

Diversified.  
Alternative.  
Investors.



TETRAGON

# Contents

4	H1 2024 snapshot
7	Letter to our shareholders
14	Manager's review
22	Investment review
40	Financial review
44	Other information
58	Unaudited 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  
company. 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.<sup>(1)</sup>



To view company updates visit:  
[www.tetragoninv.com](http://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.

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

# Distributable income. Capital appreciation.

### Net asset value<sup>(1)</sup>

# \$2.8Bn

30 June 2024

### Ownership<sup>(2)</sup>

# 40.3%

Principal and Employee  
Ownership at 30 June 2024

### NAV Per Share Total Return<sup>(3)</sup>

## 6.6%

One Year to  
30 June 2024

## 7.5%

5 Years Annualised

## 9.1%

10 Years Annualised

## 10.3%

Since IPO Annualised

## 440%

Since IPO

### Investment Returns/Return on Equity<sup>(4)</sup>

## 1.3%

2024 YTD  
Return on Equity

## 10-15%

RoE Target

## 11.0%

Annual Average  
Since IPO

### Dividends

## \$0.11

Q2 2024 Dividend

## \$0.22

2024 Dividends

## 4.3%

Dividend Yield<sup>(5)</sup>

## (9.6%)

Dividend 5-Year CAGR<sup>(6)</sup>

(1) (2) (3) (4) (5) (6) Please see important notes on page 6.



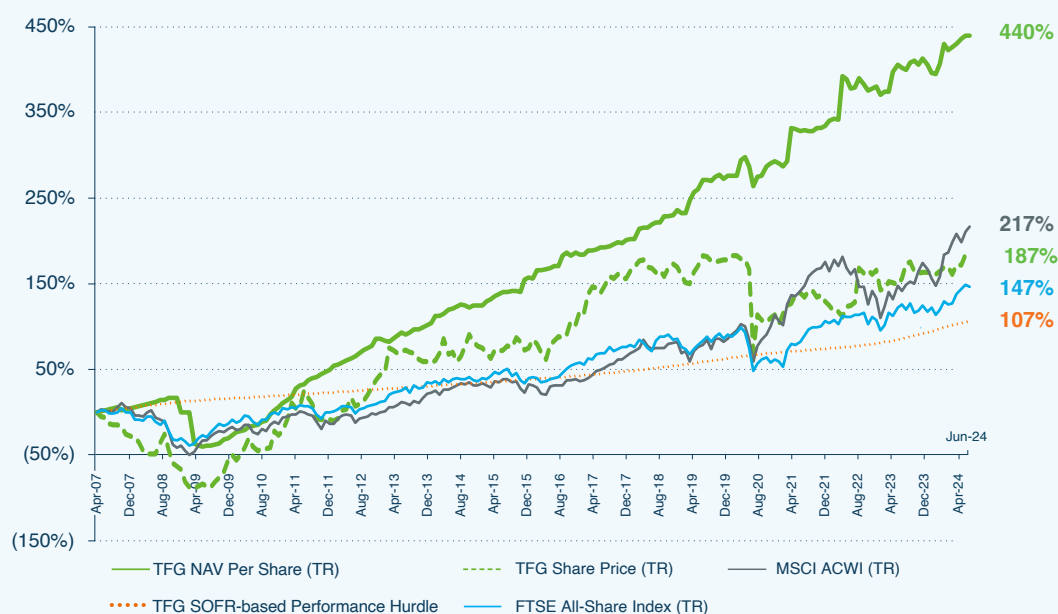
Figure 1

## Tetragon Financial Group – performance summary

	30 Jun 2024	31 Dec 2023	Change
Net Assets	\$2,821.9m	\$2,825.4m	\$(3.5)m
Fully Diluted NAV Per Share	\$31.50	\$31.13	\$0.37
Share Price <sup>(1)</sup>	\$10.30	\$9.88	\$0.42
<b>Dividend (past 12 months)</b>	<b>\$0.44</b>	<b>\$0.44</b>	<b>\$0.00</b>
Dividend Yield	4.3%	4.5%	
Ongoing Charges <sup>(2)</sup>	1.75%	1.75%	
Principal and Employee Ownership	40.3%	39.2%	
	<b>H1 2024</b>	<b>H1 2023</b>	
<b>Investment Returns/Return on Equity<sup>(3)</sup></b>	<b>1.3%</b>	<b>1.7%</b>	
<b>NAV Per Share Total Return<sup>(4)</sup></b>	<b>1.9%</b>	<b>1.7%</b>	
Share Price Total Return <sup>(5)</sup>	6.6%	4.7%	
Tetragon Hurdle: SOFR +2.75% <sup>(6)</sup>	4.1%	3.9%	
MSCI ACWI Index Total Return <sup>(7)</sup>	11.6%	14.3%	
FTSE All-Share Index Total Return <sup>(7)</sup>	7.4%	2.5%	

Figure 2

## Tetragon's NAV Per Share Total Return and Share Price Since IPO to 30 June 2024



# Notes

## Page 4

- (1) The value of Tetragon's assets, less any liabilities, as at 30 June 2024. Source: Tetragon.
- (2) Shareholdings at 30 June 2024 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 55 for more details of these arrangements. Source: Tetragon.
- (3) NAV Per Share Total Return to 30 June 2024, for the last year, the last five years, the last 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. 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 last four quarterly dividends divided by the TFG NA share price at 30 June 2024. The latest declared dividend is included in the calculation.
- (6) The five-year Compound Annual Growth Rate (CAGR) figure is 30 June 2024. 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) 2024 YTD 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 2,760 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](https://www.msci.com/acwi). The FTSE All-Share Index represents 98-99% of U.K. 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 <https://www.lseg.com/en/ftse-russell/indices/uk>.

# Long-term capital. Creating opportunities.

Fellow shareholders:

Tetragon delivered an investment Return on Equity (RoE) of 1.3%, a NAV Per Share Total Return of 1.9% and a share price total return of 6.6% during the first half of 2024. Portfolio gains in private equity investments in asset management companies (TFG Asset Management), in particular Equitix, and mining finance investments managed by Hawke's Point, were offset by losses in bank loans and other equities. Tetragon has also declared 22.0 cents of dividends per share year-to-date, for a yield of 4.3%.

# Letter to shareholders

< **Eve Young**  
Communications, London



## 2024 H1 market context

U.S. markets rallied in late 2023 as the end of Fed rate hikes fueled hopes for an economic “soft landing” that could balance falling inflation with stable unemployment and GDP growth. This optimism dissipated in the first quarter of 2024 as inflation data surprised to the upside, with Core CPI climbing +4.8% annualised, versus +3.2% in the fourth quarter of 2023. Meanwhile, unemployment rose to two-year highs and Q1 Real GDP slowed to 1.4% annualised, more than 1% below estimates.

Resurgent inflation concerns once again took centre stage in the second quarter, as earlier predictions that the Fed would cut rates six times by the end of 2024 dwindled to estimates as low as a single cut. Despite this increasingly hawkish rate backdrop, equity markets remained resilient as Artificial Intelligence-related stocks continued to power earnings expectations. Positive momentum grew throughout the second quarter with U.S. inflation data once again moderating and the European Central Bank leading developed economies by announcing its first rate cut.

By the end of June, the S&P 500 rose 15.3%<sup>(1)</sup>, with over half of this return driven by the “Magnificent 7”

stocks which rallied 36.9% on average. The broad outperformance of larger stocks drove market concentration to multi-decade highs, as the top five names in the S&P 500 rose from 24% to over 28% of the index in the first half of 2024. Global equity indices similarly gained, with the Euro STOXX 600 up 8.9%<sup>(2)</sup> and the MSCI ACWI Local Index<sup>(3)</sup>, 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, rising 13.5%. Credit markets in the U.S. were mixed: while spreads continued to tighten in the first half, a steepening yield curve proved a headwind to returns. U.S. high yield indices gained 2.6% while investment grade indices fell 0.7%. Floating rate loans rose with the Morningstar Leveraged Loan Index<sup>(4)</sup> generating a 4.4% total return.

In the first half of 2024, Tetragon underperformed relative to the MSCI ACWI Local Index. Nonetheless, over the time that Tetragon has been trading as a publicly-listed company, our NAV Per Share Total Return of 440% has demonstrated our ability to compound investment growth and return value to shareholders; this compares to the MSCI ACWI Local Index returning 251% over the same period.

## Tetragon portfolio performance notes<sup>(5)</sup>

**Return on Equity.** During the last 12 months, Tetragon's gross RoE was 7.2% (+5.1% net), as compared to +21.3% for the MSCI ACWI Index. Over the last five years, Tetragon's annualised gross RoE was 11.3% (+7.5% net) compared to +12.2% for the MSCI ACWI Index.

**Volatility.** Over the last year, the annualised volatility of Tetragon's gross RoE was 5.2% (or 4.8% on the basis of its net RoE) and 10.0% for the last five years (or 8.0% on the basis of its net RoE). The volatility of the MSCI ACWI Index's gross RoE was 12.1% for the last year and 15.8% for the last five years.

**Sharpe Ratio.** Over the last year, Tetragon's gross Sharpe Ratio was 0.35 (slightly negative on a net basis), compared to a Sharpe Ratio of 1.24 for the MSCI ACWI Index. Over the last five years, Tetragon's Sharpe Ratio was 0.91 on a gross basis (and 0.67 on a net basis). The Sharpe Ratio for the MSCI ACWI Index was 0.63 over the same time period.

## Net asset value<sup>(1)</sup>

# \$2.8Bn

30 June 2024

## Ownership<sup>(2)</sup>

# 40.3%

Principal and Employee  
Ownership at 30 June 2024



 **Greg Wadsworth**  
Business Development and  
Investor Relations, London



# Letter to shareholders

## Board matters

### Dividends and share repurchases

The second quarter 2024 dividend was declared at 11.00 cents per share, bringing the year-to-date 2024 dividend to 22.00 cents per share.

Tetragon repurchased \$25 million of its non-voting shares in April 2024, which was accretive to its 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.

### Employment Agreements with Reade Griffith and Paddy Dear

In July 2024, TFG Asset Management entered into an employment agreement with each of Reade Griffith and Paddy Dear that covers their respective employment with TFG Asset Management through 30 June 2029. They are both Founders and Principals of TFG Asset Management and have been leading the business since October 2012, along with Stephen Prince who joined in 2015. Mr. Griffith is its Chief Investment Officer and is also the Chief Investment Officer of Westbourne River Partners, which is part of TFG Asset Management.

## Outlook

Despite a challenging first quarter, the U.S. economic backdrop remains supportive of a potential “soft landing” outcome across inflation, unemployment, and GDP growth. Resilient global

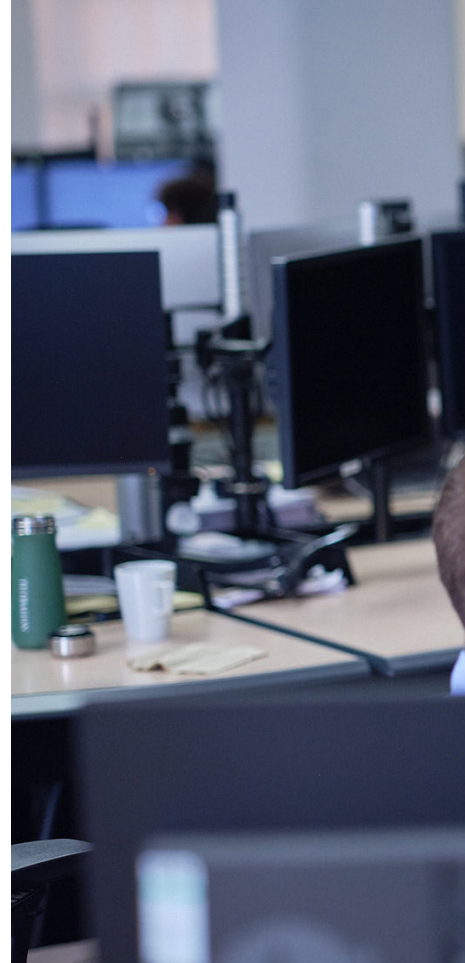
markets continue to accept this as a “base case” despite persistent risks spanning two major geopolitical conflicts, the accumulative impact of elevated interest rates, looming tariffs, and an ever-sticky “last mile” for global disinflation.

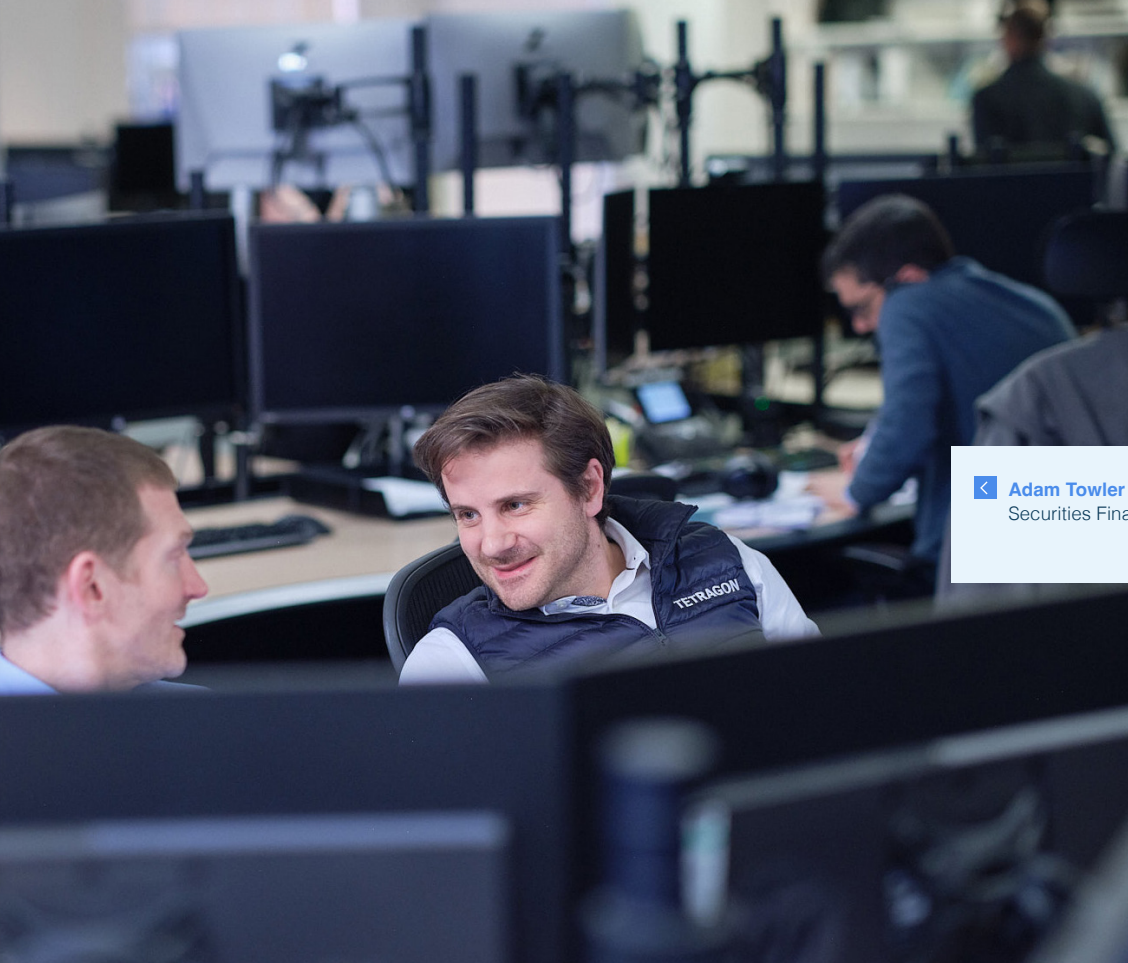
The economic landscape is further complicated by growing political turmoil: recent election surprises across India, France, and the U.K. have set the stage for a tense election year in the U.S., which has already endured an assassination attempt on one candidate as well as the abrupt withdrawal and ensuing replacement of his incumbent adversary. The growing scale of global political uncertainty stands in stark contrast to recent market tranquility. While it is impossible to predict the precise path for politics or markets alike, we believe such a diverse array of potential outcomes will reveal opportunities to deploy capital into attractive themes and potential dislocations.

With Regards,

**The Board of Directors**

31 July 2024





< **Adam Towler**  
Securities Finance

#### NAV Total Return 2024 YTD

# 1.9%

#### Return on Equity 2024 YTD

# 1.3%

#### Dividends 2024 YTD

# \$0.22

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

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

(3) 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.

(4) Source: Bloomberg Morningstar LSTA US Leveraged Loan Index TR USD (ticker SPBDAL). Please see note 7 on page 6 for important disclosures.

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

# 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

**Key performance  
metrics**  
19



---

2024 YTD Nav Per Share Total Return

**1.9%**

---

2024 YTD Return on Equity

**1.3%**

---

2024 YTD Dividends Per Share

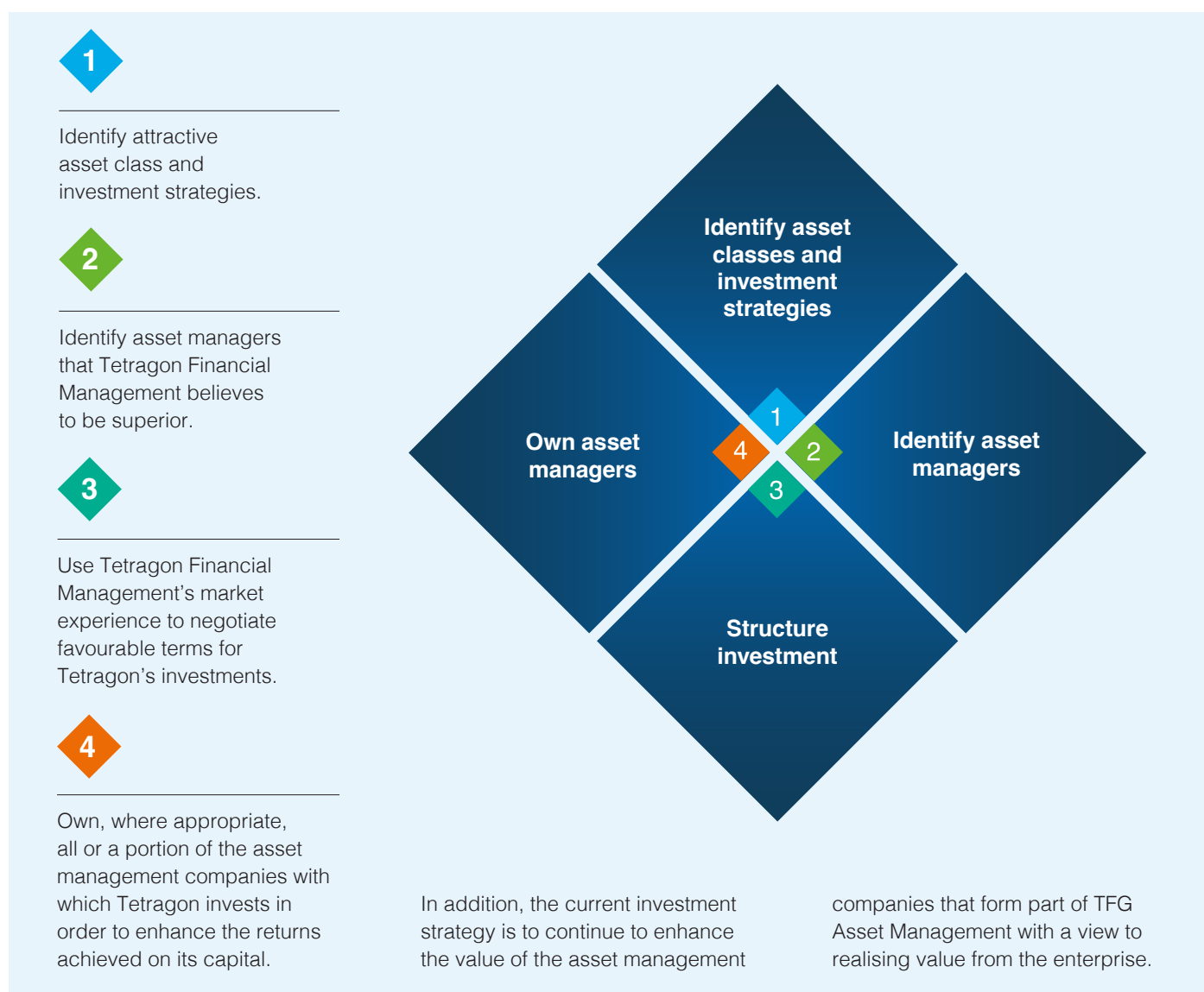
**\$0.22**

# Investment objective & strategy

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

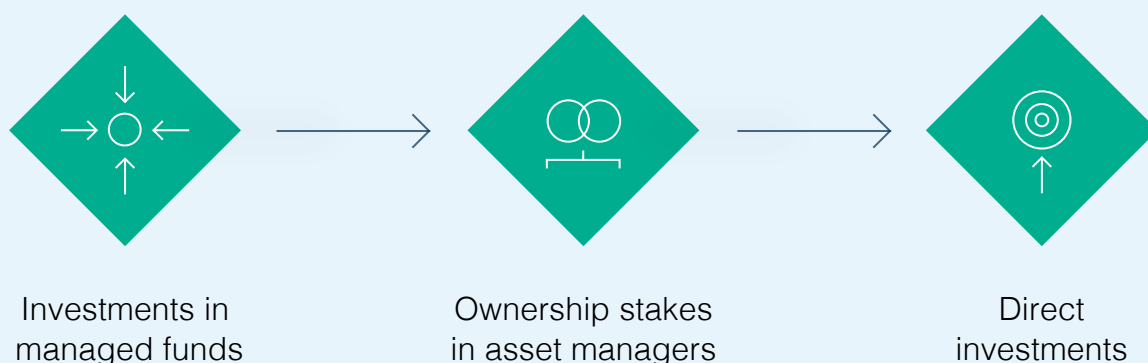
### Our strategy

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.

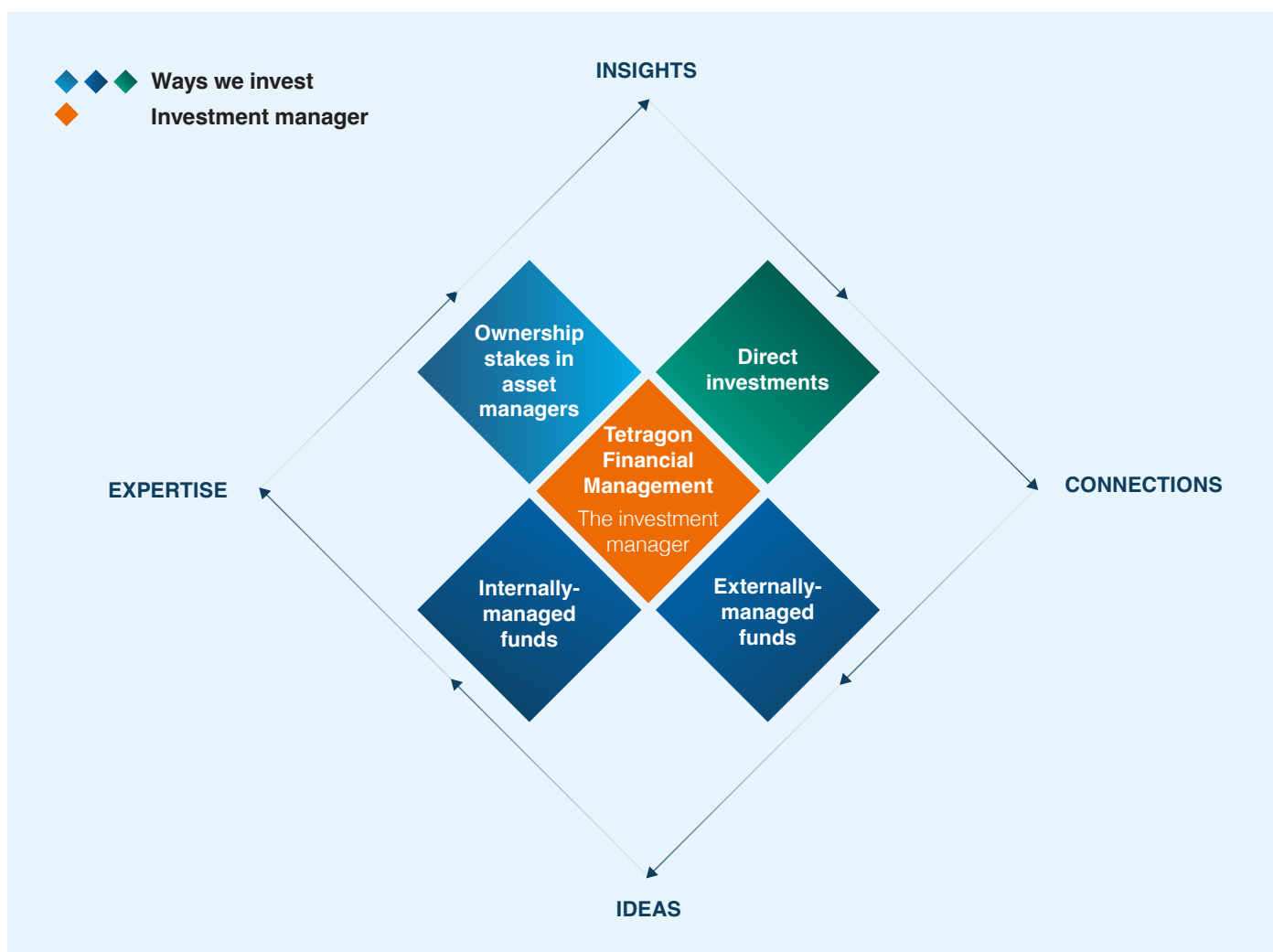
## Direct Investments

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:

2024 YTD Nav Per Share Total Return

**1.9%**

2024 YTD Return on Equity

**1.3%**

2024 YTD Dividends Per Share

**\$0.22**

Figure 3

### Fully Diluted NAV Per Share

NAV Per Share Total Return 2020-2024 YTD

Fully Diluted NAV Per Share (NAV Per Share) was \$31.50 at 30 June 2024. NAV Per Share Total Return was 1.9% for H1 2024.

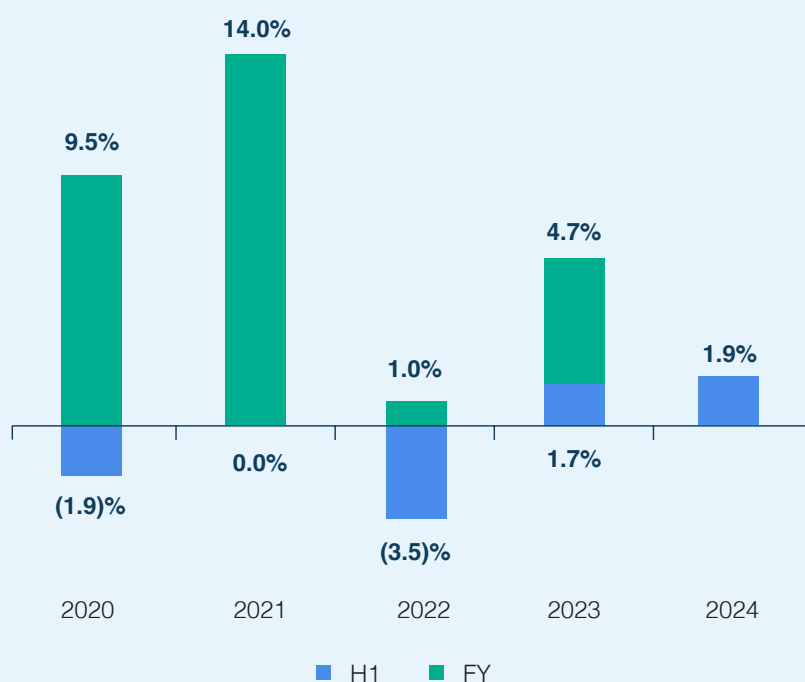


Figure 4

Investment Returns/Return on Equity<sup>(1)</sup>  
Return on Equity 2020-2024 YTD

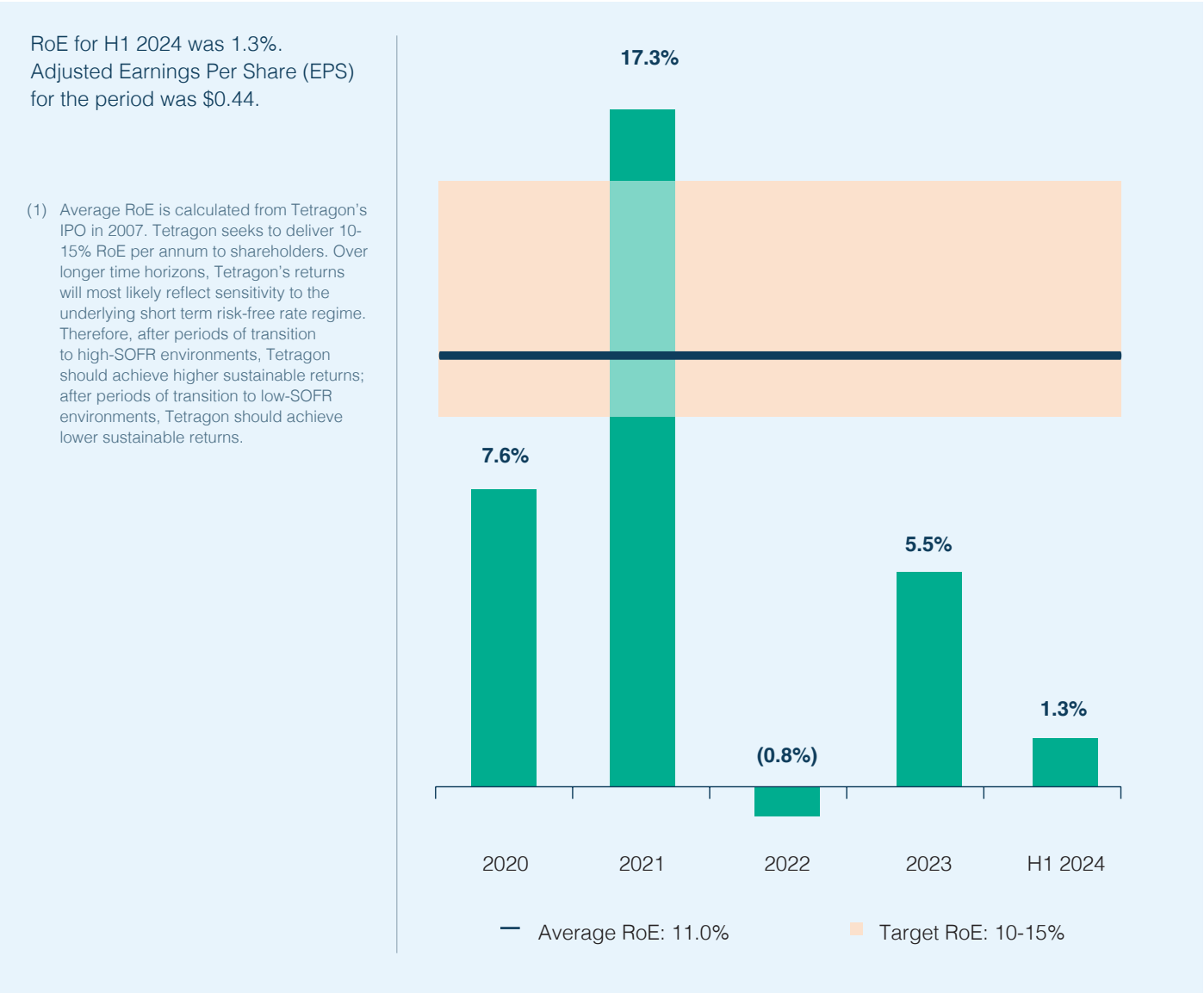
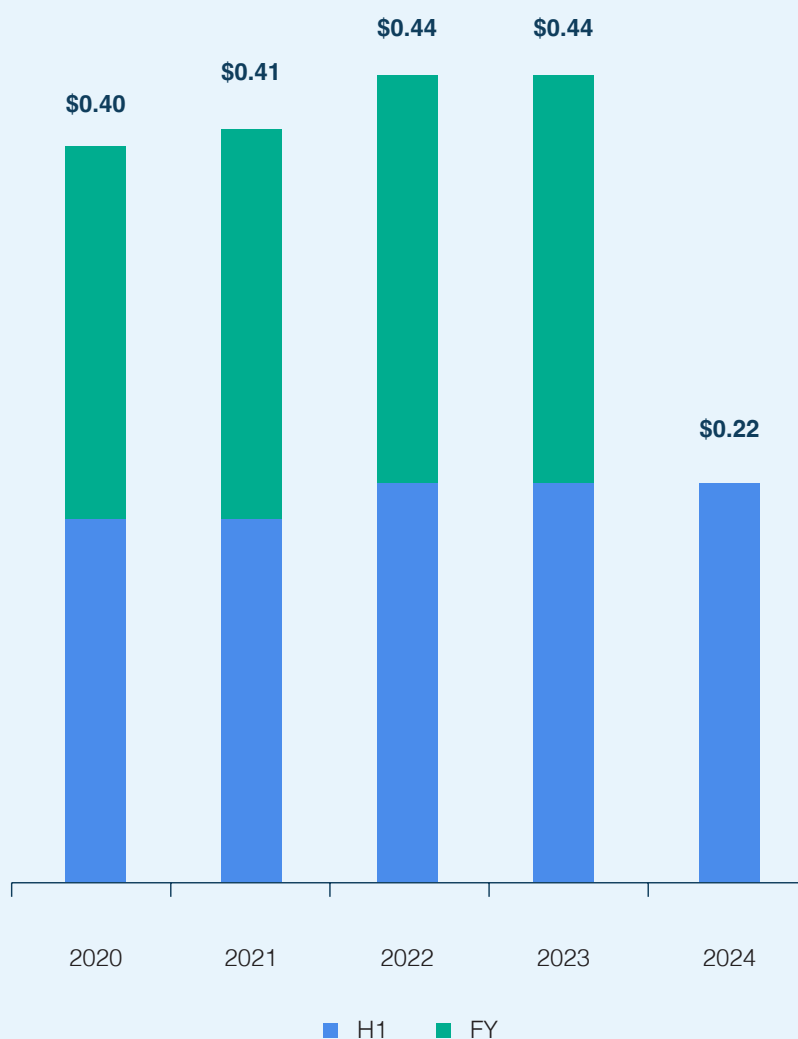


Figure 5

## Dividends Per Share (DPS)

Dividend Per Share Comparison 2020-2024 YTD

Tetragon declared a Q2 2024 dividend of \$0.11 per share, for a half-year dividend payout of \$0.22 per share. The cumulative DPS declared since Tetragon's IPO is \$8.8275.



# Investment review

This section covers details on Tetragon's investment performance during the first half of 2024.

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.

**Investment review  
introduction**

24

**Net asset breakdown  
summary**

25

**Detailed investment  
review**

27





## Investment review

# TFG Asset Management drives returns

Tetragon's Fully Diluted NAV Per Share increased from \$31.13 per share at 31 December 2023 to \$31.50 per share at 30 June 2024.

### Overview

The main positive performance drivers for the period were the investments private equity in asset management companies (also known as TFG Asset Management), led by the investment in Equitix, and investments in vehicles managed by Hawke's Point in the private equity and venture capital investments bucket. These were offset by losses in other equities and credit and bank loans. Tetragon's NAV at the end of H1 2024 stood at \$2.8 billion. A detailed performance review of each asset class follows beginning on page 27.

Private equity in asset  
management companies

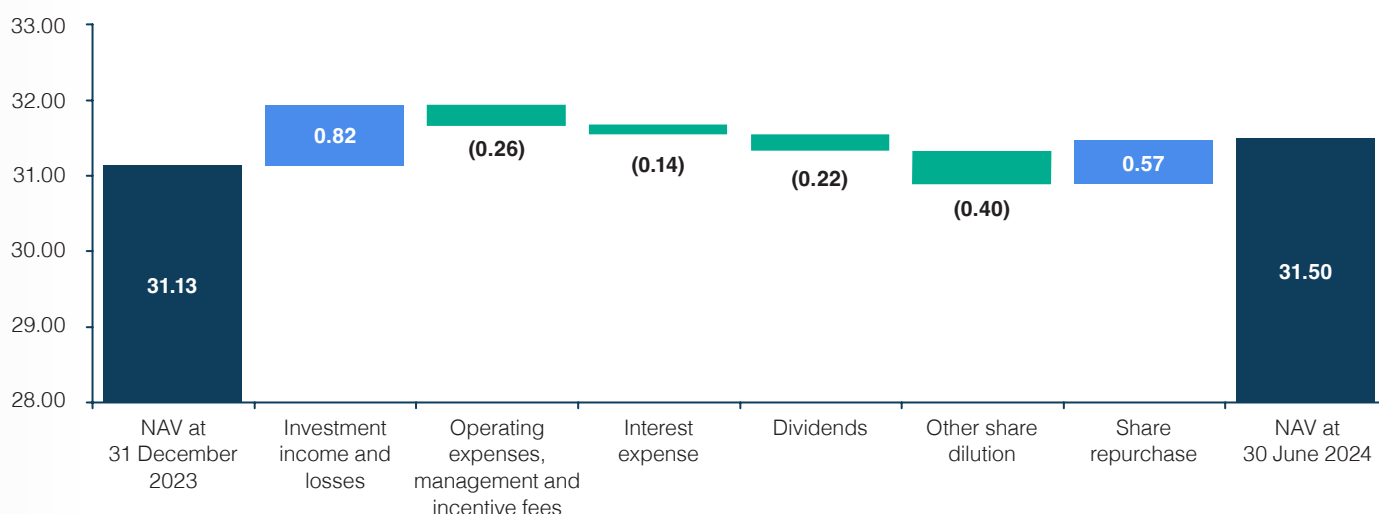
**+\$92M**

gains in H1 2024



Figure 6

### Year-on-Year NAV Per Share Progression (USD)<sup>(i)</sup>



Progression from 31 December 2023 to 30 June 2024 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 2023 and 30 June 2024, 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 2023	Additions <sup>(i)</sup>	Disposals/ Receipts <sup>(i)</sup>	Gains/ Losses	NAV at 30 Jun 2024
Private equity in asset management companies	1,345.4	16.6	(33.8)	91.7	1,419.9
Event-driven equities, convertible bonds and other hedge funds	572.5	7.0	(0.2)	(2.3)	577.0
Bank loans	244.2	4.1	(42.5)	(11.7)	194.1
Real estate	147.7	10.8	(3.0)	(5.2)	150.3
Private equity and venture capital	509.4	42.6	(20.2)	29.3	561.1
Legal assets	37.5	6.1	-	2.2	45.8
Other equities and credit <sup>(ii)</sup>	212.2	135.3	(76.9)	(31.6)	239.0
Net cash <sup>(iii)</sup>	(243.5)	-	(122.4)	0.6	(365.3)
<b>Total</b>	<b>2,825.4</b>	<b>222.5</b>	<b>(299.0)</b>	<b>73.0</b>	<b>2,821.9</b>

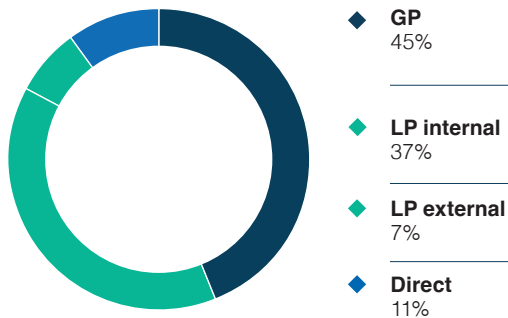
- (i) Any gains or losses on foreign exchange hedging instruments attributable to a particular strategy or sub-asset class have been included in "additions" or "disposals/receipts" respectively. For example, where a hedging gain or loss is made, this will result in either cash being received or paid,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

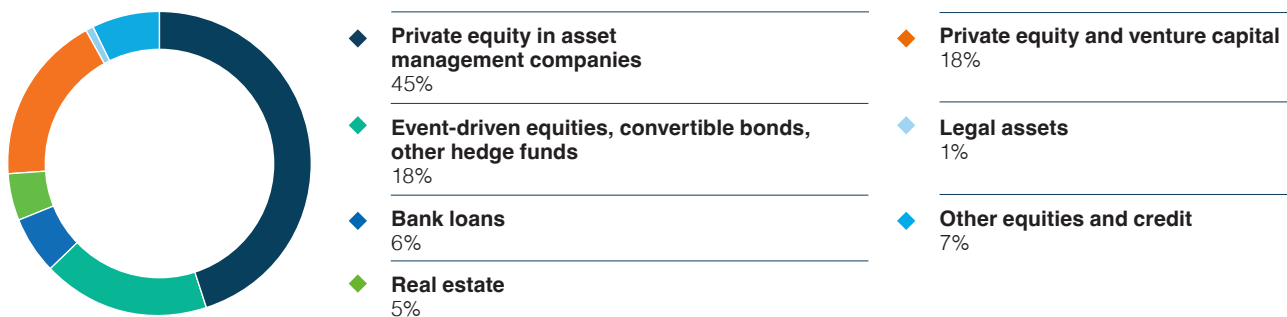
Figure 8

## Net asset composition summary

### Invested in three ways



### Net asset breakdown at 30 June 2024



### Net asset breakdown at 31 December 2023

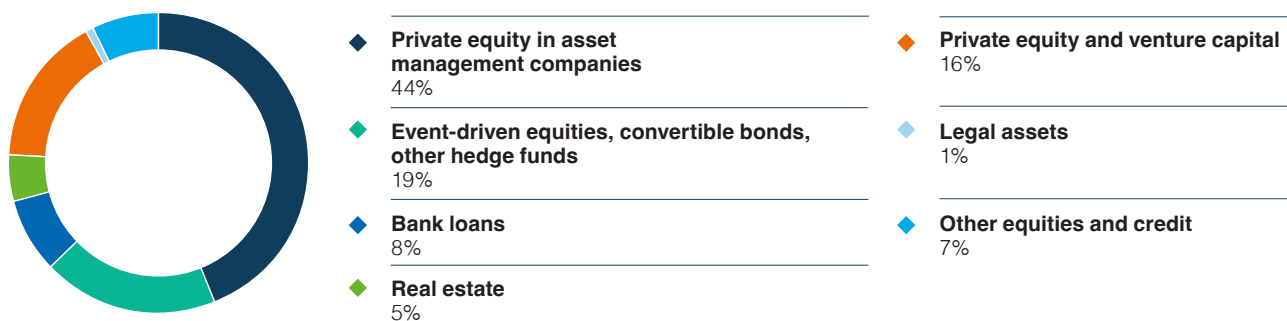


Figure 9

## Top 10 holdings by value as of 30 June 2024

Rank	Holding	Asset class	Value (\$ millions)	% of Investments
1	Equitix	Private equity in asset management company	794.5	24.9%
2	Westbourne River Event Fund - Low Net	Event-driven equities	290.6	9.1%
3	BGO	Private equity in asset management company	287.0	9.0%
4	LCM	Private equity in asset management company	243.8	7.6%
5	Westbourne River Event Fund - Long Bias	Event-driven equities	148.6	4.7%
6	Banyan Square Fund 1	Private equity and venture capital	142.4	4.5%
7	Hawke's Point Fund 1	Private equity and venture capital	139.3	4.4%
8	Acasta Global Fund	Convertible bonds	111.3	3.5%
9	Ripple Labs Inc. - Series A & B Preferred Stock	Private equity and venture capital	101.7	3.2%
10	Public U.S. equity	Other equities	76.1	2.4%
<b>Total</b>				<b>73.3%</b>

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 the first half of 2024; more detailed commentary for each asset class follows.

Asset classes All figures are in millions of U.S. dollars	NAV at 31 Dec 2023	Additions <sup>(i)</sup>	Disposals/ Receipts <sup>(i)</sup>	Gains/ Losses <sup>(i)</sup>	NAV at 30 June 2024	% of investments
<b>Private equity in asset management companies</b>						
Equitix	737.6	-	(19.8)	76.7	794.5	24.9%
BGO	270.5	-	(9.0)	25.5	287.0	9.0%
LCM	258.5	-	-	(14.7)	243.8	7.6%
Platform and other asset managers	78.8	16.6	(5.0)	4.2	94.6	3.0%
<b>Event-driven equities, convertible bonds and other hedge funds</b>						
Westbourne River Event Fund - Low Net	302.5	-	-	(11.9)	290.6	9.1%
Westbourne River Event Fund - Long Bias	144.1	5.5	-	(1.0)	148.6	4.7%
Acasta funds	106.6	-	-	8.7	115.3	3.6%
Other hedge funds	19.3	1.5	(0.2)	1.9	22.5	0.7%
<b>Bank loans</b>						
U.S. CLOs	133.2	4.1	(18.4)	(10.5)	108.4	3.4%
Tetragon Credit Partners funds	111.0	-	(24.1)	(1.2)	85.7	2.7%
<b>Real estate</b>						
BGO Europe funds and co-investments	41.3	9.9	(1.4)	(0.3)	49.5	1.6%
BGO U.S. funds and co-investments	46.1	0.8	(0.8)	(9.8)	36.3	1.1%
BGO Asia funds and co-investments	22.4	-	(0.8)	5.0	26.6	0.8%
Other real estate	37.9	0.1	-	(0.1)	37.9	1.2%
<b>Private equity and venture capital</b>						
Hawke's Point funds and co-investments	116.7	0.3	(4.5)	29.4	141.9	4.5%
Banyan Square funds	127.0	23.9	(7.2)	(1.3)	142.4	4.5%
Other funds and co-investments	154.0	13.4	(1.0)	(4.1)	162.3	5.1%
Direct	111.7	5.0	(7.5)	5.3	114.5	3.6%
<b>Legal assets</b>						
Contingency Capital funds	37.5	6.1	-	2.2	45.8	1.4%
<b>Other equities and credit<sup>(ii)</sup></b>						
Other equities	196.5	135.3	(57.5)	(35.3)	239.0	7.5%
Other credit	15.7	-	(19.4)	3.7	-	0.0%
<b>Cash</b>						
Net cash <sup>(iii)</sup>	(243.5)	-	(122.4)	0.6	(365.3)	
<b>Total</b>	<b>2,825.4</b>	<b>222.5</b>	<b>(299.0)</b>	<b>73.0</b>	<b>2,821.9</b>	<b>100.0%</b>

(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.

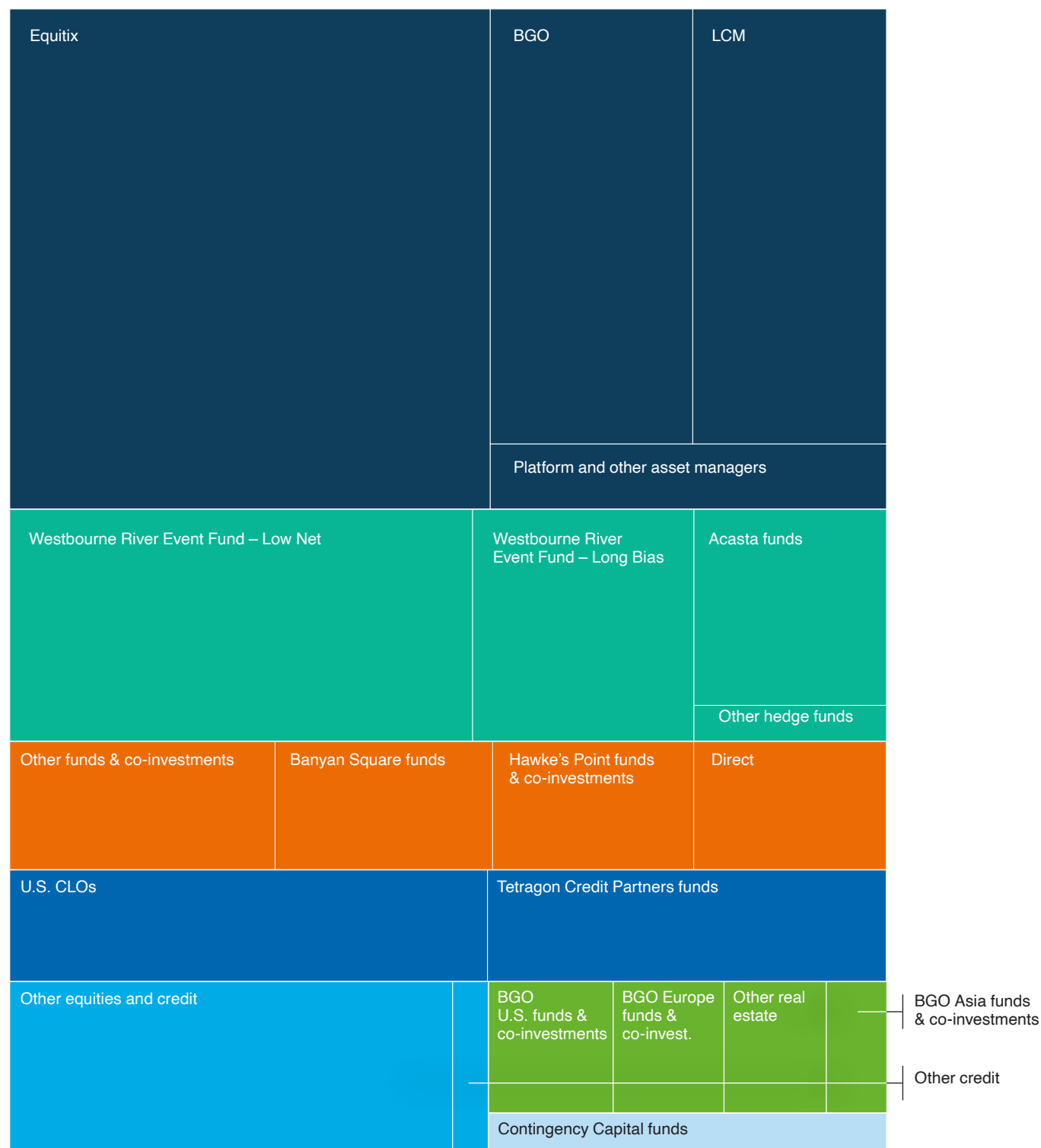
(ii) Assets characterised as "other equities & credit" consist of investment assets held directly on the balance sheet. For certain contracts for difference (CFD), gross value or required margin is used. Under IFRS, these CFDs are held at fair value which is the unrealised gain or loss at the reporting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

(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.

# Detailed net asset breakdown

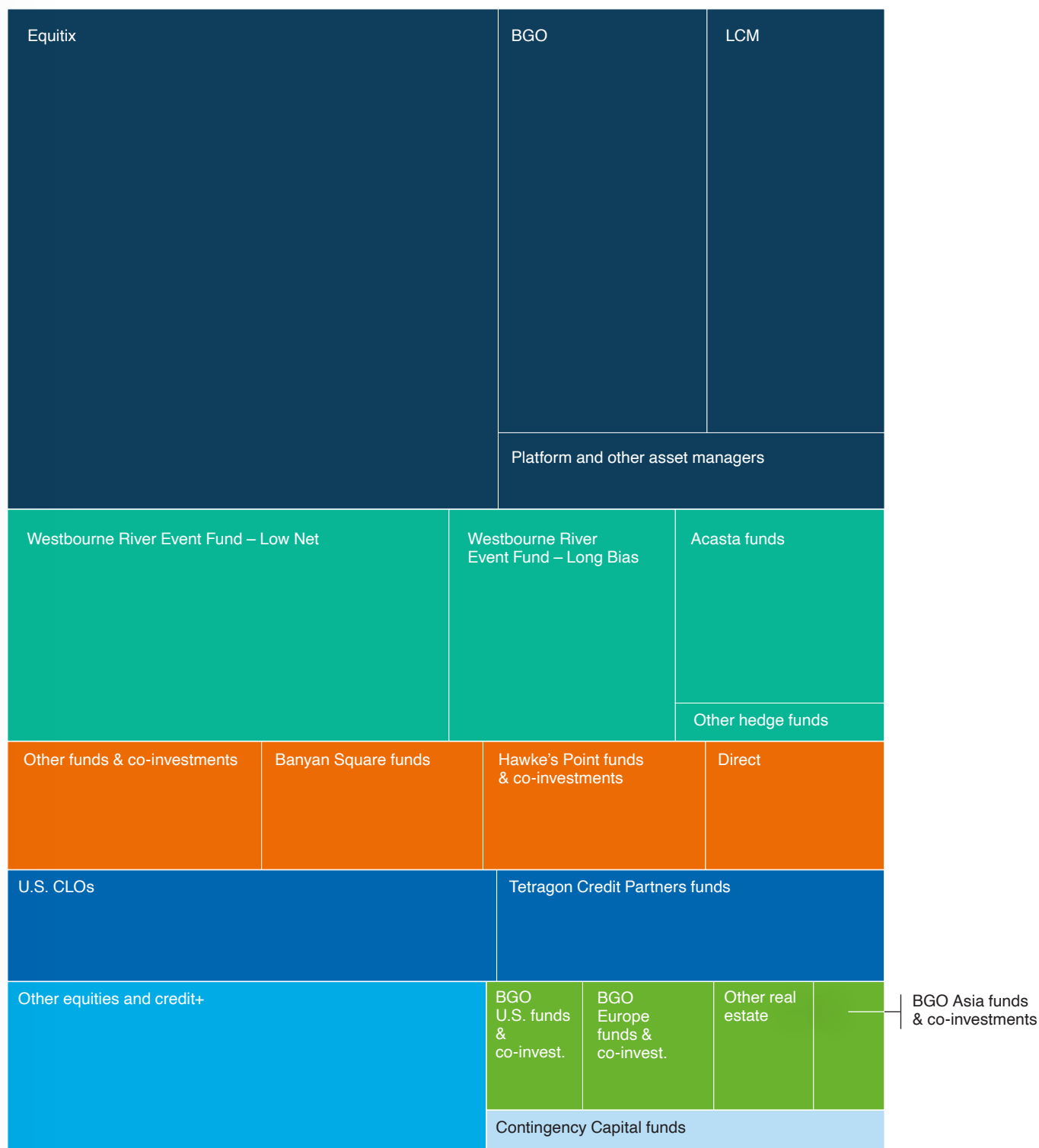
31 December 2023

- Private equity in asset management companies
- Event-driven equities, convertible bonds & other HF
- Private equity and venture capital
- Bank loans
- Other equities and credit
- Real estate
- Legal assets



30 June 2024

- ◆ Private equity in asset management companies    ◆ Event-driven equities, convertible bonds & other HF    ◆ Private equity and venture capital    ◆ Bank loans  
 ◆ Other equities and credit    ◆ Real estate    ◆ Legal assets





## Investment review

# Detailed investment review



### Private equity 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 30 June 2024, TFG Asset Management comprised LCM, BGO, Westbourne River Partners, Acasta Partners, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and Contingency Capital. TFG Asset Management recorded an investment gain of \$91.7 million during the first half of 2024 driven by gains in Equitix and BGO.





◀ **Abhishek Agrawal,**  
Westbourne River Partners,  
London

**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. Tetragon's investment made a gain of \$76.7 million in H1 2024, driven by a combination of (a) higher valuation as the business continued to deliver against its business plan and increase in market multiple from 9.5x to 10.5x, and (b) dividend income received by Tetragon of \$19.2 million.

**BGO:** BGO is a real estate-focused principal investing, lending and advisory firm. During H1 2024, distributions to Tetragon totalled \$9.0 million, reflecting a combination of fixed quarterly contractual payments and variable payments. The gain on the investment was \$25.5 million in H1 2024. The valuation of BGO is on a discounted cash flow basis with an assumed exit upon exercise of call/put in 2026/2027. Approximately half of the gain was due to unwinding of discount and a reduction in discount rate. The other half of the gain was due to an increase in the value of expected carried interest in addition to actual payments received from the BGO funds.

**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 period, its AUM decreased by 9%, reflecting amortisation of existing deals. LCM issued one new deal during H1 2024. Tetragon's investment in LCM made a loss of \$14.7 million as the valuation reflected the impact of the reduction in the AUM.

### TFG Asset Management

# + \$92M

2024 YTD performance

# Investment review

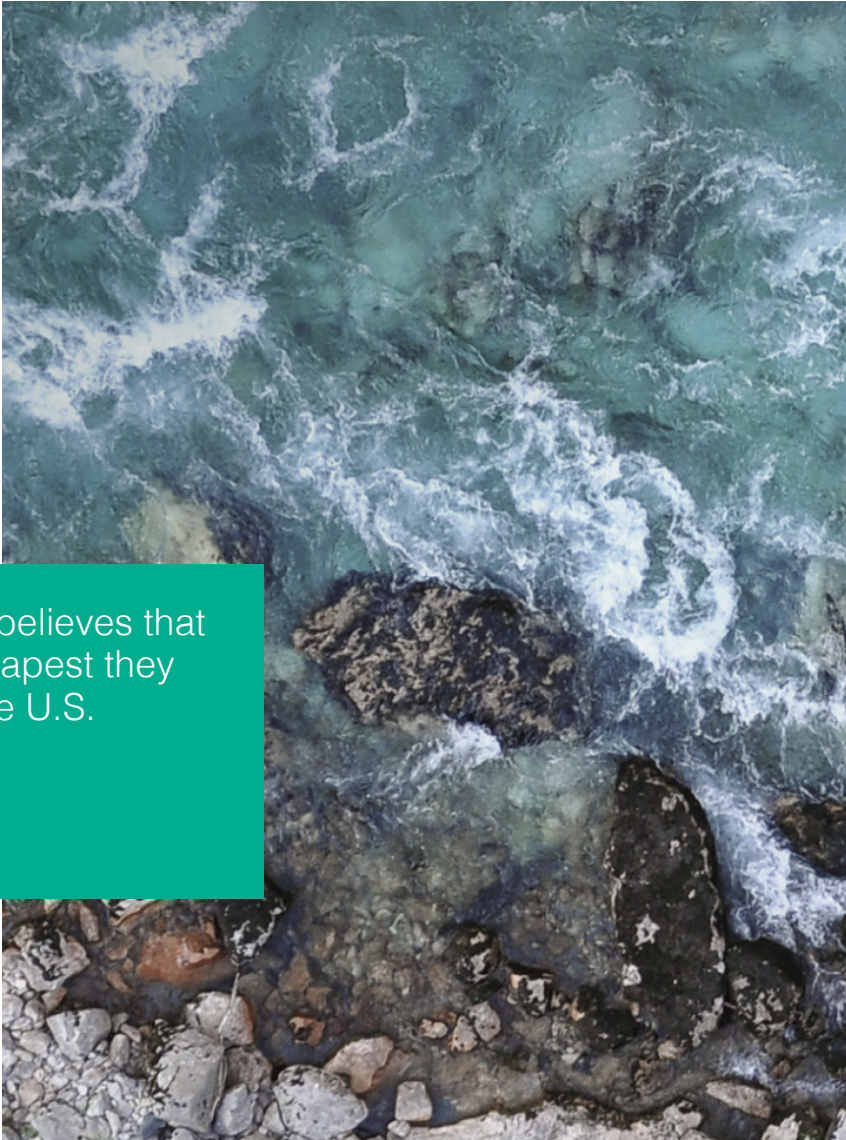
**Platform and other asset managers:** TFG Asset Management's other asset managers consist of Westbourne River Partners, an alternative asset management firm focused on event-driven investing in European small- and mid-cap equities; Acasta Partners, an alternative investment firm that employs a multi-disciplinary approach to investing; Tetragon Credit Partners, a structured credit investing business focused on control CLO equity; 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 investment opportunities as well as opportunistic investments in public equity and credit instruments; and Contingency Capital, a global asset management business focused on credit-oriented legal assets. The collective gain on Tetragon's investments in these managers was \$4.2 million during the first half of 2024.

Please see Note 4 in the 30 June 2024 Tetragon Financial Group Limited unaudited 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 30 June 2024, these investments are primarily through hedge funds managed by Acasta Partners and Westbourne River Partners. Investments in these funds generated a loss of \$2.3 million during H1 2024.

**Westbourne River Partners funds:** The Westbourne River Event Fund – Low Net 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 and has targeted net exposure of between 0-30%. Tetragon's investments in this fund recorded a loss of \$11.9 million during the period. Net performance for the fund was down 4.0% for the first half of 2024.



The Westbourne River team believes that European stocks are the cheapest they have ever been relative to the U.S.



The Westbourne River Event Fund – Long Bias follows the same strategy as the Low Net vehicle, but has targeted net exposure of approximately 75%. Tetragon's investment generated a gain of \$4.1 million during the period. The gain was offset by a \$5.1 million loss in the hedge instrument held against this strategy, giving a net loss of \$1.0 million. Net performance for the fund was up 2.8% for during the period.

The Westbourne River team believes that European stocks are the cheapest they have ever been relative to the U.S., and within Europe, mid-cap companies are at the highest discount to their large-cap peers in over two decades. In addition, there is a clear inflection in M&A activity in Europe. This environment makes the team optimistic about the prospects for the funds for the rest of 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 \$8.7 million during the first half of 2024. Net performance in the Acasta Global Fund was +8.0% for its flagship share class, compared to the HFR RV Fixed Income-Convertible Arbitrage Index which returned +5.4% during the period.<sup>(1)</sup> The portfolio favours a core investment book built on safe carry, long/short credit positioning and strategies driven by idiosyncratic events and catalysts. Positive events in a number of credit-focused trades, and positive performance from natural resources positions have benefited the book year-to-date.

**Other hedge funds:** Investments in other hedge funds, including the Global Equities Fund, had a gain of \$1.9 million during H1 2024, and remains a small portion of the portfolio.

### 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 loss of \$11.7 million during H1 2024. We continue to view CLOs as attractive vehicles for obtaining long-term exposure to the leveraged loan asset class.

### Hedge funds

# -\$2.3M

2024 YTD performance

### Bank loans

# -\$11.7M

2024 YTD performance



# Investment review

**U.S. CLOs:** Directly-owned CLOs lost \$10.5 million during H1 2024. This performance was driven by realised and unrealised losses on certain older-vintage loan exposures offset by higher expected forward risk-free rates which may increase the cash flow generation ability of CLO equity. During H1 2024, investments in this segment generated \$18.4 million in cash proceeds. In April 2024, Tetragon made an investment in a minority of the equity tranche of LCM 41, a new issue CLO managed by LCM.

**Tetragon Credit Partners Funds<sup>(2)</sup>:** 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 H1 2024, 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.

During H1 2024, Tetragon's investments in funds managed by Tetragon Credit Partners generated \$24.1 million in cash distributions and a loss of \$1.2 million. Performance was negatively impacted by realised and unrealised losses on certain older-vintage loan exposures, offset by higher expected forward risk-free rates and realised gains on an asset sale in TCI III. During the first half of the year, none of the TCI investment vehicles made new investments while one transaction in each of TCI II and TCI III was partially refinanced during the period.

## 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 United States, 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 \$5.1 million during H1 2024, primarily due to losses in the U.S. 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 a loss of \$0.1 million in H1 2024.

---

## Real estate

# -\$5.2M

2024 YTD 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 period, generating gains of \$29.3 million.

**Hawke's Point:** Tetragon's mining finance investments managed by Hawke's Point generated a gain of \$29.4 million during the first half, primarily driven by further operational improvement at one of its Australian gold project investments and supported by ongoing developmental progress at its Canadian nickel and copper project investment.

**Banyan Square Partners:** In H1 2024, most of Banyan Square's portfolio companies achieved solid operating results, with a continued focus on profitability. However, the portfolio's progress was offset by a weaker macro environment in which many customers tightened budgets and slowed new software spending. As a result, the net loss during the period was \$1.3 million. There were 12 active positions in the fund, including positions focused on application software, infrastructure software, and cybersecurity.

In addition, together with TFG Asset Management, Banyan Square Partners began working with WovenLight, a data-driven consulting and software services business in which we made a strategic investment in Q3 2023. WovenLight may add further investment opportunities to the Banyan Square team and 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 lost \$4.1 million during the first half, spread across 37 different positions.

**Direct:** This category produced gains of \$5.3 million during the period, related to positive performance in the investment in Ripple Labs Inc. driven by tender offers conducted by the company.

## Private equity and venture capital

# +\$29.3M

2024 YTD performance



◀ Larry Yont, Andrea Donoso,  
Office Management, New York



# Investment review

## Legal assets

# +\$2.2M

2024 YTD performance

The performance of the Contingency Capital Fund I portfolio continues to be above the underwritten projections and performance targets.

## Other equities & credit

# -\$31.6M

2024 YTD performance



## Legal assets

Tetragon makes investments in legal assets through vehicles managed by Contingency Capital. Tetragon has committed capital of \$60 million to Contingency Capital Fund I, \$38.2 million of which has been called to date, including \$6.1 million during H1 2024. A gain of \$2.2 million was generated from this investment. Contingency Capital has almost fully invested Fund I. It held a first close for a new evergreen fund in June and a first close of Fund II in July. Tetragon committed capital of \$10 million in the first close of Fund II. The performance of the Contingency Capital Fund I portfolio continues to be above underwritten projections and performance targets, and the performance of such portfolio 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.



< Alexander Kenna, AJ Alexakos,  
LCM, New York

with whom Tetragon invests. We also believe this ability to invest flexibly is a benefit of Tetragon's structure.

This segment generated a loss of \$31.6 million during the first half of 2024. While eight of the 15 positions contributed gains, this was outweighed by negative contributions from two positions that had been positive drivers in 2023. The first, a biotech company, retraced as comparable peers reported mixed trial data / results, diminishing market enthusiasm for autoimmune therapies. The second, a leader in AI-assisted workflow automation, fell in the second quarter due to a CEO change and market disappointment over a reduction of forward sales guidance. We used this as an opportunity to materially increase our stake as we see the CEO change as welcome news. Over the first half of 2024 we added four positions and exited three, including our sole credit position.

## Cash

Tetragon's cash at bank balance was \$7.0 million as of 30 June 2024. After adjusting for known accruals and liabilities (short- and long-dated), its net cash balance was -\$365.3 million. Tetragon has access to a credit facility of \$400 million with maturity date in July 2032. As of 30 June 2024, \$300 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 H1 2024, Tetragon used \$222.5 million of cash to make investments, \$29.7 million to repurchase its shares<sup>(3)</sup> and \$10.8 million to pay dividends. \$176.6 million of cash was received as distributions and proceeds from the sale of investments. Future cash commitments are \$111.9 million, comprising: investment commitments to BGO funds of \$29.3 million; private equity funds of \$30.8 million; Tetragon Credit Partners funds of \$6.1 million; Contingency Capital funds of \$21.8 million; and working capital loan commitments of \$23.9 million to certain asset managers within TFG Asset Management.

# 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 Fund Research Inc. Further information relating to index constituents and calculation methodology can be found at <https://www.hfr.com>
- (2) 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.
- (3) \$29.7 million includes \$25.1 million of shares purchased through the tender offer \$4.6 million of shares purchased from subsidiaries or affiliates to facilitate the payment of withholding taxes on equity-based share payments.

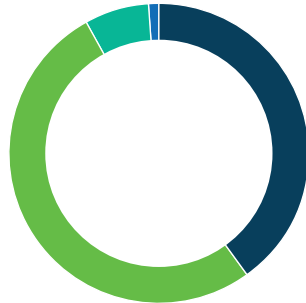


# Investment review

Figure 11

## Further portfolio metrics – exposures at 30 June 2024

### By geography<sup>(1)</sup>



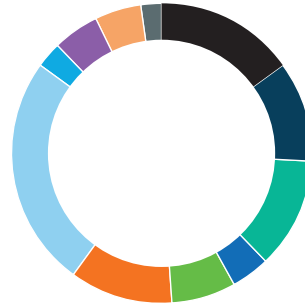
◆ **North America**  
40%

◆ **Europe**  
52%

◆ **Asia Pacific**  
7%

◆ **Latin America**  
1%

### By exposure<sup>(2)</sup>



◆ **Westbourne River Partners<sup>(i)</sup>**  
15%

◆ **LCM<sup>(i)</sup>**  
11%

◆ **BGO<sup>(i)</sup>**  
12%

◆ **Acasta Partners<sup>(i)</sup>**  
4%

◆ **External<sup>(ii)</sup>**  
7%

◆ **Direct balance sheet<sup>(iii)</sup>**  
11%

◆ **Equitix<sup>(iii)</sup>**  
25%

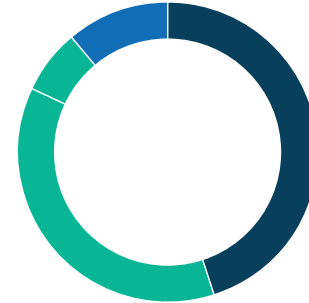
◆ **Tetragon Credit Partners<sup>(i)</sup>**  
3%

◆ **Hawke's Point<sup>(i)</sup>**  
5%

◆ **Banyan Square<sup>(i)</sup>**  
5%

◆ **Contingency Capital<sup>(i)</sup>**  
2%

### By investment



◆ **GP**  
45%

◆ **LP Internal**  
37%

◆ **LP External**  
7%

◆ **Direct**  
11%

### Currency exposure

Tetragon is a U.S. dollar-based fund and reports all its metrics in U.S. dollars. During 2024, all investments denominated in other currencies were hedged to U.S. dollars, except for some of the GBP-denominated exposure in Equitix.

#### Notes

(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. In 'private equity in asset management companies', LCM, Tetragon Credit Partners, Banyan Square Partners, and Contingency Capital are treated as 100% North America; Acasta Partners as 80% Europe and 20% North America; BGO as 66% North America, 24% Europe, 10% Asia-Pacific; Westbourne River Partners and Equitix as 100% Europe; and Hawke's Point as 100% Asia-Pacific.

(2) Assumptions for "By Exposure": (i) Exposure represents the net asset value of the private equity position in the relevant asset management company and investments in funds/accounts managed by that asset management company. (ii) Exposure represents the net asset value of investments. (iii) 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 2024 year-to-date financial highlights, and *pro forma* statements of comprehensive income and financial position.

Financial  
highlights  
42

*Pro forma* statement of  
comprehensive income  
43

*Pro forma* statement of  
comprehensive income  
43



# Financial highlights

Figure 12

### Financial highlights through H1 2022 – H1 2024

	H1 2024	H1 2023	H1 2022
Reported GAAP Net Income (\$MM)	\$32.3	\$41.2	(\$149.5)
Adjusted Net Income (\$MM)	\$37.0	\$45.8	(\$144.7)
Reported GAAP EPS	\$0.38	\$0.47	(\$1.68)
Adjusted EPS	\$0.44	\$0.52	(\$1.62)
Return on Equity	1.3%	1.7%	-5.0%
Net Assets (\$MM)	\$2,821.9	\$2,768.9	\$2,674.1
IFRS Number of Shares Outstanding (MM)	80.0	84.1	87.3
NAV Per Share	\$35.83	\$32.94	\$30.65
Fully Diluted Shares Outstanding (MM)	89.6	92.4	93.5
Fully Diluted NAV Per Share	\$31.50	\$29.97	\$28.59
NAV Per Share Total Return	1.9%	1.7%	-3.5%
DPS	\$0.22	\$0.22	\$0.22

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

- **Adjusted Net Income (\$37.0 million):** Please see Figure 13 for more details and a breakdown of the Adjusted Net Income.
- **Return on Equity (1.3%):** Adjusted Net Income (\$37.0 million) divided by Net Assets at the start of the year (\$2,825.4 million).
- **Fully Diluted Shares Outstanding (89.6 million):** Adjusts the IFRS shares outstanding (80.0 million) for various dilutive factors (9.6 million shares). Please see Figure 21 for more details.
- **Adjusted EPS (\$0.44):** Calculated as Adjusted Net Income (\$37.0 million) divided by the time-weighted average IFRS shares during the period (84.8 million).
- **Fully Diluted NAV Per Share (\$31.50):** Calculated as Net Assets (\$2,821.9 million) divided by Fully Diluted Shares Outstanding (89.6 million).



Figure 13

**Pro forma statement of comprehensive income H1 2023 – H1 2024**

	H1 2024 (\$M)	H1 2023 (\$M)
Net gain on financial assets at fair value through profit or loss	72.6	108.6
Net loss on derivative financial assets and liabilities	(0.5)	(28.1)
Net foreign exchange gain	0.4	1.3
Interest income	0.5	1.5
<b>Investment income</b>	<b>73.0</b>	<b>83.3</b>
Management and incentive fees	(21.0)	(20.9)
Other operating and administrative expenses	(3.5)	(4.9)
Interest expense	(11.5)	(11.7)
<b>Total operating expenses</b>	<b>(36.0)</b>	<b>(37.5)</b>
<b>Adjusted Net Income</b>	<b>37.0</b>	<b>45.8</b>

For H1 2024, 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 \$4.7 million (H1 2023: \$4.6 million). This adjustment is consistent with how Adjusted Net Income has been determined in prior periods.

No incentive fee was expensed or remains outstanding for H1 2023.

Figure 14

**Pro forma statement of financial position**

as at 30 June 2024 and 31 December 2023

	30 June 2024 (\$M)	31 December 2023 (\$M)
<b>ASSETS</b>		
Investments	3,138.7	3,065.7
Derivative financial assets	3.1	5.1
Other receivables	4.4	4.7
Amounts due from brokers	4.2	7.2
Cash and cash equivalents	7.0	23.1
<b>Total assets</b>	<b>3,157.4</b>	<b>3,105.8</b>
<b>LIABILITIES</b>		
Loans and borrowings	(300.0)	(250.0)
Derivative financial liabilities	(0.6)	(8.3)
Amounts due to brokers	(29.8)	-
Other payables and accrued expenses	(5.1)	(22.1)
<b>Total liabilities</b>	<b>(335.5)</b>	<b>(280.4)</b>
<b>NET ASSETS</b>	<b>2,821.9</b>	<b>2,825.4</b>

# Other information

This section provides further detail about the business including TFG Asset Management, and details on historical share repurchases and distributions.

**TFG Asset  
Management**  
46

**Share repurchases  
& distributions**  
52

**Share reconciliation  
& shareholdings**  
53

**Certain regulatory  
information**  
54

**Equity-based employee  
compensation plans**  
55

**Shareholder  
information**  
56



## Other information

# TFG Asset Management

TFG Asset Management<sup>(1)</sup> 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

535

Employees  
(Excluding BGO)

\$40Bn

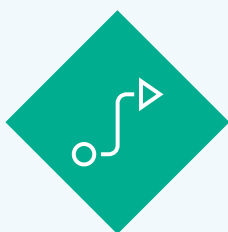
Assets under  
management<sup>(2)</sup>  
30 June 2024

## Delivering for Tetragon

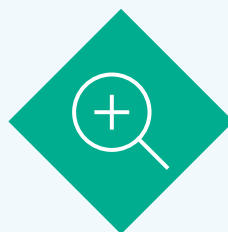


### Growth

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 (\$82.3 billion). Equitix AUM uses the USD-GBP exchange rate at 30 June 2024. 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 \$2.0 billion at 30 June 2024.

## Other information

Figure 15

	LCM	 BGO	 Westbourne River Partners	 ACASTA
<b>Established</b>	2001	2010	2002	2009
<b>Joined Tetragon</b>	2009	2010	2012	2012
<b>Strategies</b>	U.S. CLOs	Global real estate funds	Event-driven equities	Multi-disciplinary
<b>Description</b>	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 multidisciplinary approach to investing.
<b>AUM at 30 Jun 2024 (\$Bn)<sup>(1)</sup></b>	\$9.8	\$10.6	\$0.8	\$1.1
<b>Percentage Tetragon ownership</b>	100%	13%	100% <sup>(2)</sup>	Non-controlling interest <sup>(3)</sup>
<b>Average fund duration</b>	10-12 years <sup>(2)</sup>	7-10 years	Quarterly liquidity	Quarterly liquidity





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

**Reade Griffith**

Chief Investment Officer

					
<b>Established</b>	2007	2014	2015	2019	2020
<b>Joined Tetragon</b>	2015	2014	2015	2019	2020
<b>Strategies</b>	Infrastructure funds	Resource finance	Structured credit	Private equity	Legal assets
<b>Description</b>	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 multi-product global asset management business that sponsors and manages investment funds focused on credit-oriented legal assets.
<b>AUM at 30 Jun 2024 (\$Bn)<sup>(1)</sup></b>	\$13.9	\$0.2	\$0.9	\$0.1	\$0.9
<b>Percentage Tetragon ownership</b>	75%	100%	100%	100%	Non-controlling interest <sup>(4)</sup>
<b>Average fund duration</b>	25 years	Not applicable	10 years	Not applicable	7 years

(1) AUM as calculated by the applicable fund administrators at 30 June 2024 includes, where relevant, investments by Tetragon. The AUM for BGO represents Tetragon's *pro rata* share (12.86%) of BGO AUM (\$82.3 billion). Currently, LCM manages loan assets exclusively through CLOs, which are long-term, multi-year investment vehicles.

(2) 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.

(3) 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.

(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.

# Other information

Figure 16

## TFG Asset Management AUM by business at 30 June 2024

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



Figure 17

## TFG Asset Management AUM at 30 June 2024

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

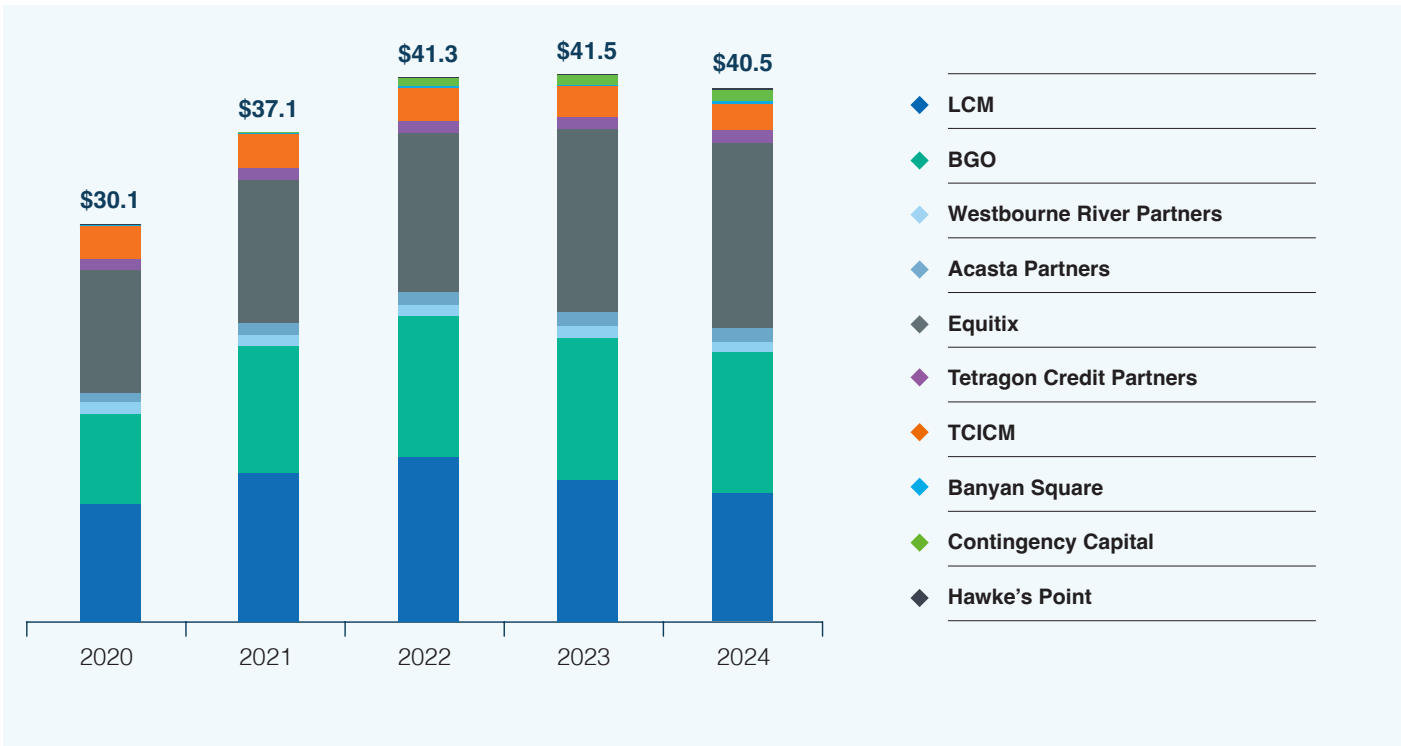


Figure 18

**TFG Asset Management *pro forma* statement of operations<sup>(i)</sup>**

	H1 2024 (\$M)	H1 2023 (\$M)	H1 2022 (\$M)
Management fee income	88.7	89.8	80.6
Performance and success fees <sup>(ii)</sup>	18.0	16.7	20.7
Other fee income	23.4	19.2	13.4
Distributions from BGO	9.5	9.4	10.1
Interest income	2.8	0.6	2.8
<b>Total income</b>	<b>142.4</b>	<b>135.7</b>	<b>127.6</b>
Operating, employee and administrative expenses	(99.9)	(91.9)	(86.4)
Non-TFG Asset Management owned interest	(13.3)	(10.0)	(8.9)
<b>Net income – "EBITDA equivalent"</b>	<b>29.2</b>	<b>33.8</b>	<b>32.3</b>

- (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 H1 2024, this included \$6.5 million of management fees (H1 2023: \$6.3 million) and \$1.7 million of performance and success fees (H1 2023: \$0.6 million). BGO's contribution has been captured by including the distributions that it has made to TFG Asset Management.

- **EBITDA:** In H1 2024, TFG Asset Management's EBITDA was \$29.2 million; \$4.5 million lower than in H1 2023, with higher costs slightly outweighing the increase in income growth.
- **Management fee income:** Management fee income reduced marginally by 1% year-on-year, or \$1.1 million. Of note, LCM reduced by \$3.3 million as older deals amortised down in the period. This was offset by AUM growth across Acasta Partners, Contingency Capital and Equitix.
- **Performance and success fees:** Overall, this category was up \$1.3 million on the prior year, driven primarily by an increase in performance fee income earned in aggregate by the hedge funds and Contingency Capital, offset by a decrease

in fee income earned by Equitix funds. As noted previously, unlike management fee income, performance and success fees can be quite volatile in nature and subject to timing differences.

- **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 fee income continues to be the main driver, and this increased year-on-year.
- **Distributions from BGO:** Distributions from BGO reflect (i) quarterly fixed distributions, (ii) quarterly variable distributions and (iii) distributions of carried interest. An increase in the quarterly variable distributions was partially offset by lower carry receipts.
- **Operating expenses:** Operating expenses increased by \$7.9 million (9%) versus H1 2023. This was driven by an increase in headcount as existing businesses added additional investment and operational capability.

# Share repurchases and distributions

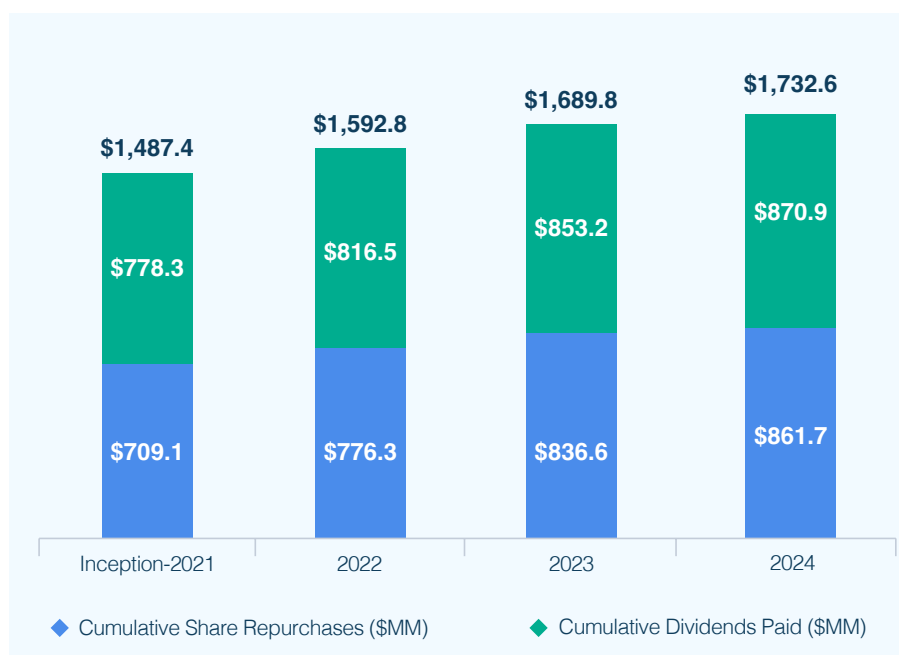
Figure 19

## Share repurchase and dividends history (\$M)

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
<b>2024</b>	<b>\$25.1</b>	<b>\$861.7</b>	<b>\$17.7</b>	<b>\$870.9</b>
<b>TOTAL</b>	<b>\$861.7</b>		<b>\$870.9</b>	

Figure 20

The below graph shows cumulative historical share repurchases and dividends distributed by Tetragon from inception to 30 June 2024 in millions of U.S. dollars.<sup>(i)</sup>



### 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 21

## IFRS to Fully Diluted Shares reconciliation

	Shares at 30 June 2024 (millions)
<b>Legal Shares Issued and Outstanding</b>	<b>139.7</b>
Less: Shares Held in Treasury	49.7
Less: Total Escrow Shares <sup>(1.i)</sup>	10.0
<b>IFRS Number of Shares Outstanding</b>	<b>80.0</b>
Add: Dilution for equity-based awards <sup>(1.ii)</sup>	9.6
<b>Fully Diluted Shares Outstanding</b>	<b>89.6</b>

(1) (i) The Total Escrow Shares of 10.0 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 55 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 30 June 2024, the following persons own (directly or indirectly) interests in shares in Tetragon in the amounts set forth below:

Figure 22

Individual	Shareholding at 30 June 2024
Mr Reade Griffith	18,229,758
Mr Paddy Dear	5,835,943
Mr David O'Leary	63,769
Mr Steven Hart	32,731
Mr Deron Haley	32,731
Other Tetragon/TFG Asset Management Employees	8,424,267
Equity-based awards <sup>(2)</sup>	3,012,086

(2) 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 55 for further details.

## Certain regulatory information

This Half-Yearly 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 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](http://www.tetragoninv.com)).

An investment in Tetragon involves substantial risks. Please refer to the company's website at [www.tetragoninv.com](http://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 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 programmes 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 2024, TFG Asset Management entered into employment agreements with Reade Griffith and Paddy Dear, which include provisions for certain cash payments and grants of non-voting Tetragon shares and Phantom Share Units. Please see Note 10 'Related-Party Transactions' on page 77 for details of the arrangements.

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 Tetragon.

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 30 June 2024, approximately 9.6 million shares were included in the Fully Diluted Share count.

# Shareholder information

## Registered Office of Tetragon

Tetragon Financial Group Limited  
Mill Court, La Charroterie  
St. Peter Port, Guernsey  
Channel Islands GY1 1EJ

## Investment Manager

Tetragon Financial Management LP  
399 Park Avenue, 22nd Floor  
New York, NY 10022  
United States of America

## General Partner of the Investment Manager

Tetragon Financial Management GP LLC  
399 Park Avenue, 22nd Floor  
New York, NY 10022  
United States of America

## Investor Relations

Yuko Thomas  
ir@tetragoninv.com

## Press Inquiries

Prosek Partners  
pro-tetragon@prosek.com

## Auditors

KPMG Channel Islands Limited  
Glategny Court,  
Glategny Esplanade  
St. Peter Port, Guernsey  
Channel Islands GY1 1WR

## Sub-Registrar and CREST Transfer Agent

Computershare Investor Services  
(Guernsey) Limited  
1st Floor, Tudor House  
Le Bordage  
St. Peter Port  
Guernsey GY1 1DB  
Channel Islands

**Legal Advisor (as to U.S. law)**

Covington & Burling LLP  
 The New York Times Building  
 620 Eighth Avenue  
 New York, NY 10018-1405  
 United States of America

**Legal Advisor (as to Guernsey law)**

Walkers (Guernsey) LLP  
 Block B, Helvetia Court  
 Les Echelons  
 St. Peter Port  
 Guernsey GY1 1AR  
 Channel Islands

**Legal Advisor (as to Dutch law)**

De Brauw Blackstone Westbroek N.V.  
 Claude Debussylaan 80  
 1082 MD Amsterdam  
 The Netherlands

**Stock Listing**

Euronext in Amsterdam, a regulated market of Euronext Amsterdam

London Stock Exchange  
 (Specialist Fund Segment)

**Administrator and Registrar**

TMF Group Fund Services  
 (Guernsey) Limited  
 Top Floor  
 Mill Court, La Charroterie  
 St. Peter Port  
 Guernsey GY1 1EJ  
 Channel Islands

Unaudited condensed

# Financial statements

Consolidated statement  
of financial position

60

Consolidated statement  
of comprehensive income

61

Consolidated statement  
of changes in equity

62

Consolidated statement  
of cash flows

63

Notes to the  
financial statements

64



# Consolidated statement of financial position

As of	Note	30 Jun 2024 \$M	31 Dec 2023 \$M
<b>Assets</b>			
Non-derivative financial assets at fair value through profit or loss	4	3,138.7	3,065.7
Derivative financial assets	4	3.1	5.1
Other receivables and prepayments		4.4	4.7
Amounts due from brokers		4.2	7.2
Cash and cash equivalents		7.0	23.1
<b>Total assets</b>		<b>3,157.4</b>	<b>3,105.8</b>
<b>Liabilities</b>			
Loans and borrowings	5	300.0	250.0
Derivative financial liabilities	4	0.6	8.3
Other payables and accrued expenses		5.1	22.1
Amount due to brokers		29.8	-
<b>Total liabilities</b>		<b>335.5</b>	<b>280.4</b>
<b>Net assets</b>		<b>2,821.9</b>	<b>2,825.4</b>
<b>Equity</b>			
Share capital		0.1	0.1
Other equity		709.6	722.3
Share-based compensation reserve		69.1	71.0
Retained earnings		2,043.1	2,032.0
		<b>2,821.9</b>	<b>2,825.4</b>
<b>Shares outstanding</b>		<b>Million</b>	<b>Million</b>
Number of shares	7	80.0	81.2
<b>Net Asset Value (NAV) Per Share (\$)</b>		<b>35.29</b>	<b>34.79</b>

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: 31 July 2024



## Consolidated statement of comprehensive income

For the six months ended	Note	30 Jun 2024 \$M	30 Jun 2023 \$M
Net gain on non-derivative financial assets at fair value through profit or loss		72.6	108.6
Net loss on derivative financial assets and liabilities		(0.5)	(28.1)
Net gain on foreign exchange		0.4	1.3
Interest income		0.5	1.5
<b>Total income</b>		<b>73.0</b>	<b>83.3</b>
Management fees		(21.0)	(20.9)
Legal and professional fees		(1.9)	(2.7)
Share-based employee compensation		(4.7)	(4.6)
Audit fees		(0.4)	(0.4)
Other operating expenses and administrative expenses		(1.2)	(1.8)
<b>Operating expenses</b>		<b>(29.2)</b>	<b>(30.4)</b>
<b>Operating profit before finance costs</b>		<b>43.8</b>	<b>52.9</b>
Finance costs		(11.5)	(11.7)
<b>Gain and total comprehensive income for the period</b>		<b>32.3</b>	<b>41.2</b>
<b>Earnings per share</b>		<b>\$</b>	<b>\$</b>
Basic	11	0.38	0.47
Diluted	11	0.36	0.44
<b>Weighted average shares outstanding</b>		<b>Million</b>	<b>Million</b>
Basic	11	84.8	87.7
Diluted	11	90.4	94.1

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
<b>As at 1 January 2024</b>	<b>0.1</b>	<b>722.3</b>	<b>2,032.0</b>	<b>71.0</b>	<b>2,825.4</b>
Gain and total comprehensive income for the period	-	-	32.3	-	32.3
<b>Transactions with owners recognised directly in equity</b>					
Shares released from escrow	-	6.6	-	(6.6)	-
Dividends on shares released from escrow	-	3.4	(3.4)	-	-
Share-based compensation	-	-	-	4.7	4.7
Cash dividends	-	-	(10.8)	-	(10.8)
Stock dividends	-	7.0	(7.0)	-	-
Purchase of treasury shares	-	(29.7)	-	-	(29.7)
<b>As of 30 June 2024</b>	<b>0.1</b>	<b>709.6</b>	<b>2,043.1</b>	<b>69.1</b>	<b>2,821.9</b>

<b>As of 1 January 2023</b>	<b>0.1</b>	<b>768.7</b>	<b>1,928.0</b>	<b>61.7</b>	<b>2,758.5</b>
Gain and total comprehensive income for the period	-	-	41.2	-	41.2
<b>Transactions with owners recognised directly in equity</b>					
Share-based compensation	-	-	-	4.6	4.6
Cash dividends	-	-	(10.3)	-	(10.3)
Stock dividends	-	8.3	(8.3)	-	-
Purchase of treasury shares	-	(25.1)	-	-	(25.1)
<b>As of 30 June 2023</b>	<b>0.1</b>	<b>751.9</b>	<b>1,950.6</b>	<b>66.3</b>	<b>2,768.9</b>

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

# Consolidated statement of cash flows

For the six months ended	30 Jun 2024 \$M	30 Jun 2023 \$M
<b>Operating activities</b>		
Profit for the period	32.3	41.2
<b>Adjustments for:</b>		
Gains on investments and derivatives	(72.1)	(80.5)
Share-based compensation	4.7	4.6
Interest income	(0.4)	(1.5)
Finance costs	11.5	11.7
<b>Operating cash flows before movements in working capital</b>	<b>(24.0)</b>	<b>(24.5)</b>
Decrease/(increase) in receivables	0.4	(0.4)
Decrease in payables	(17.0)	(26.5)
Decrease/(increase) in amounts due from brokers	3.0	(13.3)
Increase/(decrease) in amounts due to brokers	29.8	(68.0)
<b>Cash flows from operations</b>	<b>(7.8)</b>	<b>(132.7)</b>
Proceeds from sale/prepayment/maturity of investments	200.3	135.7
Net (payments)/receipts for derivative financial instruments	(6.2)	2.8
Purchase of investments	(200.8)	(135.4)
Cash interest received	0.4	1.5
<b>Net cash used in operating activities</b>	<b>(14.1)</b>	<b>(128.1)</b>
<b>Financing activities</b>		
Repayment of loans and borrowings	(50.0)	(100.0)
Proceeds from loans and borrowings	100.0	285.0
Finance costs paid	(11.5)	(11.7)
Purchase of treasury shares	(29.7)	(25.1)
Dividends paid to shareholders	(10.8)	(10.3)
<b>Net cash (used)/generated from financing activities</b>	<b>(2.0)</b>	<b>137.9</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16.1)</b>	<b>9.8</b>
Cash and cash equivalents at beginning of period	23.1	21.7
<b>Cash and cash equivalents at end of period</b>	<b>7.0</b>	<b>31.5</b>

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 Significant accounting policies

### Basis of preparation

The unaudited condensed consolidated financial statements of the Fund (the Financial Statements) have been prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the European Union, and give a true and fair view. The same accounting policies, presentation and methods of computation have been followed in these financial statements as were applied in the preparation of the Fund's audited financial statements for the year ended 31 December 2023.

The unaudited condensed consolidated financial statements do not contain all the information and disclosures required in a full set of annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Fund for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are presented in United States Dollars (USD or \$), which is the functional currency of the company, expressed in USD millions (unless otherwise stated).

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 was formed in July 2020 to hold the collateral for the revolving credit facility. The 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 the 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 fair value through profit or loss (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 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.

### Note 3 Significant accounting judgements, estimates and assumptions

As explained in the audited consolidated financial statements for the year ended 31 December 2023, the following areas contain a higher degree of judgement, assumptions or estimates that are significant to the financial statements:

- Investment entity status
- Measurement of fair values (see 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 30 June 2024:

Non-derivative financial assets at FVTPL	Level 1	Level 2	Level 3	Total fair value
	\$M	\$M	\$M	\$M
TFG Asset Management	-	-	1,419.9	1,419.9
Investment funds and vehicles	-	701.0	604.1	1,305.1
Listed stock	190.8	-	-	190.8
CLO equity tranches <sup>(1)</sup>	-	-	103.2	103.2
CLO debt tranches <sup>(1)</sup>	-	5.2	-	5.2
Unlisted stock	-	-	114.5	114.5
<b>Total non-derivative financial assets at FVTPL</b>	<b>190.8</b>	<b>706.2</b>	<b>2,241.7</b>	<b>3,138.7</b>
<b>Derivative financial assets</b>				
Currency options (asset)	-	0.8	-	0.8
Contracts for difference (assets)	-	0.5	-	0.5
Forward foreign exchange contracts (asset)	-	1.8	-	1.8
<b>Total derivative financial assets</b>	<b>-</b>	<b>3.1</b>	<b>-</b>	<b>3.1</b>
<b>Derivative financial liabilities</b>				
Contracts for difference (liability)	-	(0.1)	-	(0.1)
Forward foreign exchange contracts (liability)	-	(0.5)	-	(0.5)
<b>Total derivative financial liabilities</b>	<b>-</b>	<b>(0.6)</b>	<b>-</b>	<b>(0.6)</b>

(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 2023:

<b>Non-derivative financial assets at FVTPL</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
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 <sup>(1)</sup>	-	-	129.5	129.5
CLO debt tranches <sup>(1)</sup>	-	3.8	-	3.8
Unlisted stock	-	2.7	111.7	114.4
Corporate bonds	-	15.7	-	15.7
<b>Total non-derivative financial assets at FVTPL</b>	<b>190.4</b>	<b>695.5</b>	<b>2,179.8</b>	<b>3,065.7</b>
<b>Derivative financial assets</b>				
Currency options (asset)	-	2.2	-	2.2
Forward foreign exchange contracts (asset)	-	2.9	-	2.9
<b>Total derivative financial assets</b>	<b>-</b>	<b>5.1</b>	<b>-</b>	<b>5.1</b>
<b>Derivative financial liabilities</b>				
Contracts for difference (liability)	-	(0.1)	-	(0.1)
Forward foreign exchange contracts (liability)	-	(8.2)	-	(8.2)
<b>Total derivative financial liabilities</b>	<b>-</b>	<b>(8.3)</b>	<b>-</b>	<b>(8.3)</b>

(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 period from 1 January 2023 to 30 June 2024.

#### 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 as of 30 June 2024.

	CLO equity tranches \$M	Unlisted stock \$M	Investment funds and vehicles \$M	TFG Asset Management \$M	Total \$M
<b>Balance as of 1 January 2024</b>	<b>129.5</b>	<b>111.7</b>	<b>593.2</b>	<b>1,345.4</b>	<b>2,179.8</b>
Additions	4.1	5.0	54.2	16.6	79.9
Proceeds	(18.3)	(7.5)	(33.6)	(33.2)	(92.6)
Net gains/(losses) through profit or loss	(12.1)	5.3	(9.7)	91.1	74.6
<b>Balance as of 30 June 2024</b>	<b>103.2</b>	<b>114.5</b>	<b>604.1</b>	<b>1,419.9</b>	<b>2,241.7</b>
Change in unrealised gains/(losses) through profit or loss for assets held at year end	(13.6)	5.3	(12.1)	62.9	42.5

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

	CLO equity tranches \$M	Unlisted stock \$M	Investment funds and vehicles \$M	TFG Asset Management \$M	Total \$M
<b>Balance as of 1 January 2023</b>	<b>170.2</b>	<b>64.5</b>	<b>570.6</b>	<b>1,343.3</b>	<b>2,148.6</b>
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
<b>Balance as of 31 December 2023</b>	<b>129.5</b>	<b>111.7</b>	<b>593.2</b>	<b>1,345.4</b>	<b>2,179.8</b>
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

## 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 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 of 30 June 2024, 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. As of 30 June 2024, a discount rate of 12% (31 December 2023: 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 16.5% (31 December 2023: 16.7%). If the deal is past six months from the end of its reinvestment period, a discount rate of 14% (31 December 2023: 15%) is applied.

Constant Annual Default Rate (CADR)	3.0% up to 30 June 2025, 2.4% thereafter (2023: 3.0% up to 31 December 2024, 2.4% thereafter), 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% (2023: 65% up to 31 December 2024, 70% thereafter).
Prepayment Rate	20% (2023: 20%), the original base-case prepayment rate with a 0% prepayment rate (2023: 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 assets consist of 100% U. S. syndicated loans with an effective spread over Term SOFR of 379 bps (2023: 379 bps).

### Sensitivity analysis

The discount rate used has a significant impact on 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:

	30 Jun 2024 \$M	31 Dec 2023 \$M
-1% discount rate	2.7	3.3
+1% discount rate	(2.5)	(3.2)

# 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 Partners. 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 of LCM while a 70/30 DCF/Market Multiple weighting is applied to Equitix. Westbourne River Partners, Acasta Partners, Tetragon Credit Partners and Contingency Capital are valued using 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.

### 30 June 2024

Investment	Fair value \$M	AUM (billion)	Valuation methodology	Significant unobservable inputs				
				WACC	EV/ EBITDA Multiple	DLOL	Control premium	Forecast 5Y CAGR
Equitix	794.5	GBP 11.0	DCF and Market Multiples	10.5%	10.5x	10%	20%	9.4% (AUM)
BGO	287.0	\$10.6	DCF (sum-of-the-parts)	5.2% - 11.5%	NA	5-15%	NA	15.0% (EBITDA)
LCM	243.8	\$9.8	DCF and Market Multiples	10.75%	11.6x	15%	20%	9.3% (AUM)
Other asset managers	94.6	\$6.6	DCF, replacement cost	11% - 13%	NA	15-20%	NA	8.7% (AUM)

### 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)

# Notes to the financial statements

## Sensitivity analysis

30 June 2024

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	84.4	(66.2)	26.3	(25.4)	42.2	(42.2)	11.0	(11.0)	12.2	(12.6)
BGO	5.9	(5.7)	NA	NA	15.9	(15.9)	NA	NA	8.8	(9.6)
LCM	14.3	(11.3)	13.1	(13.1)	12.9	(12.9)	6.2	(6.2)	5.4	(5.4)
Other asset managers	7.8	(6.6)	NA	NA	5.5	(5.5)	NA	NA	9.6	(9.4)

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)

### 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 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 / 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 \$60.4 million (31 December 2023: \$59.3 million). A decrease in the NAV of the unlisted investment funds will have an equal and opposite effect.

### Unlisted stock

As of 30 June 2024, the Level 3 unlisted stock includes the following investments in private companies.

Investment number	Fair value (\$M)		Valuation methodology
	30 Jun 2024	31 Dec 2023	
1	101.7	103.8	Valued using two different prices. A part of the holding, \$7.3 million, is subject to tender offer and has been valued utilising the tender offer price. The rest of the shares are valued using the weighted average transaction price in the secondary market.
2	7.5	7.5	Transaction price
3	5.0	n/a	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 \$5.7 million (31 December 2023: \$5.6 million). A 5% decrease will have an equal but opposite effect on the net assets and profits.

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.

### Listed stock

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

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.

### 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.

#### 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.

### 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,

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 Credit facility

The Fund has access to a \$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 incurred interest at a rate of 3M Term SOFR plus a spread of 3.40%.

	30 Jun 2024 \$M	30 Jun 2023 \$M
Drawn balance at start of the period	250.0	115.0
Interest and fees expensed	11.5	11.7
Interest and fees paid	(11.5)	(11.7)
Drawdowns	100.0	285.0
Repayments	(50.0)	(100.0)
<b>Drawn balance at the end of the period</b>	<b>300.0</b>	<b>300.0</b>

## Note 6 Incentive fee

There was no incentive fee for the period ended 30 June 2024 (H1 2023: nil) and none remains outstanding (31 December 2023: \$16.3 million).

## Note 7

### Share capital

Share transactions	Voting shares no.	Non-voting shares* no. M	Treasury shares no. M	Shares held in escrow no. M
Shares in issue as of 1 January 2023	10	85.6	43.8	10.3
Stock dividends	-	1.3	(1.8)	0.5
Shares purchased during the year	-	(5.7)	5.7	-
<b>Shares in issue at 31 December 2023</b>	<b>10</b>	<b>81.2</b>	<b>47.7</b>	<b>10.8</b>
Stock dividends	-	0.7	(0.9)	0.2
Issued through release of tranche of escrow shares	-	1.0	-	(1.0)
Shares purchased during the period	-	(2.9)	2.9	-
<b>Shares in issue as of 30 June 2024</b>	<b>10</b>	<b>80.0</b>	<b>49.7</b>	<b>10.0</b>

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

#### Treasury shares and share repurchases

Treasury shares of non-voting shares consist of 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.

In April 2024, under the terms of “modified Dutch auctions”, the Fund accepted for purchase approximately 2.4 million (H1 2023: 2.3 million) non-voting shares at an aggregate cost of \$25.1 million (H1 2023: \$25.1 million), including applicable fees and expenses of \$0.1 million (H1 2023: \$0.1 million).

# Notes to the financial statements

## Note 8 Dividends

	30 Jun 2024 \$M	31 Dec 2023 \$M
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
Quarter ended 31 December 2023 of \$0.1100 per share	9.0	-
Quarter ended 31 March 2024 of \$0.1100 per share	8.7	-
<b>Total</b>	<b>17.7</b>	<b>37.1</b>

The second quarter dividend of \$0.1100 per share was approved by the Directors on 31 July 2024 and has not been included as a liability in these financial statements.

## Note 9 Contingencies and commitments

The Fund has the following unfunded commitments:

	30 Jun 2024 \$M	31 Dec 2023 \$M
BGO investment vehicles	29.3	27.4
Private equity funds	30.8	32.4
Working capital loan commitments to TFG Asset Management	23.9	1.6
Contingency Capital fund	21.8	27.9
Tetragon Credit Income IV	6.1	6.1
<b>Total</b>	<b>111.9</b>	<b>95.4</b>

## Note 10

### Related-party transactions

There were no material changes in the transactions or arrangements with related parties as described in the audited financial statements for the year ended 31 December 2023 that would have a material effect on the financial position or performance of the Fund for the period ended 30 June 2024.

Reade Griffith, Paddy Dear, David O'Leary, Steven Hart, and Deron Haley, all Directors of the Fund during the period, maintained (directly or indirectly) interests in shares of the Fund as of 30 June 2024, with interests of 16,825,569, 5,835,943, 63,769, 32,731 and 32,731 shares respectively (31 December 2023: 16,500,187, 5,676,316, 61,596, 31,889 and 31,889 shares, respectively).

As part of the acquisition of TFG Asset Management by Tetragon in 2012, Reade Griffith and Paddy Dear were granted Tetragon non-voting shares which vested between 2015 and 2017.

For Mr Griffith, this arrangement was replaced by an employment agreement entered into in July 2019, which covered his services to TFG Asset Management for the period through June 30 2024 and included provisions for certain cash payments and grants of non-voting Tetragon shares. Under the terms of this agreement Mr Griffith received / will receive the following:

- \$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;
- 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 five, six and seven.

At the time, Mr Dear planned to take on a reduced role at Tetragon and TFG Asset Management, and therefore did not enter into an employment agreement himself.

In July 2024, TFG Asset Management entered into an employment agreement with each of Mr Griffith and Mr Dear that covers their respective services to TFG Asset Management for the period through June 30 2029. In Mr Griffith's case, TFG Asset Management entered into this agreement to replace the arrangement described immediately above. In Mr Dear's case, TFG Asset Management entered into this agreement due to a desire to increase Mr Dear's level of involvement with TFG Asset Management. Mr Griffith is a Founder and Principal of TFG Asset Management and is its Chief Investment Officer as well as the Chief Investment Officer of Westbourne River Partners (in addition to

other roles). Paddy Dear is a Founder and Principal of TFG Asset Management (in addition to other roles).

Under the terms of his agreement, Mr Griffith will receive the following:

- \$10 million in cash for five years to June 30 2029;
- 625,000 Phantom Share Units (PSUs) vesting annually and ratably over the term of the agreement, with the value of each PSU indexed to the average Tetragon share price on Euronext Amsterdam during the five business days preceding the vesting date, plus dividend equivalents, which such vested PSUs will be settled in cash; and
- between zero and an additional 2.5 million Tetragon non-voting shares – with the number of shares based on agreed-upon investment performance criteria – vesting in years five, six and seven.

Under the terms of this agreement, Mr Dear will receive the following:

- \$2 million in cash *per annum* for five years to June 30 2029;
- 150,000 PSUs vesting annually and ratably over the term of the agreement, with the value of each PSU indexed to the average Tetragon share price on Euronext Amsterdam during the five business days preceding the vesting date, plus dividend equivalents, which such vested PSUs will be settled in cash; and
- between zero and an additional 500,000 Tetragon non-voting shares – with the number of shares based on agreed-upon investment performance criteria – vesting in years five, six and seven.

All of the Tetragon non-voting shares and PSUs (including any cash payments made in connection therewith) covered by the employment agreements are subject to forfeiture conditions. The shares will be 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.

# Notes to the financial statements

## Note 11 Earnings per share

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

	Period ended 30 Jun 2024 \$M	Period ended 30 Jun 2023 \$M
Earnings for the purposes of basic earnings per share being net profit attributable to shareholders for the period	32.3	41.2
Weighted average number of shares for the purposes of basic earnings per share	84.8	87.7
<b>Effect of dilutive potential shares</b>		
Share-based employee compensation – equity-based awards	5.6	6.4
<b>Weighted average number of shares for the purposes of diluted earnings per share</b>	<b>90.4</b>	<b>94.1</b>

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 the time-based share awards will be issued, 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 12 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 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 U.S. dollars. The Fund's investment geographical exposure is as follows:

Region	30 Jun 2024	31 Dec 2023
Europe	52%	50%
North America	40%	42%
Asia-Pacific	7%	7%
Latin America	1%	1%

## Note 13 Subsequent events

The Directors have evaluated the period up to 31 July 2024, which is the date that the financial statements were approved. The Directors have concluded that there are no material events, other than the ones mentioned in the relevant notes, that require disclosure or adjustment to the financial statement.

## Note 14 Approval of financial statements

The Directors approved and authorised for issue the financial statements on 31 July 2024.

