

Tetragon Financial Group Limited

UK PRIIP Key Information Document – Other Relevant Information

The Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulatory Technical Standards (RTS) were onshored into UK legislation under The Packaged Retail and Insurance-based Investment Products (Amendment) (EU Exit) Regulations 2019 (the PRIIP EU Exit Regulations). These standards set out what must be contained within the key information document (KID) that is required by the UK version of the PRIIPs Regulation (EU) No 1286/2014 as onshored by the PRIIP EU Exit Regulations (as may be amended).

Annex VI of the RTS sets out the methodology for the calculation of costs and prescribes the composition of the summary cost indicator, including where a PRIIP invests in underlying funds, which may or may not themselves be PRIIPs.

Point 5 (l) (ii) in Part 1 of Annex VI sets out the treatment of a rebate of charges levied on a PRIIP investing into another fund:

“The summary cost indicator may be reduced to the extent that there is any arrangement in place (and that is not already reflected in the fund’s profit and loss account) for the investing fund to receive a rebate of retrocession of charges from the underlying AIF or UCITS.”

In some cases, Tetragon owns all of or an interest in the investment managers of funds and other vehicles in which it invests. As such, charges (limited to management fees and performance fees / carried interest) from these funds and vehicles may be effectively rebated through Tetragon’s ownership of the relevant investment manager – which also receives management fees and performance fees / carried interest from third-party investors. Where fees received by a relevant investment manager from third-party investors, apportioned to reflect Tetragon’s ownership in the investment manager, exceed these charges with respect to Tetragon’s investment in the fund or vehicle, in line with the above detailed provision such charges have been excluded from Tetragon’s summary cost indicator.

Were the rebate not to be included, the “other ongoing costs” reported in Tetragon’s KID would increase from 3.26% to 3.95%.