) of materiality for the consolidated financial statements as a whole, which equates to \$41.5 million. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$2.77 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

The group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total group revenue, total group profit before tax, and total group assets and liabilities.

Going concern

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they

have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Group and the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments; and
- The ability of the Group to comply with debt covenants.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group and Company's financial forecasts.

We considered whether the going concern disclosure in note 2 to the consolidated financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period; and

- we found the going concern disclosure in the notes to the consolidated financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Group and the Company are subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group and the Company are subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and

Independent auditor's report to the members of Tetragon Financial Group Limited

inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether

the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 63, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Regulatory Requirements

European Single Electronic Format ("ESEF")

The Group has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the "RTS on ESEF").

In our opinion, the annual report prepared in the XHTML format, including the tagged consolidated financial statements as included in the reporting package by the Group, has been prepared in all material respects in accordance with the RTS on ESEF.

The directors are responsible for preparing the annual report including the consolidated financial statements in accordance with the RTS on ESEF, whereby the directors combine the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures included:

- Obtaining an understanding of the Group's financial reporting process, including the preparation of the reporting package;
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether they are in accordance with the RTS on ESEF.

Barry Ryan

For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors

Guernsey

4 March 2024

Consolidated Statement of Financial Position

As of	Note	31 Dec 2023 \$M	31 Dec 2022 \$M
Assets			
Non-derivative financial assets at fair value through profit or loss	4	3,065.7	2,919.2
Derivative financial assets	4	5.1	21.7
Other receivables and prepayments	7	4.7	6.1
Amounts due from brokers	6	7.2	5.5
Cash and cash equivalents	6	23.1	21.7
Total assets		3,105.8	2,974.2
Liabilities			
Loans and borrowings	10	250.0	115.0
Derivative financial liabilities	4	8.3	2.5
Other payables and accrued expenses	9	22.1	30.2
Amounts due to brokers	8	-	68.0
Total liabilities		280.4	215.7
Net assets		2,825.4	2,758.5
Equity			
Share capital		0.1	0.1
Other equity		722.3	768.7
Share-based compensation reserve	12	71.0	61.7
Retained earnings		2,032.0	1,928.0
		2,825.4	2,758.5
Shares outstanding			
Number of shares (million)	12	81.2	85.6
Net Asset Value per share (\$)		34.79	32.24

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

**Signed on behalf of the
Board of Directors by:**

David O'Leary
Director

Steven Hart
Director

Date: 4 March 2024

Consolidated Statement of Comprehensive Income

For the year ended	Note	31 Dec 2023 \$M	31 Dec 2022 \$M
Net gain on non-derivative financial assets at fair value through profit or loss		270.6	18.9
Net (loss)/gain on derivative financial assets and liabilities		(32.5)	42.4
Net gain on foreign exchange		0.3	1.2
Interest income		2.3	0.4
Total income		240.7	62.9
Management fees	15	(41.7)	(41.1)
Incentive fee	11	(16.3)	(26.5)
Legal and professional fees		(4.2)	(3.3)
Share-based employee compensation	12	(9.3)	(9.5)
Audit fees		(0.8)	(0.6)
Other operating expenses and administrative expenses		(3.3)	(3.7)
Operating expenses		(75.6)	(84.7)
Operating profit/(loss) before finance costs		165.1	(21.8)
Finance costs	10	(24.0)	(10.3)
Profit/(loss) and total comprehensive income/(loss) for the year		141.1	(32.1)
Earnings per share		\$	\$
Basic	16	1.62	(0.35)
Diluted	16	1.53	(0.34)
Weighted average shares outstanding		Million	Million
Basic	16	87.3	90.8
Diluted	16	92.2	94.9

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

Consolidated Statement of Changes in Equity

	Share capital	Other equity	Retained earnings	Share-based compensation reserve	Total
	\$M	\$M	\$M	\$M	\$M
As at 1 January 2022	0.1	814.7	2,001.9	60.1	2,876.8
Loss and total comprehensive loss for the year	-	-	(32.1)	-	(32.1)
Transactions with owners recognised directly in equity					
Shares released from escrow	-	7.9	-	(7.9)	-
Dividends on shares released from escrow	-	3.0	(3.0)	-	-
Share-based compensation	-	-	-	9.5	9.5
Cash dividends	-	-	(23.8)	-	(23.8)
Stock dividends	-	15.0	(15.0)	-	-
Issue of shares	-	0.1	-	-	0.1
Purchase of treasury shares	-	(72.0)	-	-	(72.0)
As at 31 December 2022	0.1	768.7	1,928.0	61.7	2,758.5
Gain and total comprehensive income for the year	-	-	141.1	-	141.1
Transactions with owners recognised directly in equity					
Share-based compensation	-	-	-	9.3	9.3
Cash dividends	-	-	(23.3)	-	(23.3)
Stock dividends	-	13.8	(13.8)	-	-
Issue of shares	-	0.1	-	-	0.1
Purchase of treasury shares	-	(60.3)	-	-	(60.3)
As at 31 December 2023	0.1	722.3	2,032.0	71.0	2,825.4

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

Consolidated Statement of Cash Flows

For the year ended	31 Dec 2023 \$M	31 Dec 2022 \$M
Operating activities		
Profit/(loss) for the year	141.1	(32.1)
Adjustments for:		
Gains on investments and derivatives	(238.2)	(61.3)
Share-based compensation	9.3	9.5
Interest income	(2.3)	(0.4)
Finance costs	24.0	10.3
Operating cash flows before movements in working capital	(66.1)	(74.0)
(Increase)/decrease in receivables	(1.1)	0.1
Decrease in payables	(11.0)	(77.3)
(Increase)/decrease in amounts due from brokers	(1.6)	0.4
(Decrease)/increase in amounts due to brokers	(68.0)	68.0
Cash flows from operations	(147.8)	(82.8)
Proceeds from sale/prepayment/maturity of investments	345.1	394.8
Net (payments)/receipts from derivative financial instruments	(5.2)	20.9
Purchase of investments	(220.3)	(444.3)
Cash interest received	2.2	0.4
Net cash used in operating activities	(26.0)	(111.0)
Financing activities		
Repayment of loans and borrowings	(150.0)	(175.0)
Proceeds from loans and borrowings	285.0	215.0
Finance costs paid	(24.0)	(10.3)
Purchase of treasury shares	(60.3)	(72.0)
Dividends paid to shareholders	(23.3)	(23.8)
Net cash generated/(used in) financing activities	27.4	(66.1)
Net increase/(decrease) in cash and cash equivalents	1.4	(177.1)
Cash and cash equivalents at beginning of year	21.7	198.8
Cash and cash equivalents at end of year	23.1	21.7

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

Notes to the financial statements

Note 1 Corporate Information

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

Note 2 Material Accounting Policies

Basis of Preparation

The consolidated financial statements of the Fund (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and comply with the Companies (Guernsey) Law, 2008 and give a true and fair view.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and certain non-derivative financial assets and financial liabilities held at fair value through profit or loss ("FVTPL") that have been measured at fair value. The accounting policies have been consistently applied to all periods presented in these financial statements.

The financial statements are presented in United States Dollars ("USD" or "\$"), which is the functional currency of the Fund, expressed in USD millions ("m") (unless otherwise noted). The share capital of the Fund and the majority of its investments are denominated in USD. Most of the expenses and fees paid by the Fund are in USD. Hence, the Directors have determined that USD, as functional and presentational currency, reflects the Fund's primary economic environment.

In accordance with IFRS 10 *Consolidated Financial Statements* ("IFRS 10"), the Fund is an investment entity and, as such, does not consolidate the entities it controls where they are deemed to be subsidiaries except for Tetragon Financial Group (Delaware) LLC. Tetragon Financial Group (Delaware) LLC holds the collateral for the revolving credit facility. This subsidiary's main purpose and activity is to provide a service to the Fund, as such, it is consolidated on a line-by-line basis with balances between the Fund and this subsidiary eliminated. The financial statements for this subsidiary are prepared at the same reporting date using the same accounting policies. All other interests in subsidiaries are classified as FVTPL. Investments in associates are also classified as FVTPL. Subsidiaries are consolidated from the date control is established by Tetragon and cease to be consolidated on the date control is transferred from Tetragon.

The Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these financial statements and that the Fund will be able to continue to meet its liabilities for at least twelve months from the date of approval of the financial statements. In making this determination, the Directors have considered reasonable plausible downside scenarios in preparing the cash flow and liquidity projections for the next twelve months, the nature of the Fund's capital (including readily available resources such as cash, undrawn credit facility and liquid equities) and the applicable covenants on the revolving credit facility.

New standards and amendments to existing standards

The Fund has considered all the standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. These standards and interpretations are not relevant to the Fund's activities, or their effects are not expected to be material.

Foreign Currency Translation

Transactions in foreign currencies are translated to the Fund's functional currency at the foreign currency exchange rate ruling at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated to USD at the foreign currency closing exchange rate ruling at the reporting date.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised as net foreign exchange gain/(loss) in the Consolidated Statement of Comprehensive Income except for those arising on financial instruments at FVTPL which are recognised as components of net gain on non-derivative financial assets at FVTPL and derivative instruments which are recognised as components of net gain/(loss) on derivative financial assets and financial liabilities.

Financial Instruments

(i) Classification

The Fund classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IFRS 9 *Financial Instruments* ("IFRS 9").

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- it has contractual terms which give rise, on specified dates, to cash flows that are solely payments of principal and interest outstanding.

The Fund includes in this category cash and cash equivalents, amounts due from brokers, receivable for securities sold and other sundry receivables. These assets are held with an intention to collect the principal and interest payments.

Financial assets and liabilities at FVTPL

All financial assets not classified as measured at amortised cost are measured at FVTPL. Financial liabilities attached to derivatives are also measured at FVTPL.

Investments in derivatives, collateralised loan obligations ("CLOs"), loans and corporate bonds, listed and unlisted stock, investment funds and vehicles and private equity in asset management companies are included in this category.

Other financial liabilities at amortised cost

This category includes all financial liabilities, other than those classified as at FVTPL. The Fund includes in this category loans and borrowings, amounts due to brokers, and other payables and accrued expenses.

(ii) Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date (i.e., the date that the Fund commits to purchase or sell the asset).

(iii) Initial measurement

Financial assets and financial liabilities at FVTPL are initially recognised in the Consolidated Statement of Financial Position at fair value. All transaction costs for such instruments are recognised immediately through profit or loss.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value adjusted for any directly attributable incremental costs of acquisition or issue.

Notes to the financial statements

(iv) Subsequent measurement

After initial measurement, the Fund re-measures financial instruments which are classified as at FVTPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain/(loss) on non-derivative financial assets at FVTPL in the Consolidated Statement of Comprehensive Income. Subsequent changes in fair value of derivative instruments are recorded in net gain/(loss) on derivative financial assets and liabilities in the Consolidated Statement of Comprehensive Income.

Receivables are carried at amortised cost less any allowance for impairment with any impairment losses arising being included in profit or loss.

Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where (i) the rights to receive cash flows from the asset have expired, or (ii) the Fund has either transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and in either cases in (ii):

(a) the Fund has transferred substantially all of the risks and rewards of the asset; or

(b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(vi) Impairment

The Fund recognises loss allowances for expected credit losses ("ECL") on financial assets at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value measurement

The Fund measures all its investments and derivatives, at fair value at each reporting date.

IFRS 13 *Fair Value Measurements* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs. A market is regarded as “active” if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

For all other financial instruments not traded in an active market, the fair value is determined by using observable inputs where available and valuation techniques deemed to be appropriate in the circumstances. Refer to Note 4 for the valuation techniques used.

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) and deems transfers to have occurred at the end of each reporting period.

Amounts due from/to brokers

Amounts due from brokers include margin accounts which represent cash pledged as collateral on the forward foreign exchange contracts, credit default swaps and contracts for difference. Amounts due to brokers include cash advances obtained from the brokers by pledging certain investments. Refer to the accounting policy for financial instruments for recognition and measurement.

Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents comprise of short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Net gain or loss on non-derivative financial assets and liabilities at FVTPL

Net gains or losses on non-derivative financial assets at FVTPL are changes in the fair value of financial assets and financial liabilities at FVTPL and include related interest, dividends and foreign exchange gains or losses.

Interest income

Interest income arising on cash balances and tri-party repurchase agreements are recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

Finance costs

Interest and fees charged on borrowings are recognised through profit or loss in the Consolidated Statement of Comprehensive Income using the effective interest method.

Notes to the financial statements

Expenses

Expenses and fees, including Directors' fees, are recognised through profit or loss in the Consolidated Statement of Comprehensive Income on the accruals basis.

Taxation

The Fund is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged GBP 1,200 per annum (2022: GBP 1,200).

Dividend distribution

Dividend distributions are recognised in the Consolidated Statement of Changes in Equity, when the shareholders' right to receive the payment is established.

Share-based payment transactions

Share-based compensation expense for all equity settled share-based payment awards granted is determined based on the grant-date fair value. The Fund recognises these compensation costs net of an estimated forfeiture rate and recognises compensation cost only for those shares expected to meet the service and non-market performance vesting conditions, on a graded vesting basis over the requisite service period of the award. These compensation costs are determined at the individual vesting tranche level for serviced-based awards.

When the shares are issued, the fair value of the shares, as determined at the time of the award, is debited against the share-based compensation reserve and credited to other equity in the Consolidated Statement of Changes in Equity. Any associated stock dividends accrued on the original award are debited against retained earnings and credited to other equity using the value determined by the stock reference price at the date of each applicable dividend.

Other equity

Other equity contains the share premium and treasury shares balances.

Operating segments

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incurs expenses, whose operating results are regularly reviewed by the Fund's chief operating decision-maker and for which discrete financial information is available. The chief operating decision-maker for the Fund is the Board of Directors. The Fund has considered the information reviewed by the Fund's chief operating decision-maker and determined that there is only one operating segment in existence.

Note 3 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Fund's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

Judgements

Investment entity status

The Board of Directors have determined that the Fund meets the definition of an investment entity as per IFRS 10. Entities that meet the definition of an investment entity within IFRS 10 are generally required to measure their subsidiaries at FVTPL rather than consolidate them. The Fund consolidates Tetragon Financial Group (Delaware) LLC as this subsidiary's main purpose and activity is to provide a service to the Fund, as such it is consolidated on a line-by-line basis with balances between the Fund and this subsidiary eliminated.

Tetragon obtained funds from investors for the purpose of providing investment management services. The Fund's investment objective is to generate distributable income and capital appreciation. The Fund reports to its investors via monthly, semi-annual, and annual investor information, and to its management, via internal management reports, on a fair value basis. The Fund has a documented exit strategy for all of its investments.

Estimates and assumptions

Measurement of fair values

The Fund based its assumptions and estimates on parameters available at the year-end when the financial statements were prepared; however, existing circumstances and assumptions about future developments may change due to market changes and circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

For detailed information on the estimates and assumptions used to determine the fair value of financial instruments, please refer to Note 4.

Note 4 Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Fair value hierarchy

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

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

Notes to the financial statements

Recurring fair value measurement of assets and liabilities

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as of 31 December 2023:

Non-derivative financial assets at FVTPL	Level 1	Level 2	Level 3	Total Fair Value
	\$M	\$M	\$M	\$M
TFG Asset Management	-	-	1,345.4	1,345.4
Investment funds and vehicles	-	673.3	593.2	1,266.5
Listed stock	190.4	-	-	190.4
CLO equity tranches ⁽¹⁾	-	-	129.5	129.5
CLO debt tranches ⁽¹⁾	-	3.8	-	3.8
Unlisted stock	-	2.7	111.7	114.4
Corporate bonds	-	15.7	-	15.7
Total non-derivative financial assets at FVTPL	190.4	695.5	2,179.8	3,065.7
Derivative financial assets				
Currency options (asset)	-	2.2	-	2.2
Forward foreign exchange contracts (asset)	-	2.9	-	2.9
Total derivative financial assets	-	5.1	-	5.1
Derivative financial liabilities				
Contracts for difference (liability)	-	(0.1)	-	(0.1)
Forward foreign exchange contracts (liability)	-	(8.2)	-	(8.2)
Total derivative financial liabilities	-	(8.3)	-	(8.3)

(1) Investment in CLO equity and debt tranches held through special purpose vehicles are included in these captions.

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as of 31 December 2022:

Non-derivative financial assets at FVTPL	Level 1	Level 2	Level 3	Total Fair Value
	\$M	\$M	\$M	\$M
TFG Asset Management	-	-	1,343.3	1,343.3
Investment funds and vehicles	-	595.0	570.6	1,165.6
Listed stock	158.5	-	-	158.5
CLO equity tranches ⁽¹⁾	-	-	170.2	170.2
CLO debt tranches ⁽¹⁾	-	1.2	-	1.2
Unlisted stock	-	-	64.5	64.5
Corporate bonds	-	15.9	-	15.9
Total non-derivative financial assets at FVTPL	158.5	612.1	2,148.6	2,919.2
Derivative financial assets				
Contracts for difference (asset)	-	0.3	-	0.3
Currency options (asset)	-	3.0	-	3.0
Forward foreign exchange contracts (asset)	-	18.4	-	18.4
Total derivative financial assets	-	21.7	-	21.7
Derivative financial liabilities				
Contracts for difference (liability)	-	(0.1)	-	(0.1)
Forward foreign exchange contracts (liability)	-	(2.4)	-	(2.4)
Total derivative financial liabilities	-	(2.5)	-	(2.5)

(1) Investment in CLO equity and debt tranches held through special purpose vehicles are included in these captions.

Transfers between levels

There were no transfers between levels during the year ended 31 December 2023 or 31 December 2022.

Other financial assets and liabilities

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

Notes to the financial statements

Level 3 reconciliation

The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 31 December 2023.

	CLO Equity Tranches \$M	Unlisted Stock \$M	Investment Funds and Vehicles \$M	TFG Asset Management \$M	Total \$M
Balance at 1 January 2023	170.2	64.5	570.6	1,343.3	2,148.6
Additions	-	22.3	61.7	23.8	107.8
Proceeds	(48.1)	(7.3)	(48.6)	(50.0)	(154.0)
Net gains through profit or loss	7.4	32.2	9.5	28.3	77.4
Balance at 31 December 2023	129.5	111.7	593.2	1,345.4	2,179.8
Change in unrealised gains/(losses) through profit or loss for assets held at year-end	(5.3)	29.5	1.5	(17.7)	8.0

The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 31 December 2022.

	CLO Equity Tranches \$M	Unlisted Stock \$M	Investment Funds and Vehicles \$M	TFG Asset Management \$M	Total \$M
Balance at 1 January 2022	164.4	50.3	521.7	1,256.3	1,992.7
Additions	34.7	32.3	95.8	26.1	188.9
Proceeds	(56.6)	(18.7)	(97.4)	(34.8)	(207.5)
Net gains through profit or loss	27.7	0.6	50.5	95.7	174.5
Balance at 31 December 2022	170.2	64.5	570.6	1,343.3	2,148.6
Change in unrealised gains through profit or loss for assets held at year-end	0.9	0.6	9.3	60.9	71.7

Valuation process (framework)

TMF Group Fund Services (Guernsey) Limited (the "Administrator") serves as the Fund's independent administrator and values the investments of the Fund on an ongoing basis in accordance with the valuation principles and methodologies approved by the Fund's Audit Committee, which comprises of independent Directors, from time to time.

For certain investments, such as TFG Asset Management, a third-party valuation agent is also used. However, the Directors are responsible for the valuations and may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with IFRS.

Valuation techniques

CLO equity tranches

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

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

As at 31 December 2023, key modelling assumptions used are disclosed below. The modelling assumptions disclosed below are a weighted average (by USD amount) of the individual deal assumptions. Each individual deal's assumptions may differ from this average and vary across the portfolio.

When determining the fair value of the equity tranches, a discount rate is applied to the expected future cash flows derived from the third-party valuation model. The discount rate applied to those future cash flows reflects the perceived level of risk that would be used by another market participant in determining fair value. In determining the discount rates to use, an analysis of the observable risk premium data as well as the individual deal's structural strength and credit quality is undertaken. At 31 December 2023, a discount rate of 13% (2022: 13%) is applied unless the deal is within its non-refinancing period, in which case the deal internal rate of return ("IRR") is utilised as the discount rate. For deals in this category, the weighted average IRR or discount rate is 16.7% (2022: 17.9%). If the deal is past six months from the end of its reinvestment period, a discount rate of 15% (2022: 13%) is applied.

Constant Annual Default Rate ("CADR")	3.0% up to 31 December 2024, 2.4% thereafter (2022: 2.39%), which is 1.0x of the original Weighted Average Rating Factor ("WARF") derived base-case default rate for the life of the transaction.
Recovery Rate	65% (2022: 65%) up to 31 December 2024, 70% thereafter (2022: 70%).
Prepayment Rate	20% (2022: 20%), the original base-case prepayment rate with a 0% prepayment rate (2022: 0%) on bonds throughout the life of the transaction.
Reinvestment Price and Spread	Assumed reinvestment price is par for the life of the transaction with reinvestments being modelled for deals that are still in their reinvestment period. Reinvestment spread consists of U.S. syndicated loans with an effective spread over Term SOFR of 379 bps (2022: 379 bps).

Sensitivity analysis

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

	31 Dec 2023 \$M	31 Dec 2022 \$M
-1% discount rate	3.3	4.8
+1% discount rate	(3.2)	(4.5)

Notes to the financial statements

Private equity in asset management companies

The Fund owns a 100% interest in TFG Asset Management which holds majority and minority private equity stakes in asset management companies. The valuation calculation for TFG Asset Management was prepared by a third-party valuation agent engaged by the Fund's Audit Committee. Although TFG Asset Management is valued as a single investment, a sum of the parts approach, valuing each business separately has been utilised. This approach aggregates the fair value of all asset managers held by TFG Asset Management overlaying the central costs and net assets at TFG Asset Management level. Currently, no premium has been attributed to the valuation of TFG Asset Management in respect of diversification or synergies between different income streams. Any benefit from operating on the TFG Asset Management platform has been captured in the valuation of the individual asset managers by incorporating it in the business plans used in the DCF and Market Multiple Approaches.

The DCF Approach calculates the enterprise value of the investments by utilising a business-specific model to estimate the generation of future net cash flows. Each model reflects the business plan over a specific period of 5-10 years which includes, where applicable, assumptions (which may not be linear) around planned capital raising and/or organic growth through investment returns. The DCF Approach may also include a terminal value which is calculated by applying a growth formula to the projected cash flows in the terminal year or to the average of yearly cash flows in the business plan. This terminal value calculation is used in the DCF approach for Equitix, LCM, Westbourne River Partners, Contingency Capital and Acasta. All estimates of future free cash flows and the terminal value are discounted at a weighted average cost of capital ("WACC") that captures the risk inherent in the projections. From the enterprise value derived by the DCF Approach, market value of net debt is deducted to arrive at the equity value. An adjustment is made to account for a discount for lack of liquidity ("DLOL"), in the range of 5% to 20%.

The Market Multiple Approach applies a multiple, considered to be an appropriate and reasonable indicator of value to certain metrics of the business, such as earnings or assets under management ("AUM"), to derive the enterprise value. The multiple applied in each case is derived by considering the multiples of quoted comparable companies. The multiple is then adjusted to ensure that it appropriately reflects the specific business being valued, considering its business activities, geography, size, competitive position in the market, risk profile, and earnings growth prospects of the business. The valuation agent considered a multiple of earnings such as a company's earnings before interest, taxes, depreciation, and amortisation ("EBITDA"), to perform this analysis. These multiples were then adjusted for control premium if the comparable companies are valued on a minority basis.

Equitix and LCM are valued using a combination of DCF Approach and quoted market multiples ("Market Multiple Approach") based on comparable companies to determine an appropriate valuation range. Both approaches are given 50/50 weighting in the valuation. Westbourne River Partners, Acasta, Tetragon Credit Partners and Contingency Capital are valued using the DCF Approach.

TFG Asset Management holds approximately 13% interest in BGO and is entitled to receive a series of fixed and variable profit distributions. Sun Life have an option to acquire the remaining interest in the merged entity in 2026. TFG Asset Management and other minority owners are entitled to sell their interest to Sun Life in 2027. The exercise price will be determined based on the average EBITDA of BGO during the two years prior to exercising the option. The Fund's investment in BGO is valued using the DCF Approach on expected cash flows.

The following table shows the unobservable inputs used by the third-party valuation specialist in valuing TFG Asset Management. For the purposes of IAS 1 Presentation of Financial Statements, control premium is not a significant input.

31 December 2023

Investment	Fair Value \$M	AUM (billion)	Valuation methodology	Significant unobservable inputs				
				WACC	EV/ EBITDA Multiple	DLOL	Control premium	Forecast 5Y CAGR
Equitix	737.6	GBP 10.9	DCF and Market Multiples	10.5%	9.5x	10%	20%	9.8% (AUM)
BGO	270.5	\$10.7	DCF (sum-of-the-parts)	5.6-11.8%	NA	5-15%	NA	15.5% (EBITDA)
LCM	258.5	\$10.7	DCF and Market Multiples	10.75%	11.8x	15%	20%	7.2% (AUM)
Other asset managers	78.8	\$6.2	DCF, replacement cost	11.5%-13.25%	NA	15-20%	NA	7.6% (AUM)

31 December 2022

Investment	Fair Value \$M	AUM (billion)	Valuation methodology	Significant unobservable inputs				
				WACC	EV/ EBITDA Multiple	DLOL	Control premium	Forecast 5Y CAGR
Equitix	683.2	GBP 10.0	DCF and Market Multiples	10.5%	11x	10%	20%	12.6% (AUM)
BGO	283.0	\$10.6	DCF (sum-of-the-parts)	4.8-12%	NA	10%	NA	21.7% (EBITDA)
LCM	290.7	\$12.5	DCF and Market Multiples	11.5%	12.6x	15%	20%	12.0% (AUM)
Other asset managers	86.4	\$6.1	DCF, replacement cost	11-13%	NA	15-20%	NA	8.0% (AUM)

Notes to the financial statements

Sensitivity analysis

31 December 2023

Investment	Effects on net assets and profits (\$M)									
	WACC		EV/EBITDA multiple		DLOL		Control premium		Forecast 5Y CAGR	
	-100 bps	+100 bps	+10%	-10%	-500 bps	+500 bps	+500 bps	-500 bps	+100 bps	-100 bps
Equitix	52.0	(40.9)	39.2	(39.2)	39.4	(39.4)	17.7	(17.7)	15.1	(16.8)
BGO	5.8	(5.6)	NA	NA	14.9	(14.9)	NA	NA	8.9	(8.7)
LCM	14.5	(11.5)	14.3	(14.3)	13.6	(13.6)	6.8	(6.8)	4.6	(4.6)
Other asset managers	5.7	(4.8)	NA	NA	4.5	(4.5)	NA	NA	8.5	(8.0)

31 December 2022

Investment	Effects on net assets and profits (\$M)									
	WACC		EV/EBITDA multiple		DLOL		Control premium		Forecast 5Y CAGR	
	-100 bps	+100 bps	+3%	-3%	-500 bps	+500 bps	+500 bps	-500 bps	+100 bps	-100 bps
Equitix	48.9	(38.8)	11.6	(11.6)	38.7	(38.7)	17.8	(17.8)	13.6	(13.6)
BGO	8.2	(7.8)	NA	NA	13.5	(13.5)	NA	NA	14.3	(10.9)
LCM	14.5	(11.8)	4.9	(4.9)	15.5	(15.5)	7.7	(7.7)	4.0	(4.3)
Other asset managers	6.4	(5.4)	NA	NA	4.7	(4.7)	NA	NA	6.5	(8.0)

Investment funds and vehicles

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

The Fund has an investment in an externally managed investment vehicle that holds farmlands in Paraguay. These farmlands are valued utilising inputs from an independent third-party valuation agent. The input is adjusted, between 30% to 40%, for factors such as recent crop yields, conditions specific to the farms and broker quotes and bids received.

Sensitivity analysis:

A 10% increase in net asset value ("NAV") of the unlisted investment funds included in Level 3 will increase net assets and profits of the Fund by \$59.3 million (2022: \$57.1 million). A decrease in the NAV of the unlisted investment funds will have an equal and opposite effect.

Unlisted stock

At 31 December 2023, the Level 3 unlisted stock includes the following investments in private companies.

Investment number	Fair value (\$M)		Valuation methodology
	31 Dec 2023	31 Dec 2022	
1	103.8	54.1	Valued using two different prices. A part of the holding, \$9.7 million, is subject to tender offer and has been valued utilising the tender offer price. Rest of the shares are valued using broker quotes.
2	-	2.5	n/a
3	7.5	7.5	Transaction price
4	0.4	0.4	Expected value of cash flows

Sensitivity analysis:

A 5% increase in the valuation will increase the net assets and profits of the Fund by \$5.6 million (2022: \$3.2 million). A 5% decrease will have an equal but opposite effect on the net assets and profits.

Listed stock

For listed stock in an active market, the closing exchange price is utilised as the fair value price.

Corporate bonds and CLO debt tranches

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

Forward foreign exchange contracts and currency options

Forward foreign exchange contracts and currency options are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are based on observable foreign currency forward rates, recent market transactions, and valuation techniques,

including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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

Contracts for difference

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

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

Notes to the financial statements

Note 5 Interest in Other Entities

Investment in unconsolidated structured entities

IFRS 12 defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements.

The Fund holds various investments in CLOs and investment funds. The fair value of the CLOs and

investment funds is recorded in the “non-derivative financial assets at fair value through profit or loss” line in the Consolidated Statement of Financial Position. The Fund’s maximum exposure to loss from these investments is equal to their total fair value and, if applicable, unfunded commitments. Once the Fund has disposed of its holding in any of these investments, the Fund ceases to be exposed to any risk from that investment. The Fund has not provided, and would not be required to provide, any financial support to these investees. The investments are non-recourse. Please refer to Note 14 for details of unfunded commitments.

Below is a summary of the Fund’s holdings in subsidiary unconsolidated structured entities.

As at 31 December 2023	No. of investments	Range of nominal \$M	Average nominal \$M	Carrying value \$M	Percentage of Tetragon’s NAV
CLO Equity					
U.S. CLOs ⁽¹⁾	19	100.7–741.5	423.9	124.0	4.5%
Investment Funds					
		Total NAV \$M			
Westbourne River Event Fund ⁽²⁾	1	484.5	NA	446.7	15.8%
TFG Asset Management Global Equities Fund ⁽²⁾	1	3.3	NA	3.3	0.1%
Tetragon Credit Income funds ⁽³⁾	3	588.6	NA	111.0	3.9%
Hawke’s Point Holdings LP ⁽³⁾	2	119.0	NA	116.7	4.1%
Banyan Square Capital Partners LP ⁽³⁾	1	128.7	NA	127.0	4.5%
Other Real Estate ⁽⁴⁾	4	37.9	NA	37.9	1.3%

As at 31 December 2022	No. of investments	Range of nominal \$M	Average nominal \$M	Carrying value \$M	Percentage of Tetragon's NAV
CLO Equity					
U.S. CLOs ⁽¹⁾	19	245.6–751.6	491.4	158.5	5.7%
Investment Funds					
		Total NAV \$M			
Westbourne River Event Fund ⁽²⁾	1	477.2	NA	419.5	15.2%
TFG Asset Management Global Equities Fund ⁽²⁾	1	4.4	NA	4.4	0.2%
Tetragon Credit Income funds ⁽³⁾	3	674.1	NA	132.7	4.8%
Hawke's Point Holdings LP ⁽³⁾	2	61.8	NA	59.1	2.1%
Banyan Square Capital Partners LP ⁽³⁾	1	129.6	NA	123.6	4.5%
Other Real Estate ⁽⁴⁾	4	41.7	NA	41.7	1.5%

(1) This includes all U.S. CLOs deemed to be controlled by the Fund. U.S. CLOs are domiciled in the Cayman Islands.

(2) Westbourne River Event Fund (formerly Polygon European Equity Opportunity Fund) and TFG Asset Management Global Equities Fund (formerly Polygon Global Equities Fund) are domiciled in the Cayman Islands. Given the applicable notice, liquidity up to 25% of the investment is available on a quarterly basis (subject to certain conditions), and the entire investment could be liquidated over four consecutive quarters.

(3) Hawke's Point Holdings LP, Banyan Square Capital Partners LP, Tetragon Credit Partner funds (Tetragon Credit Income II LP ("TCI II"), Tetragon Credit Income III LP ("TCI III") and Tetragon Credit Income IV LP ("TCI IV")) are domiciled in the Cayman Islands. These are private-equity style investment funds. Please refer to Note 14 for details of unfunded commitments.

(4) The Fund has investments in commercial farmland in Paraguay, via individual managed accounts managed by Scimitar, a specialist manager in South American farmland. The Fund's investment can only be redeemed when the underlying real estate assets are sold.

Notes to the financial statements

Below is a summary of the Fund's holding in non-subsidary unconsolidated structured entities:

As at 31 December 2023	No. of investments	Range of nominal \$M	Average nominal \$M	Carrying value \$M	Percentage of Tetragon's NAV
CLO Equity					
U.S. CLOs ⁽¹⁾	2	411.9	411.9	5.5	0.2%
Real Estate					
		Total AUM \$M			
BGO – U.S. ⁽²⁾	7	37,331	NA	46.1	1.6%
BGO – Europe ⁽²⁾	11	14,680	NA	41.3	1.5%
BGO – Asia ⁽²⁾	2	4,926	NA	22.4	0.8%
Other Funds					
		Total NAV \$M			
Acasta Funds ⁽⁴⁾	2	1,036.3	NA	106.6	3.8%
Private Equity Funds ⁽³⁾	42	54,163.0	NA	207.5	7.3%

As at 31 December 2022	No. of investments	Range of nominal \$M	Average nominal \$M	Carrying value \$M	Percentage of Tetragon's NAV
CLO Equity					
U.S. CLOs ⁽¹⁾	2	415.0–512.3	463.6	11.7	0.4%
Real Estate					
		Total AUM \$M			
BGO – U.S. ⁽²⁾	7	39,333	NA	49.2	1.8%
BGO – Europe ⁽²⁾	10	14,458	NA	39.2	1.4%
BGO – Asia ⁽²⁾	2	4,581	NA	21.7	0.8%
Other Funds					
		Total NAV \$M			
Acasta Funds ⁽⁴⁾	2	986.2	NA	104.2	3.8%
Private Equity Funds ⁽³⁾	34	50,363	NA	162.5	5.9%

(1) Includes all externally managed CLOs that are outside the Fund's control. U.S. CLOs are domiciled in the Cayman Islands.

(2) BGO funds hold real estate investments in the U.S., Japan and various countries in Europe. Total assets under management ("AUM") reflects 100% of BGO AUM in structured entities in each region. The number of investments indicates the Fund's investments in each region. The Fund's investment in these funds can only be redeemed in the form of capital distributions when the underlying real estate assets are sold.

(3) Private equity funds are domiciled in the Cayman Islands, Luxembourg and the U.S.

(4) Acasta Global Fund and Acasta Energy Evolution Fund are domiciled in the Cayman Islands. Given the applicable notice, liquidity up to 25% of the investment is available on a quarterly basis (subject to certain conditions), and the entire investment could be liquidated over four consecutive quarters.

TFG Asset Management

The Fund owns 100% holdings and voting rights in TFG Asset Management LP. As at 31 December 2022 and 31 December 2023, TFG Asset Management LP's investments were comprised of the following:

Notes

- (1) Equitix and BGO have a presence in North America, Europe, and Asia.
- (2) TFG Asset Management owns a non-controlling interest ("NCI") as well as providing infrastructure services to these managers. The chief investment officers of underlying businesses own a controlling stake.

Investment	Principal place of business	Ownership interest		Carrying value \$M		Percentage of NAV	
		2023	2022	2023	2022	2023	2022
Equitix	Global ⁽¹⁾	75%	75%	737.6	683.2	26.1%	24.8%
BGO	Global ⁽¹⁾	13%	13%	270.5	283.0	9.6%	10.3%
LCM	U.S. and U.K.	100%	100%	258.5	290.7	9.1%	10.5%
Other asset managers:				78.8	86.4	2.8%	3.1%
Westbourne River Partners	U.S. and U.K.	100%	100%				
Acasta Partners	U.S. and U.K.	NCI ⁽²⁾	NCI ⁽²⁾				
Tetragon Credit Partners	U.S. and U.K.	100%	100%				
Hawke's Point	U.S. and U.K.	100%	100%				
Banyan Square Partners	U.S. and U.K.	100%	100%				
Contingency Capital	U.S. and U.K.	NCI ⁽²⁾	NCI ⁽²⁾				

Tetragon Financial Group Holdings LLC and Tetragon Financial Group (Delaware) LLC

The Fund holds a 100% ownership interest in Tetragon Financial Group Holdings LLC which is a holding company for a 100% ownership interest in Tetragon Financial Group (Delaware) LLC. Both companies are domiciled in Delaware. The purpose of Tetragon Financial Group (Delaware) LLC is to hold the collateral and liabilities related to the revolving credit facility (see Note 10).

The fair value of the assets held by Tetragon Financial Group (Delaware) LLC as at 31 December 2023 is \$1,215.4 million (2022: \$1,190.3 million). The outstanding balance on the credit facility as at 31 December 2023 is \$250.0 million (2022: \$115.0 million). In case of non-payment of principal or interest, the provider of the credit facility has a lien over the assets held by Tetragon Financial Group (Delaware) LLC. There is no recourse to the Fund. The following table shows the breakdown of assets by asset class:

	31 Dec 2023 \$M	31 Dec 2022 \$M
Investment funds and vehicles	802.8	780.2
TFG Asset Management	332.0	332.8
Unlisted stock	57.8	46.1
CLO equity tranches	22.8	31.2
Total	1,215.4	1,190.3

Notes to the financial statements

LCM Euro LLC and LCM Euro II LLC

The Fund holds 100% ownership interest in LCM Euro LLC and LCM Euro II LLC Investment Series, domiciled in Delaware. The subsidiaries have invested in debt and equity tranches of certain LCM CLOs. They have entered into sales and repurchase agreements with regards to some of the CLO debt tranches that it holds. The timing and amount of payment of repo interest and repurchase obligations are matched by the interest and principal payments from the relevant debt tranches. Additional interest of 0.5% per annum is payable on the outstanding balance. As of 31 December 2023, LCM Euro LLC and LCM Euro II LLC Investment Series had total assets of \$162.1 million (2022: \$161.7 million) and aggregate repurchase obligations of \$140.5 million (2022: \$140.4 million). The fair value of LCM Euro LLC and LCM Euro II LLC Investment Series of \$21.4 million (2022: \$21.2 million) is included in non-derivative financial assets at FVTPL. There is no recourse to the Fund in case of non-payment of principal or interest.

Note 6 Financial Risks Review

Financial Risk Review:

This note presents information about the Fund's objectives, policies and processes for measuring and managing risk.

The Fund has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risks

Risk Management Framework:

The Fund's 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, private equity and infrastructure. The Fund's investment strategy is to seek to identify asset classes that offer excess returns relative to their investment risk, or "intrinsic alpha".

The Investment Manager analyses the risk/reward, correlation, duration and liquidity characteristics of each potential capital use to gauge its attractiveness and incremental impact on the Fund. As part of the Fund's investment strategy, the Investment Manager may employ hedging strategies and leverage in seeking to provide attractive returns while managing risk.

The Investment Manager's risk committee is responsible for the risk management of the Fund and performs active and regular oversight and risk monitoring.

a) Credit risk

"Credit risk" is the risk that a counterparty/issuer to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from the CLO portfolio held, and also from derivative financial assets, cash and cash equivalents, corporate bonds, other receivables and balances due from brokers. Credit risk is monitored on an ongoing basis by the Investment Manager in accordance with the policies and procedures in place.

The Fund's activities may give rise to settlement risk.

"Settlement risk" is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. The Fund conducts diligence on its brokers and financing counterparties before entering into trading or financing relationships. The Fund also actively monitors and manages settlement risk by diversifying across counterparties and by monitoring developments in the perceived creditworthiness of financing counterparties.

The carrying value and unfunded commitments of financial assets at fair value through profit or loss, derivatives, other receivables, amounts due from brokers and cash and cash equivalents, as disclosed in the Consolidated Statement of Financial Position and Note 14, represents the Fund's maximum credit exposure, hence, no separate disclosure is provided. The ECL on financial assets at amortised costs are immaterial.

i. Analysis of Credit Quality

Cash and cash equivalents

The cash and cash equivalents are concentrated in five (2022: three) financial institutions with credit ratings between AA– and A+ (S&P) (2022: AA– and A+). The Investment Manager monitors these credit ratings and spreads of credit default swaps on a daily basis and actively moves balances between counterparties when deemed appropriate.

The following table details the amounts held by brokers.

	31 Dec 2023 \$M	31 Dec 2022 \$M
BNP Paribas	3.7	5.5
Bank of America Merrill Lynch	0.3	-
ING	3.2	-
Total	7.2	5.5

Corporate bonds

The Fund has an investment in a debt security of \$15.7 million (2022: \$15.9 million) with Moody's credit rating of Ba1 (2022: B3).

CLOs

The Fund's portfolio is partly invested in CLO equity tranches which are subject to potential non-payment risk. The Fund will be in a first loss position with respect to realised losses on the collateral in each CLO investment.

Amounts due from brokers

Balances due from brokers represent margin accounts, cash collateral for borrowed securities and sales transactions awaiting settlement. Any excess margin is included in cash and cash equivalents.

Credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the credit quality of the brokers used. As at the reporting date, the balance was concentrated in three brokers (2022: one) with S&P's credit rating between A- and A+ (2022: A+). Due to the high credit rating of the brokers, the expected credit losses on these balances are immaterial.

The Investment Manager assesses the credit risk of the CLOs on a look-through basis to the underlying loans in each CLO investment. The Investment Manager seeks to provide diversification in terms of underlying assets, geography and CLO managers. The maximum loss that the Fund can incur on CLOs is limited to the fair value of these CLOs as disclosed below. The underlying loans are made up of a variety of credit ratings including investment grade and non-investment grade.

The following tables show the concentration of CLOs (including TCI II, III and IV) by region of underlying assets and by manager.

	31 Dec 2023 \$M	31 Dec 2022 \$M
Region		
United States	95%	95%
Other	5%	5%
	100%	100%
Manager		
LCM	61%	62%
Other managers	39%	38%
Total	100%	100%

Notes to the financial statements

Derivatives

The table below shows an analysis of derivative financial assets and liabilities outstanding at 31 December 2023 and 31 December 2022.

	Derivative assets		Derivative liabilities	
	Fair Value \$M	Notional	Fair Value \$M	Notional
31 December 2023	5.1	281.6	(8.3)	299.6
31 December 2022	21.7	460.9	(2.5)	59.8

ii. Concentration of credit risk

The Fund's credit risk is concentrated in CLOs, and cash and cash equivalents. The table below shows a breakdown of credit risk per investment type. None of the Fund's financial assets was considered to be past due or impaired on 31 December 2023 or 31 December 2022.

Investment type	31 Dec 2023	31 Dec 2022
CLOs	71%	72%
Cash and cash equivalents	13%	10%
Corporate bonds	9%	7%
Amount due from brokers	4%	2%
Other loans and derivatives	3%	9%
Total	100%	100%

iii. Collateral and other credit enhancements, and their financial effects

The Fund mitigates the credit risk of derivatives and reverse sale and repurchase agreements through collateral management including master netting agreements.

Derivative transactions are either transacted on an exchange or entered into under International Derivative Swaps and Dealers Association ("ISDA") master

netting agreements. Under ISDA master netting agreements in certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions. The amount of collateral accepted in respect of derivative assets is shown in Note 6(iv).

iv. Offsetting financial assets and liabilities

The Fund has not offset any financial assets and financial liabilities in the Consolidated Statement of Financial Position. The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting or similar agreement that covers financial instruments.

31 December 2023	Gross Amount of Recognised Assets/ Liabilities	Gross Amounts Offset in the Consolidated Statement of Financial Position	Net Amounts Presented in the Consolidated Statement of Financial Position	Financial instruments eligible for netting	Cash collateral held by brokers	Net Amount
	\$M	\$M	\$M	\$M	\$M	\$M
Assets						
ING	5.1	-	5.1	(5.1)	-	-
UBS AG	-	-	-	-	-	-
Total	5.1	-	5.1	(5.1)	-	-
Liabilities						
ING	8.2	-	8.2	(5.1)	-	3.1
UBS AG	0.1	-	0.1	-	-	0.1
Total	8.3	-	8.3	(5.1)	-	3.2

31 December 2022						
Assets						
ING	21.4	-	21.4	(2.4)	-	19.0
UBS AG	0.3	-	0.3	-	-	0.3
Total	21.7	-	21.7	(2.4)	-	19.3
Liabilities						
ING	2.4	-	2.4	(2.4)	-	-
BNP Paribas	0.1	-	0.1	-	-	0.1
Total	2.5	-	2.5	(2.4)	-	0.1

Notes to the financial statements

b) Liquidity risk

“Liquidity risk” is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Fund’s policy and the Investment Manager’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Fund’s financial assets include some investments which are considered illiquid. These investments include TFG Asset Management, CLO equity tranches, real estate funds and vehicles and unlisted equities. The Fund also holds investments in hedge funds and private equity funds, which are subject to redemption restrictions such as notice periods and, in certain circumstances, redemption gates. As a result, the Fund may not be able to liquidate these investments readily.

The Fund’s liquidity risk is managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place. The Fund has access to a revolving credit facility (Note 10) of \$400.0 million (2022: \$400.0 million) and can also access prime broker financing (Note 8). As of 31 December 2023, \$250.0 million was drawn on the credit facility (2022: \$115.0 million).

The Fund has unfunded commitments (Note 14) to private-equity style funds which can be called immediately.

The Fund is not exposed to the liquidity risk of meeting shareholder redemptions as the Fund’s capital is in the form of non-redeemable shares.

The following were the contractual maturities of non-derivative financial liabilities at the reporting date. The amounts are gross and undiscounted. The finance costs on borrowings are calculated assuming the drawn balance on the credit facility and the interest rate remains unchanged and principal repaid on the maturity date of the facility.

31 December 2023	Within 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Greater than 5 years	Total
	\$M	\$M	\$M	\$M	\$M	\$M
Finance costs on borrowings	1.9	3.8	17.1	90.9	80.5	194.2
Loans and borrowings	-	-	-	-	250.0	250.0
Other payables	5.8	16.3	-	-	-	22.1
Total	7.7	20.1	17.1	90.9	330.5	466.3

31 December 2022	Within 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Greater than 5 years	Total
Finance costs on borrowings	0.9	1.8	8.0	42.4	48.2	101.3
Loans and borrowings	-	-	-	-	115.0	115.0
Other payables	3.7	26.5	-	-	-	30.2
Amounts due to brokers	68.0	-	-	-	-	68.0
Total	72.6	28.3	8.0	42.4	163.2	314.5

The tables below analyse the Fund's financial derivative instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the financial year-end date to the contractual maturity date.

	Inflows				Outflows			
	Within 1 month \$M	1 – 3 months \$M	3 months – 1 year \$M	1 – 5 years \$M	Within 1 month \$M	1 – 3 months \$M	3 months – 1 year \$M	1 – 5 years \$M
31 Dec 2023	181.9	248.7	61.9	-	(180.7)	(253.8)	(63.5)	-
31 Dec 2022	260.6	190.6	5.9	-	(250.5)	(184.7)	(5.9)	-

The Fund manages its liquidity risk by holding sufficient cash and cash equivalents and available balance to withdraw on the revolving credit facility to meet its

financial liabilities. Cash and cash equivalents balance and undrawn balance on credit facility is disclosed below:

Investment type	31 Dec 2023 \$M	31 Dec 2022 \$M
Cash and cash equivalents	23.1	21.7
Undrawn balance on credit facility	150.0	285.0

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, equity prices and credit spreads, will affect the Fund's income or the fair value of its holdings of financial instruments.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective of generating distributable income and capital appreciation.

The Fund employs hedging strategies, from time to time as deemed necessary, to manage its exposure to foreign currency, interest rate and other price risks. The Fund does not apply hedge accounting.

i. Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The fair value of certain of the Fund's investments may be significantly affected by changes in interest rates. The Fund's investments in leveraged loans through CLOs generate SOFR plus returns and are sensitive to interest rate levels and volatility. Although CLOs are

structured to hedge interest rate risk to some degree through the use of matched funding, there may be some difference between the timing of SOFR resets on the liabilities and assets of a CLO, which could have a negative effect on the amount of funds distributed to residual tranche holders. In addition, many obligors have the ability to choose their loan base from among various terms of SOFR and the Prime Rate thereby generating an additional source of potential mismatch. Furthermore, in the event of a significant rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may be expected to affect the Fund's cash flow, fair value of its assets and operating results adversely.

Changes in interest rates may also affect the value of the Fund's investment in Acasta Global Fund. Generally, the value of convertible bonds and other fixed rate instruments will change inversely with changes in interest rates. The investment manager of Acasta Global Fund manages interest rate risk by, among other things, entering into interest rate swaps and other derivatives as and when required.

Notes to the financial statements

The table below shows the sensitivity analysis for interest rates movement on the investment portfolio held by the Fund.

31 December 2023	Fair Value \$M	Effects of +100bps change in interest rate on net assets \$M	Effects of – 100bps change in interest rate on net assets \$M
U.S. CLOs	133.3	5.6	(5.6)
TCI II	29.7	1.3	(1.3)
TCI III	60.5	2.6	(2.6)
TCI IV	20.7	1.0	(1.0)
Acasta Global Fund	102.8	(1.6)	1.9
Total	347.0	8.9	(8.6)
31 December 2022			
U.S. CLOs	170.2	8.6	(8.6)
TCI II	41.5	1.5	(0.9)
TCI III	75.6	2.8	(2.4)
TCI IV	15.6	1.2	(1.0)
Acasta Global Fund	100.4	(2.2)	2.3
Total	403.3	11.9	(10.6)

ii. Currency risk

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in Euro ("EUR"), Sterling ("GBP") and Norwegian Krone ("NOK").

Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an

adverse effect on the fair value or future cash flows of the Fund's financial assets or financial liabilities denominated in currencies other than USD.

The Fund typically hedges against its currency risk, mainly by employing forward foreign exchange contracts. The currency exposure is monitored and managed on a daily basis.

Exposure

At the reporting date, the carrying amount of the Fund's net financial assets and financial liabilities held in individual foreign currencies, expressed in USD were as follows.

The sensitivity analysis sets out the effect on the net assets and profit for the year of reasonably possible weakening of USD against EUR, GBP, and NOK by 5%. The analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2023	Net Monetary and Non-Monetary Assets and Liabilities \$M	Forward foreign exchange hedging \$M	Net exposure \$M	Effect of 5% on exchange rate \$M
EUR	49.2	(44.9)	4.3	0.2
GBP	817.1	(433.3)	383.8	19.2
NOK	8.6	(9.2)	(0.6)	-
Total	874.9	(487.4)	387.5	19.4
31 December 2022				
EUR	42.8	(45.4)	(2.6)	(0.1)
GBP	750.5	(369.2)	381.3	19.1
NOK	4.0	(6.0)	(2.0)	(0.1)
Total	797.3	(420.6)	376.7	18.9

A strengthening of the USD against the above currencies would have resulted in an equal but opposite effect to the amounts shown above.

iii. Other price risk

'Other price risk' is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or by factors affecting all instruments traded in the market.

Notes to the financial statements

The Investment Manager manages the Fund's price risk and monitors its overall market positions on a regular basis in accordance with the Fund's investment objectives and policies.

The following table sets out the concentration of the investment assets and liabilities, including derivatives held by the Fund as at the reporting date.

	% of net assets as at 31 Dec 2023	% of net assets as at 31 Dec 2022
Asset class		
Investment funds and vehicles	44.8%	42.3%
TFG Asset Management	47.6%	48.7%
CLO equity and debt tranches	4.8%	6.2%
Unlisted stock	4.1%	2.3%
Listed stock	6.7%	5.7%
Corporate bonds	0.6%	0.6%
Contracts for difference	0.0%	0.0%
Forward foreign exchange contracts and options	0.1%	0.7%

The Investment Manager reviews the concentrations against the limits which are set and reviewed periodically. The table below shows the impact of a positive 1% movement in the price of these investments on the NAV and profits of the Fund. A negative 1% movement will have an equal and opposite effect.

	31 Dec 2023 \$M	31 Dec 2022 \$M
Asset class		
Investment funds and vehicles	12.7	11.7
TFG Asset Management	13.5	13.4
CLO equity and debt tranches	1.4	1.7
Unlisted stock	1.3	0.6
Listed stock	1.8	1.6
Corporate bonds	0.2	0.2
Contracts for difference	-	-
Forward foreign exchange contracts and options	-	0.2

Note 7 Other Receivables and Prepayments

	31 Dec 2023 \$M	31 Dec 2022 \$M
Other receivables	0.4	2.1
Prepayments	4.3	4.0
Total	4.7	6.1

Other receivables are expected to be settled within 12 months.

Note 8 Amounts Due to Brokers

	31 Dec 2023 \$M	31 Dec 2022 \$M
Amounts due to brokers	-	68.0
Value of collateral posted with brokers	186.6	177.7

The collateral is in the form of long- and short-listed equities and derivatives, and cash. The Fund can draw cash on the back of these securities from the

broker. During 2023, no charges (2022: \$0.2 million) were paid to the brokers in relation to this financing arrangement and included in finance costs.

Note 9 Other Payables and Accrued Expenses

	31 Dec 2023 \$M	31 Dec 2022 \$M
Incentive fee payable	16.3	26.5
Other payables and accrued expenses	5.8	3.7
Total	22.1	30.2

All other payables and accrued expenses are due within one year.

Notes to the financial statements

Note 10 Credit Facility

The Fund has access to a US\$ 400.0 million revolving credit facility with maturity date in July 2032. The facility is subject to a non-usage fee of 0.5% which

is applied to the undrawn notional amount and a servicing fee of 0.015% of the total size of the facility. Any drawn portion incurs interest at a rate of 3M Term SOFR plus a spread of 3.40%.

	31 Dec 2023 \$M	31 Dec 2022 \$M
Drawn balance at start of the year	115.0	75.0
Interest and fees expensed	24.0	10.1
Interest and fees paid	(24.0)	(10.1)
Drawdowns	285.0	215.0
Repayments	(150.0)	(175.0)
Drawn balance at the end of the year	250.0	115.0

Note 11 Incentive Fee

The Fund pays the Investment Manager an incentive fee for each calculation period (a period of three months ending on 31 March, 30 June, 30 September and 31 December in each year or as otherwise determined by the Directors) (the "Calculation Period") equal to 25% of the increase in the NAV of the Fund during the Calculation Period (before deduction of any dividend paid or the amount of any redemptions or repurchases of the shares (or other relevant capital adjustments) during such Calculation Period) above the Reference NAV (as defined below) plus the Hurdle (as defined below) for the Calculation Period. If the Hurdle is not met in any Calculation Period (and no incentive fee is paid), the shortfall will not carry forward to any subsequent Calculation Period.

The Hurdle for any Calculation Period will equal the Reference NAV (as defined below) multiplied by the Hurdle Rate (as defined below). The Hurdle Rate for any Calculation Period, prior to and including 30 June 2023, equals 3-month USD LIBOR determined as of 11:00 a.m. London time on the first London business day of the then

current Calculation Period, plus the Hurdle Spread of 2.647858% per annum, multiplied by the actual number of days in the Calculation Period divided by 365.

The Hurdle rate for any Calculation Period commencing with the Calculation Period beginning on 1 July 2023, equals Term SOFR as of 5:00 p.m. New York time on the first day of the applicable Calculation Period on which Term SOFR is published, plus the Hurdle Spread of 2.747858% per annum, multiplied by the actual number of days in the Calculation Period, divided by 365.

The "Reference NAV" is the greater of (i) the NAV at the end of the Calculation Period immediately preceding the current Calculation Period and (ii) the NAV as of the end of the Calculation Period immediately preceding the Calculation Period referred to in clause (i).

For the purpose of determining the Reference NAV at the end of a Calculation Period, the NAV shall be adjusted by the amount of accrued dividends and the amounts of any redemptions or repurchase of the shares (or other relevant capital adjustments) and incentive fees to be paid with respect to that Calculation Period.

The incentive fee in respect of each Calculation Period is calculated by reference to the NAV before deduction of any accrued incentive fee. If the Investment Management Agreement is terminated other than at the end of a Calculation Period, the date of termination will be deemed to be the end of the Calculation Period. The incentive fee is normally payable in arrears after the end of the Calculation Period.

The incentive fee for the year ended 31 December 2023 was \$16.3 million (2022: \$26.5 million). As at 31 December 2023, \$16.3 million was outstanding (2022: \$26.5 million).

Note 12 Share Capital

Authorised

The Fund has an authorised share capital of \$1.0 million divided into 10 voting shares, having a par value of \$0.001 each and 999,999,990 non-voting shares (which are the “shares” referred to herein), having a par value of \$0.001 each.

Voting shares

All of the Fund’s voting shares are issued at par and are beneficially owned by the Voting Shareholder, a non-U.S. affiliate of the Investment Manager. The voting shares will be the only shares entitled to vote for the election of Directors and on all other matters put to a vote of shareholders, subject to the limited rights of the shares described below. The voting shares are not entitled to receive dividends.

Non-voting shares

The shares carry a right to any dividends or other distributions declared by the Fund. The shares are not entitled to vote on any matter other than limited voting rights in respect of variation of their own class rights.

Dividend rights

Dividends may be paid to the holders of shares at the sole and absolute discretion of the Directors.

The voting shares carry no rights to dividends.

Share Transactions	Voting Shares No.	Non-Voting Shares* No. M	Treasury Shares No. M	Shares held in Escrow No. M
Shares in issue at 1 January 2022	10	90.2	38.6	10.9
Stock dividends	-	1.6	(2.0)	0.4
Issued through release of tranche of escrow shares	-	1.0	-	(1.0)
Shares purchased during the year	-	(7.2)	7.2	-
Shares in issue at 31 December 2022	10	85.6	43.8	10.3
Stock dividends	-	1.3	(1.8)	0.5
Shares purchased during the year	-	(5.7)	5.7	-
Shares in issue at 31 December 2023	10	81.2	47.7	10.8

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

Optional Stock Dividend

The Fund has an Optional Stock Dividend Plan which offers investors an opportunity to elect to receive any declared dividend in the form of dividend shares at a reference price determined by calculating the five-day weighted average price post ex-dividend date.

During the year, a total dividend of \$37.1 million (2022: \$38.8 million) was declared, of which \$23.3 million was paid out as a cash dividend (2022: \$23.8 million), and the remaining \$13.8 million (2022: \$15.0 million) was reinvested under the Optional Stock Dividend Plan.

Treasury Shares and Share Repurchases

Treasury shares consist of non-voting shares that have been bought-back by the Fund from its investors through various tender offers and plans. Whilst they are held by the Fund, the shares are neither eligible to receive dividends nor are they included in the shares outstanding in the Consolidated Statement of Financial Position.

During 2023, under the terms of “modified Dutch auction”, the Fund accepted for purchase approximately 5.7 million (2022: 6.7 million) non-voting shares at an aggregate cost of \$60.3 million (2022: \$67.1 million), including applicable fees and expenses of \$0.3 million (2022: \$0.3 million).

Notes to the financial statements

The Fund made the following purchases of its own shares from related parties using the then-current share price:

Date	Purchased from	No. of shares	Cost (\$M)	Then-current share price
January 2022	TFG Asset Management LP	515,331	4.4	\$8.50
November 2022	TFG Asset Management LP	41,246	0.4	\$8.66

Escrow Shares

Equity-based awards

In 2015, the Fund bought back approximately 5.6 million of its non-voting shares in a tender offer for \$57.4 million (including fees and expenses) to hedge against (or otherwise offset the future impact of) grants of shares under an equity-based long-term incentive plan and other equity awards by TFG Asset Management for certain of its senior employees (excluding the principals of the Investment Manager).

Awards under the long-term incentive plan, along with other equity-based awards, are typically spread over multiple vesting dates up to 2024 which may vary for each employee and are subject to forfeiture provisions. The arrangements may also include additional periods, beyond the vesting dates, during which employees gain exposure to the performance of the Fund's 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 may be held in escrow until they vest and will be eligible to receive shares under the Optional Stock Dividend Plan.

Under IFRS 2, TFG Asset Management is considered to be the settling entity. As the Fund has contributed these shares, the Fund recorded the imputed value of the shares contributed to escrow as credit to share-based compensation reserve in the year in which the shares were acquired for this purpose, with a corresponding debit to the cost of investment in TFG Asset Management.

In 2021 and 2023, further awards to certain senior TFG Asset Management employees (excluding the principals of the investment manager) totalling approximately 3.4 million shares were made covering vesting and release periods out to 2030.

In July 2019, TFG Asset Management entered into an employment agreement with Reade Griffith, Director of the Fund, that covers his services to TFG Asset Management for the period through to 30 June 2024. Mr. Griffith is currently the Chief Investment Officer of TFG Asset Management as well as the Chief Investment Officer of its European event-driven equities business, Westbourne River Partners (in addition to other roles). Under the terms of this agreement, Mr. Griffith received \$9.5 million in July 2019 and \$3.75 million in July 2020 in cash, 0.3 million Tetragon non-voting shares in July 2021 and will receive the following:

- 2.1 million Tetragon non-voting shares in July 2024; and
- between zero and an additional 3.15 million Tetragon non-voting shares – with the number of shares based on agreed-upon investment performance criteria – vesting in years 5, 6 and 7.

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

As the Fund has the obligation to settle the shares, this award is treated as equity-settled. The fair value of the share award is determined using the share price at grant date of \$12.50 (ticker symbol: TFG.NA). The total expense is determined by multiplying the share price at grant date and the estimated number of shares that will vest. The expense is recognised in Consolidated Statement of Comprehensive Income on a straight-line basis over the vesting period. A corresponding entry is made to the share-based compensation reserve. The following table shows the expense for each tranche up to the year ending 31 December 2024.

Shares estimated to vest (M)	Vesting date	2019 \$M	2020 \$M	2021 \$M	2022 \$M	2023 \$M	2024 \$M
0.3	30 Jun 2021	0.9	1.9	0.9	-	-	-
2.1	30 Jun 2024	2.6	5.3	5.3	5.3	5.3	2.6
1.575*	30 Jun 2024*	2.0	3.9	3.9	3.9	3.9	2.0
		5.5	11.1	10.1	9.2	9.2	4.6

*As at 31 December 2023, it is estimated that 1.575 million (2022: 1.575 million) of the maximum 3.15 million shares will vest according to the agreed-upon investment performance criteria at the end of year 5 with

no shares vesting in years 6 and 7. This estimate will be revised at each reporting date and as a result, future expense may be different from the expense presented in the table above.

As at 31 December 2023, 10.8 million (2022: 10.3 million) shares related to TFG Asset Management's employee reward schemes are held in escrow. These shares are eligible for stock dividends and during the year, 0.5 million (2022: 0.4 million) shares were allocated to this account.

On 1 January 2020, the Independent Directors were awarded 24,490 shares each in Tetragon which vested on 31 December 2022. The fair value of the award, as determined by the share price on grant date of \$12.25 per share, is \$300,000 per Independent Director. In November 2022, a further 7,724 shares were awarded to each Independent Director with one-third of the shares vesting on 31 December 2023, 31 December 2024, and 31 December 2025. The fair value of the award, as determined by the relevant share price on grant date of \$9.71 per share, is \$75,000 per Independent Director. With respect to Director compensation from 1 January 2024, a further award of 10,122 shares were made to each Independent Director with 5,061 shares vesting on each of 31 December 2024 and 31 December 2025. The fair value of the awards as determined by the relevant share price of \$9.88 per share is \$100,000 per Independent Director. The Independent Directors have deferred the settlement of all the awards to earlier of three to five years from the vesting date and/or separation from service with the Fund.

The expense is recognised on a straight-line basis in Consolidated Statement of Comprehensive Income over the vesting period of the awards. A corresponding entry is made to the share-based compensation reserve.

Share-Based Compensation Reserve

The balance, \$71.0 million (2022: \$61.7 million) in share-based compensation reserve is related to Equity-based awards as described above.

Capital Management

The Fund's capital is represented by the ordinary share capital, other equity, and accumulated retained earnings, as disclosed in the Consolidated Statement of Financial Position. The Fund's capital is managed in accordance with its investment objective. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of its shares.

Notes to the financial statements

Note 13 Dividends

	31 Dec 2023 \$M	31 Dec 2022 \$M
Quarter ended 31 December 2021 of \$0.1100 per share	-	9.9
Quarter ended 31 March 2022 of \$0.1100 per share	-	9.6
Quarter ended 30 June 2022 of \$0.1100 per share	-	9.6
Quarter ended 30 September 2022 of \$0.1100 per share	-	9.7
Quarter ended 31 December 2022 of \$0.1100 per share	9.4	-
Quarter ended 31 March 2023 of \$0.1100 per share	9.2	-
Quarter ended 30 June 2023 of \$0.1100 per share	9.2	-
Quarter ended 30 September 2023 of \$0.1100 per share	9.3	-
Total	37.1	38.8

The fourth quarter dividend of \$0.1100 per share was approved by the Directors on 4 March 2024 and has not been included as a liability in these financial statements.

Note 14 Contingencies and Commitments

The Fund has the following unfunded commitments:

	31 Dec 2023 \$M	31 Dec 2022 \$M
BGO investment vehicles	27.4	34.1
Private equity funds	32.4	26.0
Contingency Capital loan	1.6	2.1
Contingency Capital fund	27.9	42.6
Tetragon Credit Income IV	6.1	11.0
Total	95.4	115.8

Note 15 Related-party Transactions

Investment Manager

The Investment Manager is entitled to receive management fees equal to 1.5% per annum of the NAV of the Fund payable monthly in advance prior to the deduction of any accrued incentive fee. An incentive fee may be paid to the Investment Manager as disclosed in Note 11.

Voting Shareholder

The Voting Shareholder is an affiliate of the Investment Manager and holds all of the voting shares. As a result of its ownership and the degree of control that it exercises, the Voting Shareholder will be able to control the appointment and removal of the Fund's Directors (subject to applicable law). Affiliates of the Voting Shareholder also control the Investment Manager and, accordingly, control the Fund's business and affairs.

Directors

The remuneration for Directors shall be determined by resolution of the Voting Shareholder. Each of the Directors' annual fee for the year ended 31 December 2023 was \$125,000 (2022: \$125,000) as compensation for service as Directors of the Fund. From 1 January 2024, the annual fee has been increased to \$150,000. As at 31 December 2023, \$15,625 (2022: \$15,625) was outstanding in relation to Directors' remuneration.

The Directors have the option to elect to receive shares in the Fund instead of the quarterly fee. With respect to the year ended 31 December 2023, David O'Leary elected to receive shares in lieu of half of his compensation and received 6,199 shares (2022: 6,508). In addition to the annual fee, the Fund has awarded its shares to the Independent Directors as described in Note 12.

Reade Griffith and Paddy Dear have waived their entitlement to a fee in respect of their services as Directors. The Directors are entitled to be repaid by the Fund for all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors have a contract with the Fund providing for benefits upon termination of employment.

Reade Griffith, Paddy Dear, David O'Leary, Steven Hart, and Deron Haley – all Directors of the Fund during the year – maintained (directly or indirectly) interests in shares of the Fund as at 31 December 2023, with interests of 16,500,187, 5,676,316, 61,596, 31,889 and 31,889 shares respectively (2022: 16,010,947, 5,445,046, 51,458, 28,070 and 28,070 shares respectively).

Mr. Griffith has an employment agreement with TFG Asset Management as described in Note 12.

Subsidiaries

The Fund has entered into share-based employee reward schemes with its subsidiary, TFG Asset Management LP. See Note 12 for details.

TFG Asset Management UK LLP and TFG Asset Management US LP (together the Service Providers) provide operational, financial control, trading, marketing and investor relations, legal, compliance, administrative, payroll and employee benefits and other services to the Investment Manager in exchange for fees payable by the Investment Manager to the Service Providers. One of these entities, TFG Asset Management UK LLP, which is authorised and regulated by the United Kingdom Financial Conduct Authority, also provides services to the Investment Manager relating to the dealing in and management of investments, arranging of deals and advising on investments.

TFG Asset Management, through the Service Providers, has implemented a cost-allocation methodology with the objective of allocating service-related costs, including to the Investment Manager. TFG Asset Management then charges fees for the services allocated on a cost-recovery basis that is designed to achieve full recovery of the allocated costs. In the year, the amount recharged to the Investment Manager was \$21.6 million (2022: \$21.3 million). As at 31 December 2023, the outstanding balance due from the Investment Manager was \$0.3 million (2022: \$1.6 million). During the year ended 31 December 2022, the Fund purchased its own shares from TFG Asset Management LP. See Note 12 for details.

Reade Griffith and Paddy Dear continue to hold membership interests in TFG Asset Management UK LLP (the "U.K. Investment Manager") which collectively entitle them to exercise all of the voting rights in respect of the U.K. Investment Manager.

As part of the acquisition of TFG Asset Management in 2012, Mr. Griffith and Mr. Dear have agreed that they will (i) exercise their voting rights in a manner that is consistent with the best interests of the Fund and (ii) upon the request of the Fund, for nominal consideration, sell, transfer, and deliver their membership interests in TFG Asset Management UK LLP to the Fund.

Reade Griffith and Paddy Dear also hold membership interests in Pace Cayman Holdco Limited or Pace Holdco, an entity through which the Fund ultimately owns its equity stake in Equitix. These membership interests collectively entitle them to exercise all of the voting rights in respect of Pace Holdco. Mr. Griffith and Mr. Dear have agreed that they will (i) exercise their voting rights in a manner that is consistent with the best interests of the Fund and (ii) upon the request of the Fund, for nominal consideration, sell, transfer, and deliver their membership interests in the Pace Holdco to the Fund.

Investments in internally managed funds

The Fund holds various investments in funds managed within TFG Asset Management business. Please see Note 5 for details of these investments and Note 14 for the unfunded commitments related to these funds.

Notes to the financial statements

Note 16 Earnings per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 31 Dec 2023 \$M	Year ended 31 Dec 2022 \$M
Earnings for the purposes of basic earnings per share being net profit attributable to shareholders for the year	141.1	(32.1)
Weighted average number of shares for the purposes of basic earnings per share	87.3	90.8
Effect of dilutive potential shares		
Share-based employee compensation – equity-based awards	4.9	4.1
Weighted average number of shares for the purposes of diluted earnings per share	92.2	94.9

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

In respect of share-based employee compensation – equity-based awards, it is assumed that all of the time-based shares currently held in escrow will be released, thereby increasing the weighted average number of shares. The number of dilutive performance-based shares is based on the number of shares that would be issuable if the end of the period were the end of the performance period.

Note 17 Segment Information

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

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

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

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

The shares in issue are in US Dollars. The Fund's investment geographical exposure is as follows:

Region	31 Dec 2023	31 Dec 2022
North America	42%	45%
Europe	50%	48%
Asia Pacific	7%	5%
Latin America	1%	2%

Note 18 Subsequent Events

The Directors have evaluated the period up to 4 March 2024, which is the date that the financial statements were approved. The Directors have concluded that there are no material events that require disclosure or adjustment to the financial statement.

Note 19 Approval of Financial Statements

The Directors approved and authorised for issue the financial statements on 4 March 2024.

