



TETRAGON PARTNERS UK LLP

MIFIDPRU 8 DISCLOSURES

Updated for the year ended 31 December 2025

Contents

Introduction.....	3
Significant changes since last disclosure period	4
Risk Management Objectives and Policies.....	5
Governance Arrangements.....	8
Own Funds and Own Funds Threshold Requirements	9
Remuneration Policy and Practices.....	14
Quantitative Remuneration Disclosures.....	18

Introduction

This disclosure relates to Tetragon Partners UK LLP, or the **Firm**.

The Firm is authorised and regulated by the Financial Conduct Authority (**FCA**) of the United Kingdom and is a **MIFIDPRU firm** as defined in the FCA Rules.

The Firm is a non-SNI firm for the purposes of the rules in MIFIDPRU. As such, the Firm is required by MIFIDPRU to make specific disclosures relating to its:

- Risk Management Objectives and Policies;
- Governance Arrangements;
- Own Funds; and
- Remuneration Policy and Practices.

The Firm's governing body is its Managing Committee.

This document has been prepared by the Firm in accordance with the requirements of MIFIDPRU 8 and has been approved by the Managing Committee. Unless otherwise stated, all figures are as at the Firm's financial year-end being 31 December 2025.

Significant changes since last disclosure period

There have been no significant changes to the information disclosed since the Firm's last disclosure period.

Risk Management Objectives and Policies

This section describes the Firm's risk management objectives and policies for the applicable categories of risk below:

- Own Funds Requirement;
- Concentration Risk; and
- Liquidity Risk.

Business Strategy

The Firm is an investment manager which provides discretionary portfolio management services and related execution services to its clients pursuant to the terms of investment management agreements between the Firm and its clients. The Firm's clients, as defined in chapter 3.2 of the Conduct of Business Sourcebook of the FCA Handbook, include certain US affiliates. The Firm also serves as sub-investment manager to certain funds managed by its Affiliates, and managed accounts, for which it serves as discretionary investment manager.

The Firm is not permitted to deal with retail clients. It does not currently and has no plans to in the future deal with retail clients. The Firm does not trade using its own balance sheet and does not provide custody services to its client or hold any client money.

It is the conclusion of the Firm that the overall potential for client harm is low.

Own Funds Requirement

The Firm has identified the following risks of harm in respect of its strategy which relate to, and are intended to be addressed by, the Firm's Own Funds obligations. The manner in which the Firm manages and mitigates these risks of harm have also been identified below.

Risk of harm	Potential mitigants to risk of harm
Poor fund performance	- Investment strategy of each fund is decided by the CIOs. - Rigorous investment process including robust challenge from CIO. - Managing Committee monitors fund performance against a set of targets on a monthly basis.
Occurrence of unanticipated operating costs	- Ongoing budgeting and forecasts. - Monthly reviews. - Controls over spending.
Loss of a large investor in any hedge fund	- Largest external investor in any fund has less than 25% of the AUM, thereby reducing the exposure to any one investor.

	- Marketing strategy of the firm and funds is to spread the investor base so that there is a mix of fund and institutional investors.
Key person departure or loss of significant number of staff	- Extended notice for key staff with restrictive covenants. - Retention plan in place. - Compensation arrangements designed with retention in mind.

Concentration Risk

The potential for harm associated with the Firm's business strategy, based on the Firm's concentration risk, is low. The Firm's clients include certain US affiliates, as described in the business strategy section above. The largest external investor in any one fund has less than 25% of the AUM, and the Firm's cash deposits are maintained with a Tier 1 UK bank. All of the Firm's fund counterparties are linked and subject to the same controls as the Firm, with the Firm's Finance Team also servicing these fund entities.

Based on the above, the Firm has concluded that its overall concentration risk is low, including in stressed market conditions.

Liquidity Risk

The Firm is required to maintain sufficient liquidity within the business to meet its obligations and ensure that (i) there is no significant risk that its liabilities cannot be met and (ii) it has appropriate resources in the event of stress scenario.

The Firm has identified material risks of harm that could affect its liquidity position in the context of funding its ongoing business operations to determine its liquid assets threshold requirement. The relevant risks of harm that have been identified are: (i) insufficient controls over the Firm's assets and cash; (ii) insufficient cash to meet intra-day obligations; and (iii) assets cannot be converted to liquid assets with a reasonable time, including under stressed conditions.

Notwithstanding the above, based on the Firm's liquid assets threshold requirement, the potential for harm associated with the Firm's business strategy is low. The Firm retains an amount of liquidity it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions. Liquid assets are principally held in cash. The cash position is maintained above the minimum level to meet regulatory requirements and is monitored by the Portfolio Finance Team on a daily basis and by the Firm's Chief Financial Officer on a monthly basis.

The Firm has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this.

The Firm's approach to risk

Regarding the Firm's approach to risk generally, the Firm takes on risk in a considered manner in pursuit of its overall business model and strategy. The Managing Committee is committed to managing all the Firm's risks. The Managing Committee recognises that taking appropriate risk is necessary to operate a growing business. There is, however, no tolerance for breaches of applicable law or regulation with

respect to prudential requirements, regulatory and financial reporting, market abuse and financial crime, including fraud.

The Managing Committee has decided that the Firm's overall risk profile is limited because of its authorisations and business, which is further mitigated by its systems and controls. Namely, the Firm is a sub-investment manager and discretionary investment manager to its Affiliates and certain funds and managed accounts, and a service provider to its Affiliates. The Firm does not take custody of nor hold client money; it only conducts business with professional investors; and it does not take proprietary positions.

The Firm encourages all staff to identify, escalate and minimise risks as much as possible. The Firm has a conservative approach to tax and regulatory compliance risk and employs reputable external advisors that are specialised in those areas. The Firm defines "risk appetite" as the level of risk that the Managing Committee considers is acceptable for a given risk or group of risks. The assessment of risk takes into account the perceived or actual effectiveness of existing mitigating controls.

The Firm has considered whether there is any misalignment between its business strategy and its risk appetite. The Firm is comfortable that, in light of the comparatively stable and predictable levels of the Firm's fee income and expenditure, the business strategy is aligned with its risk appetite.

The Firm has also considered whether there are any material risks of misalignment between the Firm's business model and operating model and the interests of its clients and the wider financial markets. The Firm has concluded that there is no material risk of such misalignment.

Governance Arrangements

Overview

The Firm, as a MIFIDPRU Investment Firm, is subject to the organisational requirements in 4.3A.1 R of the Senior Management Arrangements, Systems and Controls Sourcebook of the FCA Handbook (SYSC). The Managing Committee has overall responsibility for the Firm and is therefore responsible for defining and overseeing the governance arrangements at the Firm.

The membership of the Managing Committee comprises senior managers and individuals who collectively have extensive knowledge and experience of all areas of the firm's business.

As part of the Firm's governance arrangements and structure, the Managing Committee defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm. These arrangements include ensuring that the Firm and its individual functions are adequately resourced and ensuring that there is appropriate segregation of duties and responsibilities in a manner that promotes the integrity of the market and the interests of clients.

The Managing Committee

The below table sets out the number of directorships held by each member of the Managing Committee:

Managing Member	Committee	Number of Directorships Held	
		Executive	Non-Executive
Member 1		N/A	N/A
Member 2		N/A	N/A
Member 3		N/A	N/A

Diversity of the Firm

In accordance with SYSC 4.3A.10 R, the Firm has in place a diversity, equity and inclusion policy which is applicable firmwide, including for the Managing Committee. The Firm is committed to an inclusive, collaborative workplace where people feel valued and empowered. By embracing diverse experiences and encouraging curiosity, the Firm fosters stronger thinking, innovation and growth, while operating to the highest legal and ethical standards.

Own Funds and Own Funds Threshold Requirements

Own Funds Requirement

The Firm is required to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the higher of the Firm's:

- **Permanent minimum capital requirement:** The level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permission to undertake, this number is set at £75,000;
- **K-Factor requirement:** The K-Factor requirement is intended to estimate a minimum amount of capital that the Firm would need for the ongoing operation of its business. The K-Factors that apply to the Firm's business are K-AUM, which is calculated on the basis of the Firm's assets under management, and K-DTF, which is calculated on the basis of daily trading flow handled by the Firm; and
- **Fixed Overheads Requirement (FOR):** The minimum amount of capital that the Firm would need to have to absorb losses if it had cause to wind down. The FOR is equal to one quarter of the Firm's relevant expenditure.

The Firm's own funds requirement is currently set by its FOR, as it is the highest of the three metrics.

The potential for harm associated with the Firm's business strategy, based on its own funds requirement, is low. The Firm manages and mitigates the risk of breach of its own funds requirements through various controls and by maintaining a surplus of own funds.

The Firm is subject to the disclosure requirements stipulated in MIFIDPRU 8.4.1 R. As such, the tables below set out:

- details of common equity tier 1 items, additional tier 1 items, tier 2 items and the applicable filters and deductions applied in order to calculate the own funds of the Firm (i.e. a composition of regulatory own funds);
- a reconciliation of the Firm's composition of regulatory own funds with the capital in the balance sheet in the audited financial statements of the Firm; and
- a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the Firm.

As of 31 December 2025, the Firm maintained own funds of **£6,330,000**. The below FCA prescribed tables set out these disclosures and provide a breakdown of the Firm's own funds.

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	6,330	Members' Equity

2	TIER 1 CAPITAL	6,330	Members' Equity
3	COMMON EQUITY TIER 1 CAPITAL	6,330	Members' Equity
4	Fully paid up capital instruments	6,330	Members' Equity
5	Share premium		
6	Retained earnings		
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	TIER 2 CAPITAL		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Own funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements				
		Balance Sheet as in Published/Audited Financial Statements	Under regulatory scope of consolidation	Cross-reference to template above
		As at 31 December 2025	As at 31 December 2025	
Assets - Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	Debtors – due within one year	7,295		
2	Cash	2,857		
xxx	Total Assets	13,656		
Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements (in in £'000)				
1	Creditors: amounts falling due within one year	3,822		
xxx	Total Liabilities	3,822		
Members' Equity				
1	Members' capital	6,330		
xxx	Total Members' Equity	6,330		Item 4

Own funds: main features of own Instruments issued by the Firm	
The Firm's own funds consist of common equity tier 1 capital.	

Own Funds Threshold Requirements

Under MIFIDPRU 7, the Firm is required to comply with and assess the adequacy of its own funds in accordance with the Overall Financial Adequacy Rule (**OFAR**). In particular, the Firm assesses the own funds it requires to:

- address any potential harms it has identified which it has not been able to mitigate;
- address any residual harms remaining after mitigation; and
- ensure an orderly wind down of its business.

As part of its ICARA process, the Firm assesses the level of own funds that it would need in order to effect an orderly wind down, while taking into account any additional risks of harm it identifies and whether the Firm's fixed overheads requirement adequately covers such risks.

The Firm's Own Funds Threshold Requirement is the amount of funds that the Firm is required to maintain at all times in order to comply with the OFAR. The Firm's Own Funds Threshold Requirement is the higher of:

- the Firm's own funds requirement;
- the sum of the Firm's K-factor requirement and the amount of additional capital it has determined it should hold in order to address risks of harm on a going concern basis; and
- the amount of capital the Firm would need to hold in order to ensure an orderly wind down.

As the Firm is not an SNI firm, it is required to use its K-factor requirement as a starting point for determining the appropriate amount of own funds to cover risks of harm to the business as a going concern, to the extent that such risks have not or cannot be mitigated. The Firm assesses whether and to what extent a K-factor requirement covers each risk of harm identified during the ICARA process on a going concern basis (to the extent the risk of harm is not or cannot be adequately mitigated).

Each risk of harm that is not adequately mitigated is mapped to the corresponding K-factor requirement. To the extent that the applicable K-factor requirement is insufficient to cover the post mitigation risk of harm or to the extent that there is no applicable K-factor requirement, the Firm will calculate a suitable amount of additional capital.

In the event that the Firm's own funds drop to an amount equal to 110% of the Firm's own funds threshold requirement, the Firm will immediately notify both its Managing Committee and the regulator.

The below table illustrates the Firm's own funds and own funds threshold requirements.

Requirement	In £'000
(A) Permanent Minimum Capital Requirement	£75
(B) K-factor Requirement	£590
• K-AUM – Risk arising from managing and advising on investments	£578
• K-DTF – Risk arising from daily trading flow	£12
(C) Fixed Overheads Requirement	£2,589
(D) Own Funds Requirement (Higher of A, B, C)	£2,589
(E) Additional own funds to address risks of harm on a going concern basis	£2,589
(F) Capital required to ensure an orderly wind-down	£4,408
Own Funds Threshold Requirement	£4,408

(Higher of A, B+E, C, F)	
--------------------------	--

Remuneration Policy and Practices

The below disclosures are made in accordance with the requirements of MIFIDPRU 8.6.

The Firm's approach to remuneration for staff can be summarised as follows:

- The Firm's remuneration policies and practices are driven by its desire to reward its staff fairly and competitively, but at the same time create a culture of principled behaviour and actions (particularly with regards to the areas of risk, compliance, control, conduct and ethics). As such, the Firm's remuneration policies and practices have been designed so as to be appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the Firm. The Firm acknowledges that: (i) its remuneration practices should be consistent with and promote sound and effective risk management, should not encourage risk-taking that exceeds the level of tolerated risk of the Firm and must be in line with the business strategy, objectives, values and long-term interests of the Firm; and (ii) the total variable remuneration should not limit the Firm's ability to ensure a sound capital base.
- The Firm ensures that the total amount of an individual's performance-related variable remuneration will be based on a combination of the assessment of the performance of:
 - the individual;
 - the business unit concerned; and
 - the overall results of the Firm.

For all staff, when assessing individual performance to determine the amount of variable remuneration to be paid to an individual, the Firm takes into account financial as well as non-financial criteria.

All employees may be eligible for an annual discretionary bonus, and all members may be eligible for a discretionary distribution of profit.

As indicated above, the Firm's objective in using financial incentives with its staff is to contribute to its strategic objectives, but in a sufficiently prudent manner that does not encourage excessive risk-taking or the violation of applicable laws, guidelines and regulations, and which takes into account the capital position and long-term economic performance of the Firm. The Firm has adopted remuneration policies and practices in line with the rules and guidance laid down by the FCA and the MIFIDRU Remuneration Code. Due to the application of MIFIDPRU 7.1.4 R, the Firm is not required to, and so has not established, a remuneration committee.

The Firm reviews its policies in accordance with the guidance and rules in SYSC 19G and has retained Simmons & Simmons LLP to consult and advise on the Firm's remuneration policies and practices.

Material Risk Takers (MRTs)

The Firm follows SYSC 19G.5 and annually assess which of its staff are MRTs, meaning staff members:

- whose professional activities have a material impact on the risk profile of the Firm of the assets managed; and
- who meet any of the MIFIDPRU Remuneration Code identified in SYSC 19G.5.3R of the FCA Handbook.

Key Characteristics of the Firm's Remuneration Policies and Practices

Different components of remuneration (fixed and variable) awarded by the Firm

Component of remuneration	Salary	Fixed
	Discretionary performance-related bonus	Variable
	Guaranteed variable remuneration, retention awards, severance pay and buy-outs	Variable
	Pension contributions	Fixed
	Health, critical illness, life, dental, optical and group accident and business travel insurance	Fixed
	Fixed profit share – typically drawings	Fixed
	Discretionary profit share	Variable

Summary of the financial and non-financial performance criteria used across the Firm which impact variable remuneration awarded to staff

Performance Criteria	Performance criteria used in relation to the Firm, the Firm's business units and Individuals	The Firm ensures that performance-related variable remuneration is based on a combination of the assessment of the performance of: ○ the individual; ○ the business unit concerned; and ○ the overall results of the Firm. The assessment of performance is part of a multi-year framework that ensures: ○ the assessment of performance is based on longer-term performance; and ○ the payment of performance -based remuneration is spread over a period that takes account of the business cycle of the Firm and business risks. For all staff, when assessing individual performance to determine the amount of variable remuneration paid to an individual, the Firm
-----------------------------	---	---

		takes into account finance as well as non-finance criteria. All employees may be eligible for an annual discretionary bonus. All members may be eligible for a discretionary distribution of profit. Discretionary bonuses for employees of the Firm and discretionary distributions of profits to members will be determined by the Firm in its sole discretion. The factors to be used in setting bonuses or, as the case may be, discretionary distributions of profit, are at the absolute discretion of the Firm. The current factors are as follows: ○ individual performance; ○ performance of the individual's business unit; ○ overall results of the Firm; and ○ market levels of compensation for a particular role or function. Remuneration packages are designed to be competitive with other organisations with which the Firm competes, which typically include, among others, hedge fund managers, investment banks and professional service businesses. An individual's performance appraisal is an input into assessment of their performance. Individual managers are responsible for conducting the performance appraisal process for their direct reports. During such reviews, managers take into account the factors described above, including individual performance, overall performance of the business unit and adherence to the Firm's culture of compliance and risk management.
--	--	--

Remuneration Risk Adjustment Framework and Criteria

Determination of the bonus pool includes adjustments for all types of current and future risks and the cost of the capital and liquidity required.

The allocation of variable remuneration components within the Firm takes into account all types of current and future risks.

The Firm determines at what level the adjustments should be applied (such as business unit, trading desk and/or individual level, as appropriate), which risks are relevant, and which risk adjustment techniques and measures are appropriate, and in considering all types of current and future risks, includes both financial risks and non-financial risks.

Total variable remuneration is generally considerably contracted where the financial performance of the Firm is subdued or negative.

The Firm applies clawback provisions to variable remuneration in accordance with the minimum MIFIDPRU Remuneration Code requirements.

Clawback will apply to MRT variable remuneration in the following circumstances:

- where the MRT participated in or was responsible for conduct which resulted in significant losses for the Firm;
- where the MRT failed to meet appropriate standard for fitness and propriety; and/or
- in particular, in cases of fraud or other conduct with intent or severe negligence by the MRT which lead to significant losses to the Firm.

Guaranteed Variable Remuneration

In exceptional and justified circumstances, the Firm may award guaranteed variable compensation, granted as part of a contractual obligation. Guarantees are subject to appropriate level of approvals, are typically limited to the first year of employment only and are awarded to attract new employees into the Firm where they have no established performance or reputation. Additionally, the pay out of the guaranteed variable remuneration is also subject to individual's adherence to the Firm's policies and procedures and is subject to minimum conditions, such as that the employment is not terminated, or that no notice of termination is given, and that the employee is not subject to a disciplinary sanction. The Firm typically does not award multi-year guarantees to any employees. Guaranteed compensation arrangements to existing employees are prohibited. The Firm will not award, pay or provide guaranteed variable remuneration to an MRT unless it occurred in the context of hiring a new MRT, it is limited to the first year of service and the Firm has a strong capital base.

Severance Payments

In certain circumstances, severance payments may be made. In such circumstances, severance pay (other than for contractually mandated notice periods) is determined on a case-by-case and is at the Firm's absolute discretion.

Any payments related to early termination of an MRT employment contract will reflect performance achieved over time and will be designed in a way which does not reward failure or misconduct.

Payments under agreements to settle any potential claims against the Firm arising on the termination of an individual's employment or engagement will be calculated separately, and where appropriate upon taking independent legal advice, based on the potential value of the claim, costs of defending such a claim, and the commercial rationale for settling it. Any such payment will be recorded as being in settlement of the potential claim(s) rather than simply a payment with the assistance of legal advice where appropriate.

Forms of Pay Out and Buy-out Awards

Fixed remuneration is paid out in cash, and variable remuneration is paid out in cash and/ or long-term incentive plans. Any remuneration packages relating to compensation for, or buy out from, an MRT's contract in previous employment will align with the long term interests of the Firm and contain provisions on periods of retention, deferral, vesting and ex post risk adjustment that are no shorter than any corresponding periods that applied to unvested variable remuneration under the previous contract of employment, and which remained outstanding.

Quantitative Remuneration Disclosures

Remuneration paid or awarded for the financial year ended 2025 comprised fixed and variable remuneration. The following tables show aggregate quantitative remuneration information for the Firm's MRTs and Other Staff.

- **Senior Management:** those persons at the Firm who exercise executive functions and who are responsible and accountable for the day-to-day management of the Firm;
- **MRTs:** employees whose activities have a material impact on the risk profile of the Firm and have been classified as MRTs; and
- **Other Staff:** other employees whose activities are not deemed to have a material impact on the risk profile of the Firm and have not been classified as MRTs.

The total number of MRTs identified by the Firm under SYSC 19G.5 was 16.

Remuneration for financial year 2024			
	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Total Remuneration (£'000)
Senior management and other MRTs	3,285	58,247	61,532
Other staff	7,9115	13,266	21,177
Total remuneration awarded to All Staff	11,196	71,513	82,709

Severance payments		
	Number of MRTs awarded severance payments during the financial year	Total severance payments awarded during the financial year (£'000)
Senior management and other MRTs	Not applicable	Not applicable

Highest severance payment	
	Total
Highest severance payment awarded to an MRT during the financial year	Not applicable