2021
Annual Report

Tetragon Financial Group

Contents

About us

Tetragon* is a closed-ended investment company that invests in a broad range of assets, including public and private equities and credit (including distressed securities and structured credit), convertible bonds, real estate, venture capital, infrastructure, bank loans and TFG Asset Management, a diversified alternative asset management business.

Where appropriate, through TFG Asset Management, Tetragon seeks to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital. Tetragon's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. The company is traded on Euronext in Amsterdam N.V.(1) and on the Specialist Fund Segment(2) of the main market of the London Stock Exchange.

To view company updates visit:
www.tetragoninv.com

Tetragon's shares are subject to restrictions on ownership by U.S. persons and are not intended for European retail investors. These are described on our website. Tetragon anticipates that its typical investors will be institutional and professional investors who wish to invest for the long term in a capital appreciation and income-producing investment. These investors should have experience in investing in financial markets and collective investment undertakings and be capable themselves of evaluating the merits and risks of Tetragon shares and they should 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.

*Tetragon Financial Group Limited is referred to in this report as Tetragon. References to "we" are to Tetragon Financial Management LP, Tetragon's investment manager.

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

Delivering results since 2005[3]

Net asset value

$2.9bn

31 December 2021

Ownership[4]

34.7%

Principal & Employee Ownership
at 31 December 2021

NAV per share total return[5]

14.1%
2021 Full Year

11.3%
5 Years Annualised

12.3%
10 Years Annualised

11.5%
Since IPO Annualised

393%
Since IPO

Investment returns / return on equity[6]

17.3%
2021 Return on Equity

10-15%
RoE Target

12.5%
Annual Average Since IPO

Dividends

$0.11
Q4 2021 Dividend

$0.41
2021 Dividends

4.8%
Dividend Yield[7]

(9.4)%
Dividend 5-Year CAGR[8]

(1) (2) (3) (4) (5) (6) (7) (8) (10) (11) (12) (13) Please see important notes on page 6.

2021 Snapshot

Tetragon aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles.

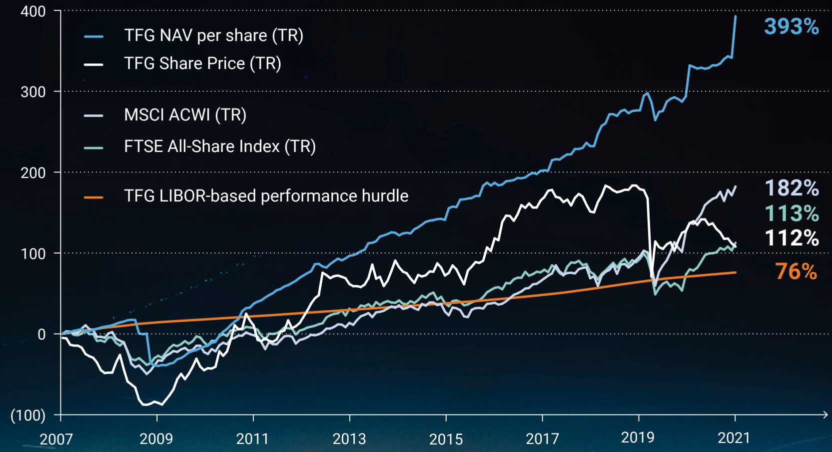
Figure 1

Tetragon Financial Group - performance summary

	31 Dec 2021	31 Dec 2020	Change
Net Assets	$2,876.8m	$2,474.4m	$402.4m
Fully Diluted NAV Per Share	$29.86	$26.57	$3.29
Share Price[9]	$8.50	$9.50	($1.00)
Dividend (last 12 months)	**$0.41**	**$0.40**	**$0.00**
Dividend Yield	4.8%	4.2%	
Ongoing Charges[10]	1.70%	1.70%	
Principal & Employee Ownership	34.7%	32.7%	
	2021	2020	
Investment Returns/Return on Equity[6]	**17.3%**	**7.6%**	
NAV Per Share Total Return[5]	**14.1%**	**9.5%**	
Share Price Total Return[11]	(6.8%)	(18.5%)	
Tetragon Hurdle: LIBOR +2.65%[12]	2.9%	3.7%	
MSCI ACWI Index Total Return[13]	19.0%	16.8%	
FTSE All-Share Index Total Return[13]	18.3%	(9.7%)	

Figure 2

Tetragon's NAV per share total return and share price since IPO to 31 December 2021



Notes

1 Euronext in Amsterdam is a regulated market of Euronext Amsterdam N.V. (Euronext Amsterdam).

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

3 Tetragon commenced investing as an open-ended investment company in 2005, before its initial public offering in April 2007.

4 Shareholdings at 31 December 2021 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 the Tetragon Financial Group Limited 2021 Audited Financial Statements for more details of these arrangements.

5 NAV per share total return (NAV Total Return) to 31 December 2021, for the last year, the last five years, the last ten years, and since Tetragon's initial public offering in April 2007. NAV Total Return is determined in accordance with the "NAV total return performance" calculation as set forth on the Association of Investment Companies (AIC) website. Tetragon's NAV 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.

6 Tetragon seeks to deliver 10-15% Return on Equity (RoE) per annum to shareholders. Please refer to page 40 for the calculation of RoE. Tetragon seeks to deliver 10-15% RoE per annum to shareholders. Tetragon's returns will most likely fluctuate with LIBOR or an equivalent risk-free short term rate which directly flows through some of Tetragon's investments; therefore, in high-LIBOR environments, Tetragon should achieve higher sustainable returns; in low-LIBOR environments, Tetragon should achieve lower sustainable returns. Please note that from 31 December 2021, LIBOR has been replaced by an appropriate alternate rate as advised by ISDA in the IBOR Fallbacks Protocol, although certain LIBOR settings will continue to be calculated and published using panel bank submissions until mid-2023.

7 The dividend yield represents the last four quarterly dividends divided by the TFG NA share price at 31 December 2021. The latest declared dividend is included in the calculation.

8 The five-year Compound Annual Growth Rate (CAGR) figure is at 31 December 2021. The latest declared dividend is included in the calculation.

9 Based on TFG.NA.

10 Annual calculation as at 31 December 2021. 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, and includes the annual management fee of 1.5%.

11 2021 total shareholder return, defined as share price appreciation including dividends reinvested, as sourced from Bloomberg.

12 Cumulative return determined on a quarterly compounding basis using the actual Tetragon quarterly incentive fee LIBOR-based hurdle rate.

13 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 captures large and mid-cap representation across 23 developed markets and 25 emerging markets countries. With 2,966 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each market. Further information relating to the index constituents and calculation methodology can be found at www.msci.com/acwi. The FTSE All-Share Index represents 98-99% of 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 www.ftserussell.com/products/indices/uk.

Letter to our shareholders

Long-term readers of Tetragon's Annual Report will notice some differences in this year's report. We have focused on making the document less repetitive, and easier to read. Therefore, we have moved most of the investment performance commentary to the Investment Review section; however, we discuss some highlights here. We hope shareholders find these changes helpful.

Tetragon delivered an investment return on equity (RoE) of 17.3%, a NAV per share total return of 14.1% and a share price total return of -6.8% in 2021. Tetragon also declared 41.0 cents of dividends per share for the year – a yield of 4.8%. Tetragon's NAV per share total return has averaged 11.3% over the past five years which compares to annualised performance of 15.0% for the MSCI ACWI Index[1]. Further detail relating to Tetragon's Key Performance Metrics can be found on page 16.

Market context

Most markets reacted favourably to the economic rebound caused by the diminishing impact of the COVID-19 pandemic as vaccines were distributed and lockdowns generally eased. The economic rebound in the United States was evidenced by strong corporate earnings and increased consumer demand. Reflecting this, the S&P 500 Index generated returns of 28.7%.[2] Within the S&P, the energy, real estate and information technology sectors saw the largest gains.[2] Global markets rose alongside those in the United States, with the MSCI ACWI Gross Total Return Local index climbing 21.4%.[2] Although credit spreads widened during the pandemic, they ended 2021 narrower than prepandemic levels that persisted for most of 2019.[3]

Investment highlights

Last year, we wrote that Tetragon's investment diversification can create multiple "return drivers" which may increase the possibility that, in any given year, the company will generate attractive risk-adjusted returns. We believe that 2021's returns exemplify the benefits of our investment diversification: the company's returns were driven by a number of disparate investments, from Ripple Labs Inc. – one of the world's largest blockchain companies – to Equitix[4] – TFG Asset Management's integrated core infrastructure asset management and primary project platform.

Ripple generated gains of approximately $100 million in 2021. Tetragon became interested in investing in Ripple in early 2018, viewing it as attractive because XRP, Ripple's digital asset, has certain characteristics that make it more energy-efficient, less expensive and faster to use in transactions than other cryptocurrencies. Tetragon also felt at the time that Ripple's Series A and B preferred stock were trading on the secondary market at prices that did not reflect the full value of the XRP that Ripple held. In late 2019, Tetragon became the lead purchaser in Ripple's Series C preferred stock offering, acquiring $150 million of the security. In late 2021, Ripple elected to redeem the entire class of Series C preferred stock – including Tetragon's holding at the time – at 1.5 times the purchase price plus accrued paid-in-kind dividends. Tetragon remains invested in Ripple preferred stock acquired in the secondary market over the last year and is supportive of the company's current position as well as its direction, and maintains its conviction in Ripple's prospects.

1 Please see Note 13 on page 6.
2 Source: Bloomberg.
3 Markit CDX North America Investment Grade Index; Markit CDX North American High Yield Index. Source: Bloomberg.
4 Equitix Holdings Limited, referred to in this report as "Equitix".

TFG Asset Management's holding in Equitix generated gains of $348.8 million in 2021, making it the most significant contributor during the year. This gain was driven by a number of factors. First, the business continued to raise capital at a significant rate, both in funds and managed accounts, seeing a 23% increase in assets under management during the year. It also plans to add further capital in the near future across the United Kingdom, Europe and North America. In addition, during 2021 a number of more directly comparable asset managers listed on major trading exchanges, bringing additional market-led valuation transparency to a manager like Equitix that has not been available in prior years.

LCM[5], a specialist in below-investment grade U.S. broadly-syndicated leveraged loans, successfully launched six new CLOs during 2021 with aggregate assets under management (AUM) of $2.8 billion, raising its total AUM to $11.2 billion. TFG Asset Management's investment in LCM gained $59.8 million in 2021.

> "We believe that 2021's returns exemplify the benefits of our investment diversification: the company's returns were driven by a number of disparate investments.

5 LCM Asset Management LLC, referred to in this report as "LCM."

Tetragon portfolio performance notes

We are keenly aware of the significant discount at which Tetragon's shares have been trading relative to its net asset value. Our primary focus, however, has been on maximizing the performance of Tetragon's investment portfolio and we wanted to share some context on that performance in 2021 as well as over the last five years. We highlight, in particular, our RoE, portfolio volatility and portfolio Sharpe Ratio (which is useful for understanding the return on investment compared to risk). We have historically compared our net RoE to the MSCI ACWI Index. The MSCI ACWI Index is designed to represent performance of the full opportunity set of large and mid-cap stocks across 23 developed and 25 emerging markets. As the index reflects gross returns, we also wanted to present our gross performance relative to the index. In order to make the comparison useful, we have opted to use the MSCI All Country World Gross Total Return Local Index, which represents the performance of the ACWI index if there were no foreign exchange fluctuations (similar to a portfolio with currency hedges), and with dividends reinvested, gross of any taxes.[6]

Return on Equity. Tetragon's gross RoE was 23.9% in 2021, as compared to 21.4% for the MSCI All Country World Gross Total Return Local Index. Over the last five years, Tetragon's gross RoE was 16.4% compared to 14.6% for the MSCI All Country World Gross Total Return Local Index.

Volatility. The volatility of Tetragon's gross RoE over the same periods was 15.3% for 2021 (or 11.5% on the basis of its net RoE) and 9.9% for the last five years (or 7.8% on the basis of its net RoE), versus 8.2% for 2021 and 13.7% for the last five years for the MSCI All Country World Gross Total Return Local Index.

Sharpe Ratio. Looking to Tetragon's Sharpe Ratio over the same periods, it was 1.56 on a gross basis (and 1.50 on a net basis) for 2021 and 1.53 on a gross basis (and 1.36 on a net basis) for the last five years. The Sharpe Ratio for the MSCI All Country World Gross Total Return Local Index for 2021 was 2.59 and was 0.96 over the last five years.

We recognise that shareholders are focused on the share price as well as on dividends and share buybacks. We are as well: 35% of Tetragon's shares are held by our principals and employees. But if we can continue to deliver what we believe are compelling portfolio returns – with relatively low volatility and at attractive risk versus return levels – we will ultimately drive value to our investors.

6 All statistics are calculated using monthly datapoints. Source: Bloomberg.

> "TFG Asset Management's holding in Equitix generated gains of $348.8 million in 2021, making it the most significant contributor during the year.

Tetragon's investment in the Polygon Convertible Opportunities strategy was up by 12.8% in 2021, reflecting the continued strong performance by CIO Mike Humphries and his team. We are pleased to note that the business, which has been led by Mike since 2009 and is majority-owned and controlled by him – and in which TFG Asset Management has a minority interest – has been rebranded as Acasta Partners.

- The Acasta strategy has grown to nearly $1 billion of assets under management and will now sit alongside other offerings managed by the investment team.
- The inspiration for the new name came from the Acasta Gneiss, a rock outcropping in the Canadian Northwest Territories nearby the Acasta River. This rock body was metamorphosed approximately four billion years ago and is the oldest known intact crustal fragment on earth and is comprised of unique and diverse minerals.
- The team views the cohesive yet diverse nature of this aggregate as reminiscent of its collaborative and multi-disciplinary approach to investing.

Longer-term investment strategy

As we communicated to investors last year, Tetragon's longer-term investment strategy with respect to TFG Asset Management has included transactions relating to individual businesses within TFG Asset Management (such as the merger/acquisition of GreenOak[7] by Sun Life in 2019), while we continued to focus on an initial public offering or other strategic transaction at the TFG Asset Management level. The ability to do a transaction for TFG Asset Management as a whole is impacted by the fact that, notwithstanding its growth, TFG Asset Management is currently at a substantially smaller scale than the large multi-strategy organizations that lead the publicly-traded alternative asset management sector. As we laid out last year, Tetragon's ability to do a successful transaction at the TFG Asset Management level depends on further growth in assets under management and EBITDA (in each case, taking into account the amount, sustainability and blend of management fees and performance fees, as well as diversification, historic and projected growth, etc.), as well as the relative stages of development of the various businesses on the platform. Although currently BentallGreenOak and LCM may be considered mature businesses, Equitix, Polygon and Acasta Partners are less so to varying degrees, and the four other businesses – Contingency Capital, Hawke's Point[8], Tetragon Credit Partners and Banyan Square Partners – are relatively early in their development. Therefore, at this point, these key elements have not yet been satisfied for an IPO or other strategic transaction involving TFG Asset Management as a whole.

At the same time, the high valuations reflected in public and private transactions involving asset management companies, as well as the strong performance of Equitix and LCM in particular, have enhanced the attractiveness of individual business transactions as an alternative way of realising the value inherent in TFG Asset Management. As such, the strategy for TFG Asset Management over the coming years will continue to include individual business transactions, potentially both private and public, that would take advantage of this value enhancement. Although transactions such as these could have the effect of shrinking 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 TFG Asset Management to reap the benefits of its success in growing successful asset management businesses without having to wait for an IPO or other strategic transaction at the TFG Asset Management level.

In any event, TFG Asset Management will continue to seek to grow and diversify the business, leveraging its operating infrastructure and shared strategic direction, with Tetragon looking to support investments through co-investment and working capital. As part of continuing to improve and enhance the value proposition of its platform, TFG Asset Management added fourteen net new infrastructure employees in 2021.

> "TFG Asset Management will continue to seek to grow and diversify the business, leveraging its operating infrastructure and shared strategic direction...

7 BentallGreenOak, a manager of global real estate funds, was formed in 2019 upon the merger of the GreenOak Real Estate joint venture with Bentall Kennedy, an affiliate of SLC Management, a global institutional asset management arm of Sun Life Financial Inc.

8 Hawke's Point Manager LP, referred to in this report as "Hawke's Point.

Dividends and share repurchases

The fourth quarter 2021 dividend was declared at 11.00 cents per share, bringing the full-year 2021 dividend to 41.00 cents per share. On 7 March 2022, Tetragon will announce its intention to repurchase approximately $50.0 million shares, which, based on Tetragon's current NAV and share price, will be accretive to NAV per share. We are pleased that the company has returned approximately $1.5 billion to investors through dividends and share repurchases since its initial public offering in 2007. Tetragon will continue to seek to return value to its shareholders, including through dividends and share repurchases.

Cash

Tetragon's net cash balance, which is cash adjusted for known accruals and liabilities (short and long-dated), was $7.6 million as at 31 December 2021. Tetragon maintains a $250 million revolving credit facility. As at 31 December 2021, $75 million of this facility was drawn and this liability has been incorporated into the net cash balance calculation.

Insider ownership

Principal and employee ownership increased during 2021 to 34.7% of the company's shares. We believe that this ownership creates an alignment of interest between the investment manager, TFG Asset Management, and Tetragon shareholders.

> "Entering 2022, our attention is increasingly on inflation and its implications on central bank interest rate policy.

Other investor matters

In July, Jefferies International Limited was appointed as joint corporate broker, alongside J.P. Morgan Cazenove.

Outlook

Entering 2022, Tetragon continues to focus on the evolving coronavirus pandemic, but also takes note of other emerging factors affecting capital markets including labour shortages, supply chain issues and rising inflation. In last year's letter, we wrote about "cheap" money and accommodative monetary policies. Entering 2022, our attention is increasingly on inflation and its implications on central bank interest rate policy. We are not seeking to forecast the path of financial markets, although we certainly consider potential forward scenarios and various tail-risks. We remain focused on continuing to capitalise on opportunities, regardless of the path of the broader markets.

With Regards,

The Board of Directors

4 March 2022

1 Manager's review

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Investment objective & strategy

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Key performance metrics

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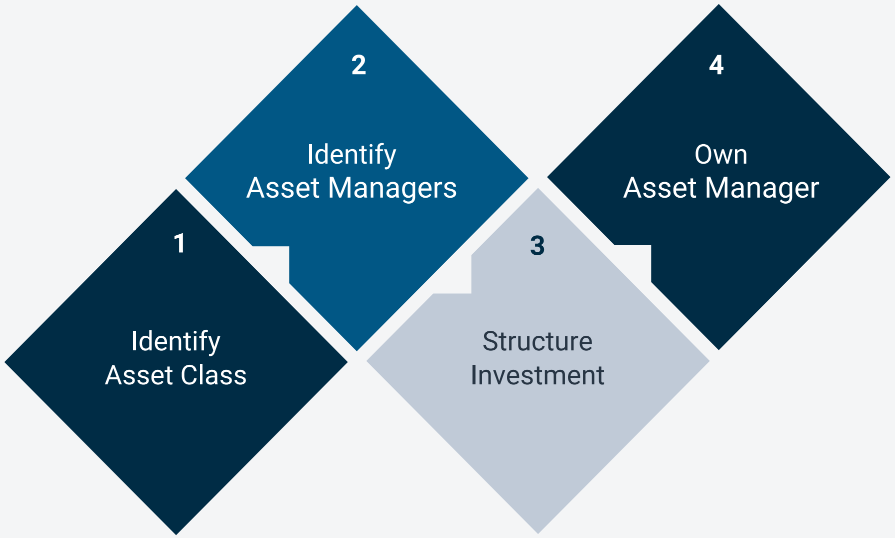
Environmental, Social and Governance

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

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



1

To identify attractive asset classes and investment strategies.

2

To identify asset managers it believes to be superior.

3

To use the market experience of Tetragon's investment manager to negotiate favourable terms for its investments.

4

To own, where appropriate, all, or a portion of, asset management companies with which it invests in order to enhance the returns achieved on its capital.

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

1. To identify attractive asset classes and investment strategies.

2. To identify asset managers it believes to be superior.

3. To use the market experience of Tetragon's investment manager to negotiate favourable terms for its investments.

4. To own, where appropriate, all, or a portion of, asset management companies with which it invests in order to enhance the returns achieved on its capital.

In addition, the current investment strategy is to continue to grow and diversify TFG Asset Management – as Tetragon's diversified alternative asset management business – as well as to enhance the value of its asset management companies with a view to realising value from the enterprise.

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

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

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

Certain considerations when evaluating the viability of a potential asset manager typically include performance track records, reputation, regulatory requirements, infrastructure needs and asset gathering capacity. Potential profitability and scalability of the 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.

TFG Asset Management manages, oversees and supervises Tetragon's private equity investments in asset management companies. TFG Asset Management, as a unified business, could enhance 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. In light of the goal to continue to grow and diversify TFG Asset Management, the combination of a number 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. At the same time, TFG Asset Management may seek to realise the enhanced value of its individual asset management companies.

About us

Tetragon is a closed-ended investment company that invests in a broad range of assets, including public and private equities and credit (including distressed securities and structured credit), convertible bonds, real estate, venture capital, infrastructure, bank loans and TFG Asset Management, a diversified alternative asset management business. Where appropriate, through TFG Asset Management, Tetragon seeks to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital. Tetragon's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. The company is traded on Euronext in Amsterdam N.V.[1] and on the Specialist Fund Segment[2] of the main market of the London Stock Exchange. For more information please visit the company's website at www.tetragoninv.com.

1 Euronext in Amsterdam is a regulated market of Euronext Amsterdam N.V. (Euronext Amsterdam).

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

Key Performance Metrics

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

- NAV per share
- Investment Returns / Return on Equity
- Dividends

Figure 3

Fully diluted NAV per share

NAV Per Share Total Return 2017-2021

Fully Diluted NAV per share (NAV per share) was $29.86 at 31 December 2021. NAV per share total return was 14.1% for 2021.

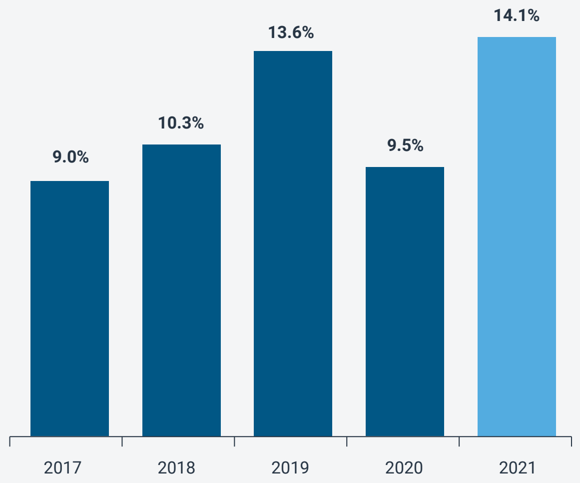


Figure 4

Investment returns / return on equity[1]

Return on Equity 2017-2021

RoE for 2021 was 17.3%. Adjusted Earnings Per Share (EPS) for 2021 was $4.79.

1 Average RoE is calculated from Tetragon's IPO in 2007. Tetragon seeks to deliver 10-15% RoE per annum to shareholders. Tetragon's returns will most likely fluctuate with LIBOR or an equivalent risk-free short term rate which directly flows through some of Tetragon's investments and therefore in high-LIBOR environments, Tetragon should achieve higher sustainable returns; in low-LIBOR environments, Tetragon should achieve lower sustainable returns. Please note that from 31 December 2021, LIBOR has been replaced by an appropriate alternate rate as advised by ISDA in the IBOR Fallbacks Protocol, although certain LIBOR settings will continue to be calculated and published using panel bank submissions until mid-2023.

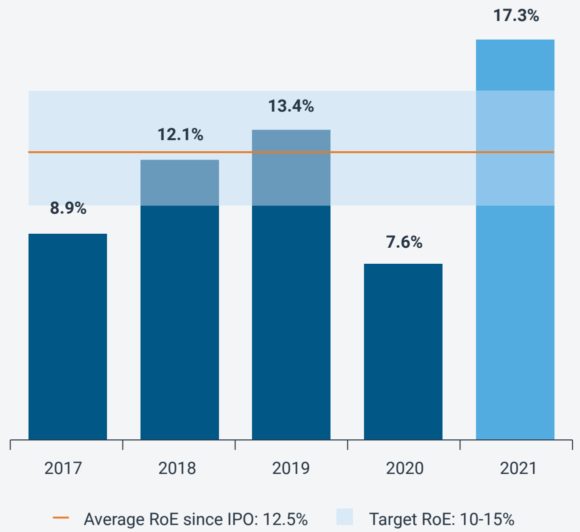
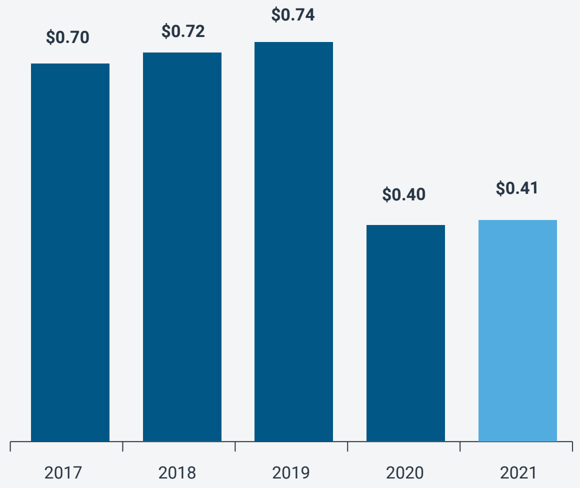


Figure 5

Dividends per share (DPS)

Dividend per Share Comparison 2017-2021

Tetragon declared a Q4 2021 dividend of $0.11 per share, for a full year dividend payout of $0.41 per share. The cumulative DPS declared since Tetragon's IPO is $7.7275.



Risk management

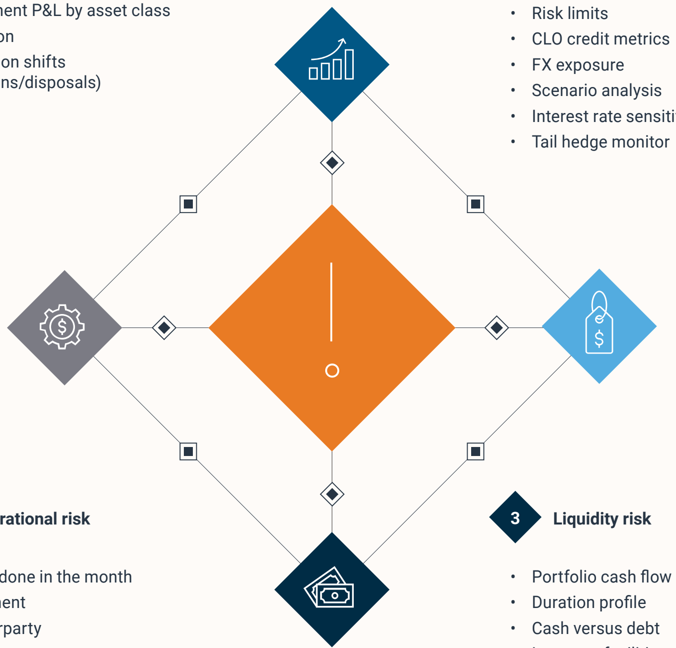
Factors that Tetragon monitors with respect to portfolio risk management[i]:

1 Performance review

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

2 Market risk

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



4 Operational risk

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

3 Liquidity risk

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

Notes

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

Tetragon Financial Management LP (TFM) Environmental, Social and Governance (ESG) Policy

TFM, as the investment manager of Tetragon, is responsible for Tetragon's ESG policy.

"TFM believes that Tetragon's shareholders should understand how stronger ESG integration may help deliver sustainable value over the long-term.

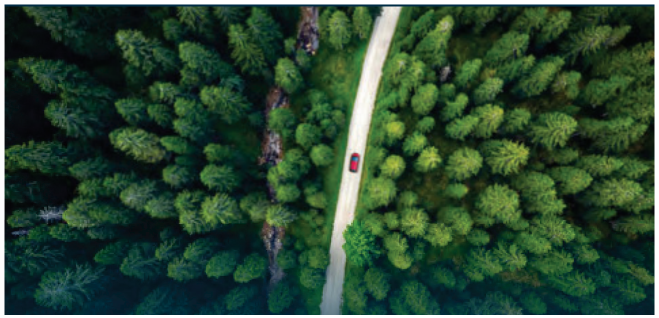
Purpose and Scope of the Policy

This ESG policy aims to provide transparency around TFM's ESG beliefs and outlines its commitment to integrate material environmental, social, and governance issues into its investment process. The policy is applicable to Tetragon and its investments.

ESG Investment Criteria

ESG refers to a broad range of issues that may be considered in the investment process. Below are some examples of ESG issues under each category:

E - Environmental	S - Social	G - Governance
Greenhouse gas (GHG) emissions	Human rights	Minority shareholder rights
Energy management	Data security	Board independence
Water and wastewater management	Workplace health and safety	Board diversity
	Workforce diversity	Legal, regulatory and judicial environment



ESG-related risks and opportunities vary depending on multiple factors such as the industry, geography and individual firm characteristics. Potential risks from poor ESG performance include governance failures, inefficiencies, operational disruption, reputational damage, liabilities and low employee engagement. Potential opportunities include access to new and high-growth markets, better relationships with key external stakeholders and competitive advantage.

ESG beliefs

TFM believes that ESG considerations could influence the risk-return profile of Tetragon's investments. TFM employs an ESG integration strategy, which is defined as the inclusion of material ESG information into the investment process.

It is TFM's view that ESG integration is fully consistent with Tetragon's overall investment strategy. Additionally, given the evidence (both from academic and practitioner studies) demonstrating the link between ESG performance and financial performance, TFM believes that Tetragon's shareholders should understand how stronger ESG integration may help deliver sustainable value over the long-term.

ESG Integration

TFM integrates ESG information into its investment process to help identify drivers of risk and return. It is worth noting that ESG information is not the only consideration in TFM's investment decision making but rather expands the total information available to it when evaluating an investment. As part of its investment evaluation, TFM assesses ESG information alongside a wide variety of economic metrics and financial data, making investment decisions on a case-by-case basis.

Responsibility for Implementation

TFM's Investment Committee and Risk Committee are responsible for overseeing ESG integration. The ESG policy will be reviewed annually.

Relevant Commitments and Policies

TFM and Tetragon have adopted a number of policies and commitments that are complementary to the ESG integration approach, including the following:

- the Code of Ethics Policy and Proxy Voting Policy as found in the Compliance Manual; and
- a Statement on the UK Modern Slavery Act.

Tetragon also reports against the Code of Corporate Governance of the Association of Investment Companies (AIC).

“ TFM integrates ESG information into its investment process to help identify drivers of risk and return.

2

Investment review

This section covers details on Tetragon's investment performance during 2021.

Investment review

Tetragon's Fully Diluted NAV Per Share increased from $26.57 per share to $29.86 per share year over year. TFG Asset Management was the largest driver of performance returns in 2021.

TFG Asset Management

+$442m

gains in the year

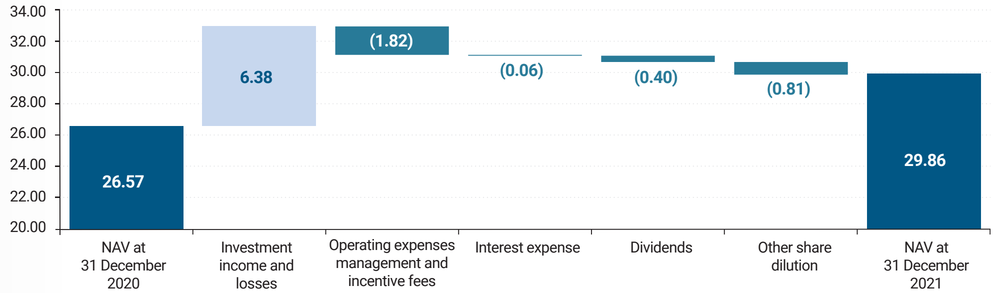
All of the portfolio's asset classes produced performance gains for the year, apart from the other equities and credit category. The majority of the portfolio's gains were generated within TFG Asset Management (which holds private equity investments in asset management companies), which gained $442.2 million year over year. The company's allocation to private equity and venture capital also delivered strong returns, gaining $120.2 million and bank loans were the third-strongest performer with gains of $48.4 million. The company's allocation to other equities and credit generated a loss of $18.0 million. Tetragon's NAV at the end of the year stood at $2.88 billion, compared to $2.47 billion a year ago.

A detailed performance review of each asset class follows beginning on page 30.

Figure 6

Year-on-Year NAV Per Share Progression (USD)[i]

Tetragon's Fully Diluted NAV Per Share increased from $26.57 per share as at 31 December 2020 to $29.86 per share as at 31 December 2021.



Progression from 31 December 2020 to 31 December 2021 is an aggregate of each of the 12 months' NAV progressions. With the exception of share repurchases, all of 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 2020 and 31 December 2021, and the factors contributing to the changes in NAV over the period.

All figures below are in millions of U.S. dollars.

Asset Classes	NAV at 31 Dec 2020	Additions[i]	Disposals/ Receipts[i]	Gains/ Losses	NAV at 31 Dec 2021
Private equity in asset management companies	833.5	10.9	(30.3)	442.2	1,256.3
Event-driven equities, convertible bonds and other hedge funds	568.2	54.0	(50.0)	13.8	586.0
Bank loans	278.8	30.9	(72.5)	48.4	285.6
Real estate	152.4	26.2	(22.5)	2.1	158.2
Private equity and venture capital	396.1	117.7	(316.8)	120.2	317.2
Legal assets[ii]	-	29.7	-	0.6	30.3
Other equities and credit[iii]	258.4	60.2	(65.0)	(18.0)	235.6
Net cash[iv]	(13.0)	20.3	-	0.3	7.6
Total	**2,474.4**	**349.9**	**(557.1)**	**609.6**	**2,876.8**

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 Previously called "litigation finance".

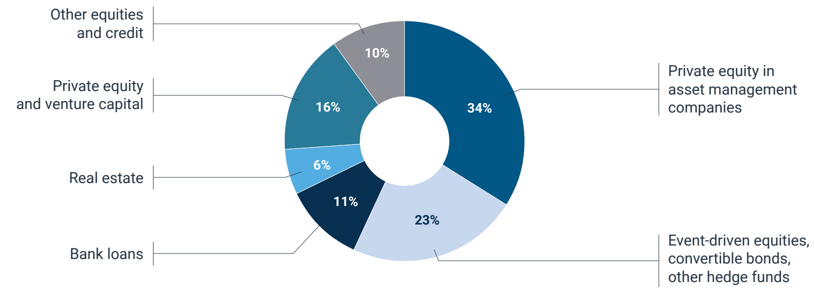
iii Assets characterised as "other equities & credit" consist of investment assets held directly on the balance sheet. For certain contracts for difference (CFD), gross value or required margin is used. Under IFRS, these CFDs are held at fair value which is the unrealised gain or loss at the reporting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

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

Figure 8

Net Asset Composition Summary

Net asset breakdown at 31 Dec 2020



Net asset breakdown at 31 Dec 2021

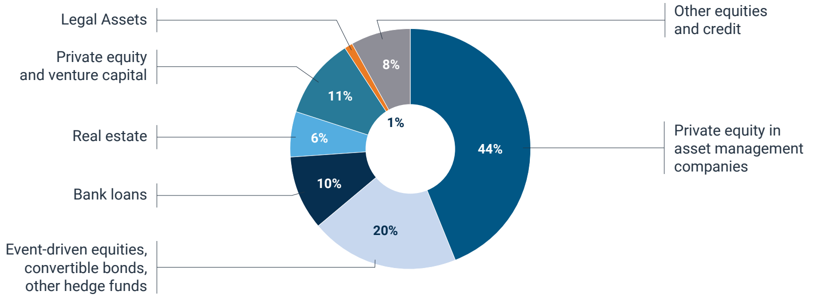


Figure 9

Top 10 Holdings by Value as of 31 December 2021

Rank	Holding	Asset Class	Value ($ millions)	% of Investments
1	Equitix	Private equity in asset management company	725.6	25.3%
2	Polygon European Equity Opportunity Fund Absolute Return	Event-driven equities	277.0	9.7%
3	LCM	Private equity in asset management company	237.8	8.3%
4	BentallGreenOak	Private equity in asset management company	213.5	7.4%
5	Polygon European Equity Opportunity Fund Long Bias	Event-driven equities	133.9	4.7%
6	Polygon Convertible Opportunity Fund	Convertible bonds	131.6	4.6%
7	Banyan Square Fund 1	Private equity and venture capital	95.5	3.3%
8	Public European equity	Other equities	78.3	2.7%
9	TCI III	Bank loans	72.9	2.5%
10	Polygon	Private equity in asset management company	54.3	1.9%
	Total			**70.4%**

Figure 10

Detailed Investment Review

The table breaks out more detail showing the effect of capital flows and performance gains and losses on the NAV of each asset class during 2021. All figures below are in millions of U.S. dollars.

Asset Classes	NAV at 31 Dec 2020	Additions(i)	Disposals/ Receipts(i)	Gains/ Losses	NAV at 31 Dec 2021	% of NAV
Private equity in asset management companies						
Equitix	386.1	3.3	(12.6)	348.8	725.6	25.3%
BentallGreenOak	195.7	1.2	(17.7)	34.3	213.5	7.4%
LCM	176.9	1.1	-	59.8	237.8	8.3%
Polygon	57.4	0.3	-	(3.4)	54.3	1.9%
Tetragon Credit Partners	13.7	0.1	-	2.4	16.2	0.6%
Hawke's Point	2.9	-	-	(0.9)	2.0	0.1%
Banyan Square Partners	0.8	-	-	-	0.8	0.0%
Contingency Capital	-	4.9	-	1.2	6.1	0.2%
Event-driven equities						
Polygon European Equity Opportunity Fund Absolute Return	299.9	-	(27.0)	4.1	277.0	9.7%
Polygon European Equity Opportunity Fund Long Bias	140.9	16.0	(23.0)	-	133.9	4.7%
Polygon Global Equities Fund	7.7	25.0	-	(3.9)	28.8	1.0%
Convertible bonds						
Polygon Convertible Opportunity Fund	116.7	-	-	14.9	131.6	4.6%
Other hedge funds						
Other hedge funds	3.0	13.0	-	(1.3)	14.7	0.5%
Bank loans						
U.S. CLOs (LCM)	134.8	30.9	(35.7)	24.2	154.2	5.4%
Tetragon Credit Partners funds	129.7	-	(32.5)	20.6	117.8	4.1%
U.S. CLOs (non-LCM)	14.3	-	(4.3)	3.6	13.6	0.5%
Real estate						
BentallGreenOak Europe funds & co-investments	38.4	8.8	(8.5)	(0.2)	38.5	1.3%
BentallGreenOak U.S. funds & co-investments	45.7	11.6	(0.4)	(8.9)	48.0	1.7%
BentallGreenOak Asia funds & co-investments	26.2	3.4	(10.5)	4.4	23.5	0.8%
BentallGreenOak debt funds	6.4	1.9	(3.1)	0.3	5.5	0.2%
Other real estate	35.7	0.5	-	6.5	42.7	1.5%
Private equity and venture capital						
Hawke's Point funds & co-investments	131.0	6.0	(39.7)	(39.4)	57.9	2.0%
Banyan Square funds & co-investments	31.4	52.4	-	11.7	95.5	3.3%
Other funds & co-investments	59.1	24.3	(3.8)	33.9	113.5	4.0%
Direct	174.6	35.0	(273.3)	114.0	50.3	1.8%
Legal assets						
Contingency Capital funds	-	29.7	-	0.6	30.3	1.1%
Other equities & credit(ii)						
Other equities	240.5	60.2	(61.0)	(24.2)	215.5	7.5%
Other credit	17.9	-	(4.0)	6.2	20.1	0.7%
Cash						
Net cash(iii)	(13.0)	20.3	-	0.3	7.6	
Total	**2,474.4**	**349.9**	**(557.1)**	**609.6**	**2,876.8**	**100.0%**

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

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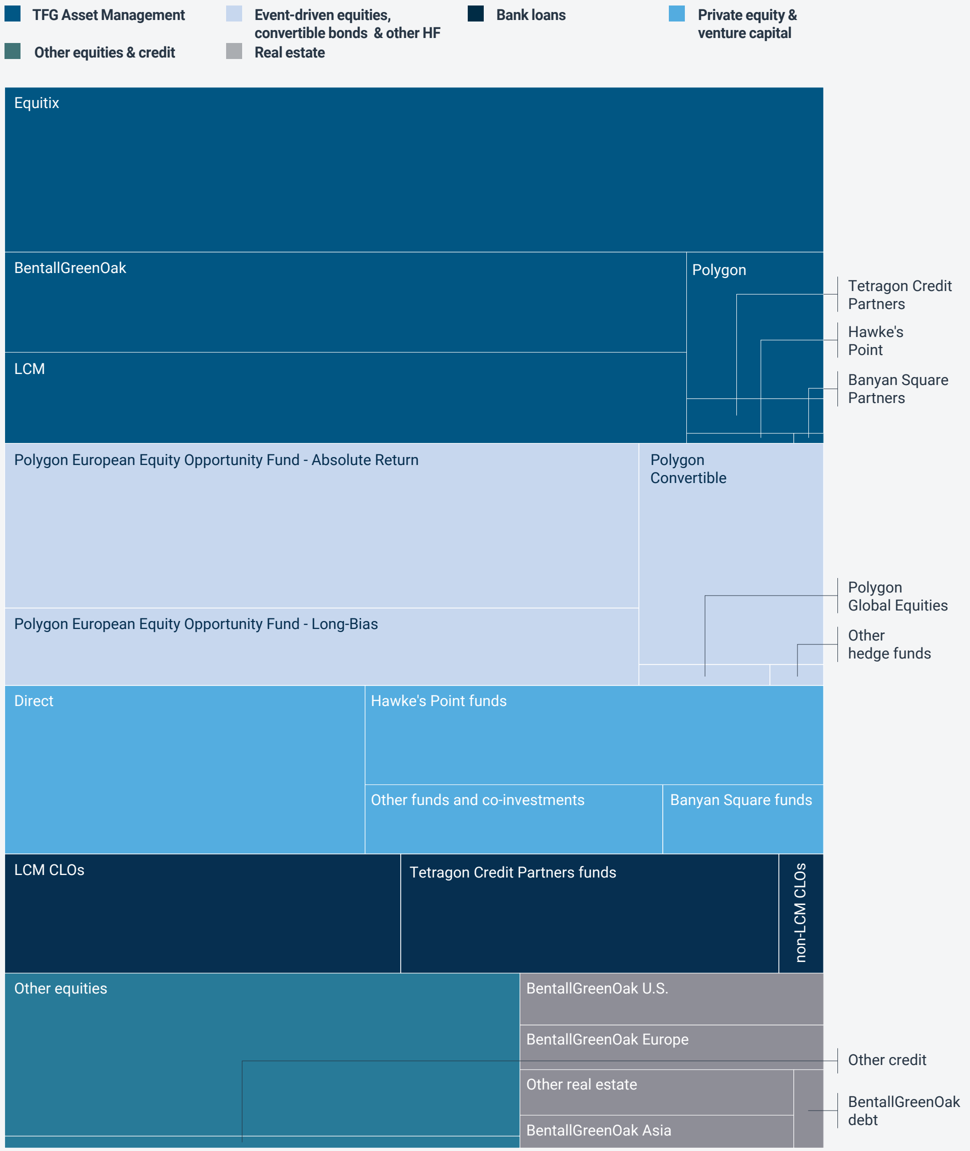
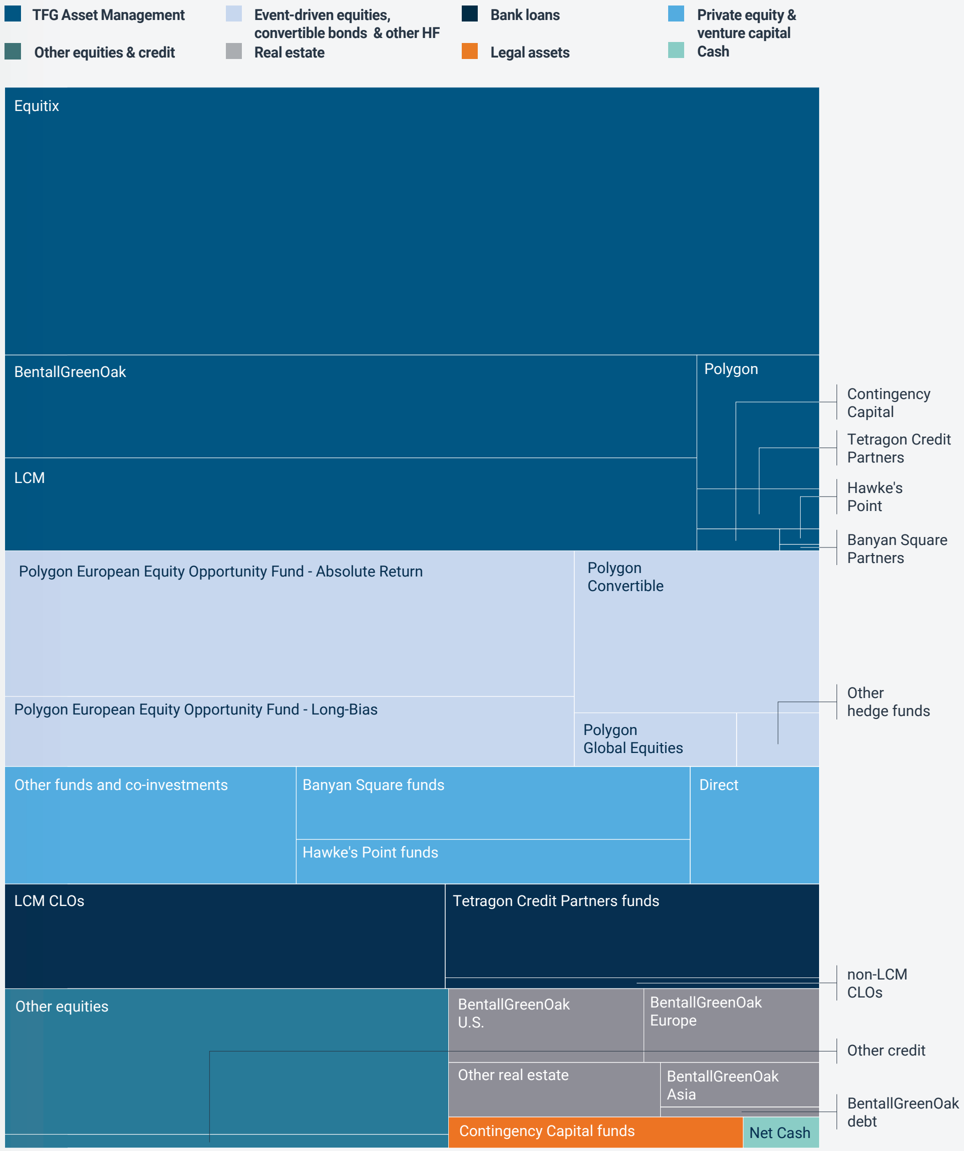
Detailed net asset breakdown

31 December 2020



31 December 2021

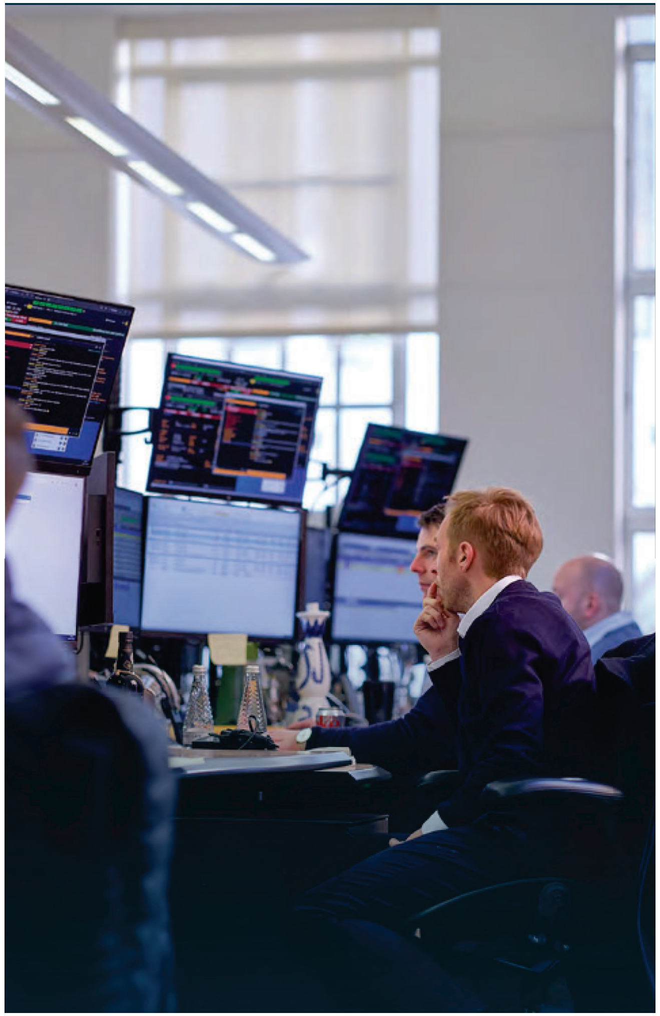


Detailed investment review

1

Private equity investments in asset management companies

One of Tetragon's significant investments is TFG Asset Management, a diversified alternative asset manager that owns majority and minority private equity stakes in asset management companies. TFG Asset Management, as a unified business, is intended to enhance 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. In light of the strategy to continue to grow and diversify TFG Asset Management – as well as to enhance the value of its asset management companies with a view to realising value from the enterprise – the combination of relatively uncorrelated businesses across different asset classes and at different stages of development is also intended to create a collectively more robust and diversified business and income stream. As at 31 December 2021, TFG Asset Management comprised LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and Contingency Capital. TFG Asset Management recorded an investment gain of $442.2 million in 2021, mainly driven by the investment in Equitix. At 1 March 2022, the Polygon convertible business announced its rebranding to Acasta Partners.



Equitix

Equitix is an integrated core infrastructure asset management and primary project platform. Tetragon's investment generated gains of $348.8 million, making it the most significant contributor in the portfolio during 2021. This gain was driven by a number of factors. Firstly, the business continued to raise capital at a significant rate. During 2021, Equitix Fund VI raised a further £0.6 billion, reaching £1.3 billion AUM by the end of the year, and is expected to raise further capital in H1 2022. In addition, Equitix successfully grew the AUM in its managed accounts by approximately £0.8 billion in the year. This represents a 23% increase in AUM during 2021 and a 32% AUM CAGR over the last five years.

Secondly, Equitix plans to add further capital in the near future across the United Kingdom, Europe and North America. In the DCF valuation approach, the successful track record of AUM growth lends to a lower risk adjustment applied to future capital raising assumptions.

Thirdly, during 2021, some more directly comparable asset managers listed on major trading exchanges, bringing additional market-led valuation transparency to a manager like Equitix. In Q4 2021, the third-party valuation agent added a Market Multiples approach (EV/EBITDA) to the overall valuation methodology, with the valuation now being the mean of the Market Multiples and DCF approaches. During the year, Equitix paid a dividend of $12.6 million.

BentallGreenOak

BentallGreenOak is a manager of real estate investment strategies. During 2021, this investment made a gain of $34.3 million. Distributions to Tetragon during the year totalled $17.7 million, reflecting a combination of fixed quarterly contractual payments, variable payments and carried interest. This investment is valued using the present value of the various cash flow elements of the GreenOak/Bentall Kennedy merger deal, which comprises those three elements plus a put/call option in 2026/27, as well as Tetragon's share of co-investments made. Each of those elements contributed to the gain posted this year.

LCM

LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans; currently, it manages loan assets exclusively through CLOs. TFG Asset Management's investment in LCM gained $59.8 million in 2021. The primary driver of valuation gains was the successful launch of six new CLOs during 2021 with AUM totalling $2.8 billion, raising the total AUM managed by LCM to $11.2 billion. This was partially offset by a 1% increase in the discount rate used in the DCF approach. The third-party valuation agent changed the Market Multiple approach from P/AUM to EV/EBITDA. This change was primarily driven by the fact that the EV/EBITDA approach is forward-looking, as opposed to a backward-looking P/AUM approach, and can better capture the growth potential of a business.

Polygon

Polygon manages open-ended hedge fund and private equity vehicles across a number of strategies. The investment in Polygon recorded a loss of $3.4 million.

Tetragon Credit Partners

Tetragon Credit Partners is TFG Asset Management's structured credit investing business. The value of Tetragon Credit Partners increased by $2.4 million in 2021. During 2021, Tetragon Credit Partners' TCI III vehicle deployed the remaining 17% of its uninvested capital and began to raise capital for its TCI IV vehicle during the year.

Hawke's Point

Hawke's Point is an asset management company focused on mining finance that provides capital to companies in the mining and resource sectors. Tetragon's investment recorded a loss of $0.9 million during 2021.

Banyan Square Partners

Banyan Square Partners is an investment management business focused on providing non-control structured and common equity solutions to financial sponsors, founded by TFG Asset Management in 2019. Tetragon's investment was valued at $0.8 million, unchanged from 31 December 2020.

Contingency Capital

Contingency Capital is a global asset management business that sponsors and manages legal assets-related investment funds that launched in November 2020. The asset manager was valued for the first time as of 31 December 2021, at $6.1 million. Tetragon has provided a loan to Contingency Capital of $4.9 million.

Please see Note 4 in the 31 December 2021 Tetragon Financial Group Audited Financial Statements for further details on the basis for determining the fair value of TFG Asset Management. Additionally, for further colour on the underlying performance of the asset managers, please see Figure 18 for TFG Asset Management's *pro forma* operating results and associated commentary.

2

Event-driven equities, convertible bonds and other hedge funds

Tetragon invests in event-driven equities and convertible bonds through hedge funds. At 31 December 2021, these investments are primarily through hedge funds managed by Polygon. Investments in these funds generated a gain of $13.8 million during 2021.

Event-driven equities

- **Polygon European Equity Opportunity Fund:** This fund focuses on event-driven European equity strategies with catalysts, particularly in mergers and acquisitions, deep-value dislocation trades, and capital markets special situations. Tetragon's investments in these funds in 2021 recorded a gain of $4.1 million. Both share classes in which Tetragon is invested had positive returns in 2021; the Absolute Return class had net performance of 1.25% as hedges dampened performance and the Long-Bias share class returned 11.9%. Tetragon redeemed $50.0 million from its investment in 2021. The fund was nominated for the 2021 *With Intelligence* EuroHedge Award in the Event Driven & Distressed category for the third time since its inception.[i]

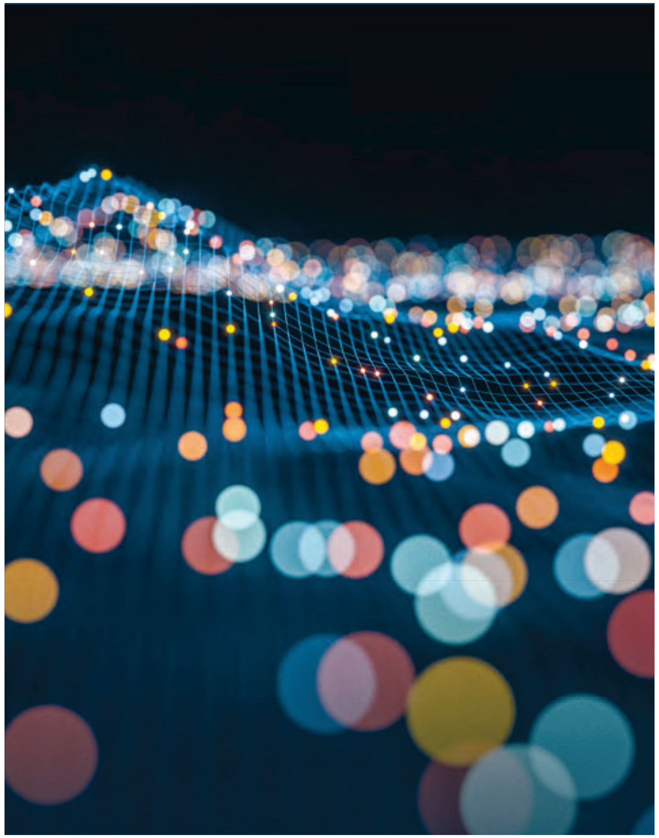
- **Polygon Global Equities Fund:** Tetragon's investment had losses of $3.9 million during 2021. Tetragon increased its holding in this fund by $25.0 million in 2021. The position remains relatively small. Tetragon is the only investor in this fund.

Convertible bonds

- **Polygon Convertible Opportunity Fund:** This fund invests in securities across the capital structure of issuers primarily in Europe and North America and seeks to identify relative value opportunities leveraging the firm's event-driven and convertible expertise in a concentrated and heavily-researched portfolio. Tetragon's investment generated a gain of $14.9 million for the year. Net performance in the fund was +12.9% for its flagship share class, compared to the HFR RV Fixed Income-Convertible Arbitrage Index which returned 7.8% in 2021[ii]. The fund was nominated for the eleventh time since its inception in 2009 for the 2021 *With Intelligence* EuroHedge Award in the Convertibles and Volatility category; it has won the award five times.[iii] As mentioned earlier in this report, the fund was renamed to Acasta Global Fund as of 1 March 2022.

Other hedge funds

- Investments in hedge funds managed by third-party managers lost $1.3 million during the year. An investment of $13.0 million was made during the the year.



3

Bank loans

Tetragon continues to invest in bank loans through CLOs primarily by taking majority positions in the equity tranches. Tetragon's CLO portfolio recorded a gain during 2021 as corporate credit fundamentals rebounded strongly from the depths of the Covid crisis. Tetragon made new U.S. CLO investments indirectly via the Tetragon Credit Partners platform as well as committed to the purchase of new investments directly. We continue to view CLOs as attractive vehicles for obtaining long-term exposure to the leveraged loan asset class.

- **U.S. CLOs (LCM):** Directly-owned LCM CLOs gained $24.2 million during 2021. This performance was driven by improvements in underlying fundamental credit conditions and a recalibration of certain modelling assumptions used to value the positions. During the year, investments in this segment generated $35.7 million in cash distributions, with the total fair value ending 2021 at $154.2 million. As of the end of 2021, all LCM CLO transactions were compliant with their junior-most overcollateralization (O/C) tests.[iv]

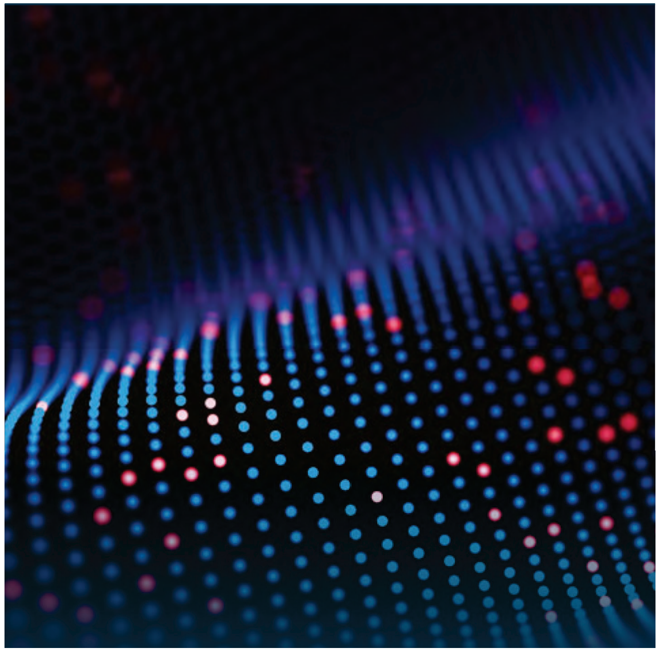
  In February 2021, Tetragon purchased a majority stake in the equity tranche of LCM 31 Ltd, for a cost of $15.6 million. Through the remainder of 2021, Tetragon made minority investments in the equity tranches of five LCM-managed CLOs (LCM 32, LCM 33, LCM 34, LCM 35, and LCM 36), for a total combined cost of $10.5 million. Tetragon also made investments in the debt tranches of LCM 32, LCM 33, LCM 34, and LCM 35 to support the compliance of E.U. Risk Retention rules for those transactions.

  Tetragon currently expects to make most of its new issue LCM CLO majority equity investments via the Tetragon Credit Partners platform but may choose to make opportunistic investments directly when appropriate.

- **Tetragon Credit Partners Funds[v]:** 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 2021, 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 $10.6 million (which is not yet funded). TCI II and TCI III are fully invested, while TCI IV has not yet had its final capital close.

  During 2021, Tetragon's investments in funds managed by Tetragon Credit Partners generated $32.5 million in cash distributions and a gain of $20.6 million, reflecting improvements in underlying fundamental credit conditions and a recalibration of certain modelling assumptions used to value the positions. During the year, TCI II closed debt refinancings for three transactions and reset two CLOs, and TCI III closed debt refinancings for six transactions. The manager expects that there will be opportunities to pursue additional debt refinancings in 2022. TCI IV had its first close at the end of May 2021, and as of the end of December 2021, had total accepted committed capital of $105.2 million (including Tetragon's investment). As of the end of the year, TCI IV had made two majority CLO equity tranche investments and continue to work on a pipeline of near-term opportunities. All CLOs held by TCI II, TCI III, and TCI IV were compliant with their junior-most O/C tests as of the end of December 2021.[vi]

- **U.S. CLOs (non-LCM):** The non-LCM-managed CLO segment posted a gain of $3.6 million during 2021, reflecting improvements in underlying fundamental credit conditions, as well as a recalibration of certain model assumptions used to value the positions. Investments in this segment generated $4.3 million in cash distributions during 2021. Tetragon did not add any direct non-LCM-managed CLO investments, and as of the end of 2021, the fair value of this segment stood at $13.6 million. As of the end of 2021, all non-LCM CLOs were compliant with their junior-most O/C tests.[vii]



Tetragon currently expects to make most of its new issue non-LCM equity investments indirectly via the Tetragon Credit Partners platform.

Tetragon Credit Partners Opportunity Fund

The Tetragon Credit Partners Opportunity Fund was closed in 2021, as the targeted investment opportunity in U.S. CLO mezzanine tranches was realized. As of the end of 2021, all capital had been returned to investors, including Tetragon.

4

Real estate

Tetragon holds most of its investments in real estate through BentallGreenOak-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 BentallGreenOak 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 gained $2.1 million during 2021, with gains in the other real estate farmland investment and BentallGreenOak Asia funds offset by losses from the BentallGreenOak U.S. fund investments. Aggregate additions related to capital calls on new and existing investments were $26.2 million and $22.5 million of distributions from these vehicles were received during the year.

- **BentallGreenOak U.S. funds and co-investments:** In the United States, Tetragon is invested in three funds and three co-investments. The initial funds focused on market dislocation and inefficiencies in major coastal gateway cities where BentallGreenOak could acquire underperforming assets in dynamic submarkets. Property types included office, multifamily, retail and hotel properties in New York, Los Angeles, Boston, San Francisco, Washington, D.C. and Miami. The most recent fund has focused on building a more diversified portfolio in terms of both geography and property type which includes logistics. In 2021, these investments generated a net loss of $8.9 million for Tetragon, primarily driven by revaluations in properties held in US Fund II.
- **BentallGreenOak Europe funds and co-investments:** BentallGreenOak's Europe-focused products have primarily targeted distressed opportunities and deep-value acquisitions in markets with solid underlying fundamentals. Historically, these assets have focused on logistics and office space, with an increasing focus on logistics, including cold storage and data centres. Geographically, the focus has become more diversified, with investments across multiple countries in Western Europe. Tetragon is invested in three funds and seven co-investments in Europe. In 2021, these investments had a small loss of $0.2 million.
- **BentallGreenOak Asia funds and co-investments:** The Asia-focused investments target investment opportunities in Japan, predominantly in Tokyo, with selective Asia Pacific opportunities, primarily in South Korea. These focus on balance sheet restructurings and other distress-related factors that motivate sellers. Tetragon is invested in three funds in Asia. During 2021, these investments contributed a gain of $4.4 million.
- **BentallGreenOak debt funds:** BentallGreenOak provides loans secured by commercial real estate throughout the United Kingdom and Europe. Tetragon's investments in this segment are currently small relative to its other real estate investments; $0.3 million of gains were generated in 2021.
- **Other real estate:** In addition to the commercial real estate investments through BentallGreenOak-managed real estate funds, Tetragon also has investments in commercial farmland in Paraguay managed by Scimitar, a specialist manager in South American farmland. During 2021, the farmlands were revalued by an independent valuation specialist, resulting in an increase of the current market value of $6.5 million, reflecting improvements in the land held by Tetragon and general market conditions in Paraguay.

5

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 generated gains of $120.2 million during 2021.

- **Hawke's Point:** Tetragon's mining finance investments managed by Hawke's Point generated a loss of $39.4 million during 2021, driven primarily by poor operational performance at one of its Australian gold mining investments and the associated financial impact. Tetragon invested $6.0 million into a new co-investment vehicle managed by Hawke's Point during the first half of the year.
- **Banyan Square Partners:** Banyan Square Partners Fund 1 (comprising 10 positions) made gains of $11.7 million in 2021. Capital called during the period was $52.4 million.
- **Other funds and co-investments:** Investments in externally-managed private equity funds and co-investment vehicles in Europe and North America made gains of $33.9 million in 2021, spread across 22 different positions. Capital called by these investments during the period totalled $24.3 million.
- **Direct:** This category produced gains of $114.0 million in 2021. The largest profit driver (+$98.6 million) was the December redemption of Ripple Labs Series C shares plus accrued interest by the company for cash.

6

Legal assets

Tetragon makes investments in legal assets through vehicles managed by Contingency Capital. Tetragon made its first commitment into the asset class in 2021, $29.7 million of which was called. A gain of $0.6 million was generated for the year.

7

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.

- **Other equities:** This segment generated a loss of $24.2 million during the year; these investments comprised European and U.S. listed public equities in technology, biotechnology, and financial services sectors.
- **Other credit:** This segment generated a gain of $6.2 million during 2021, driven by corporate bonds.

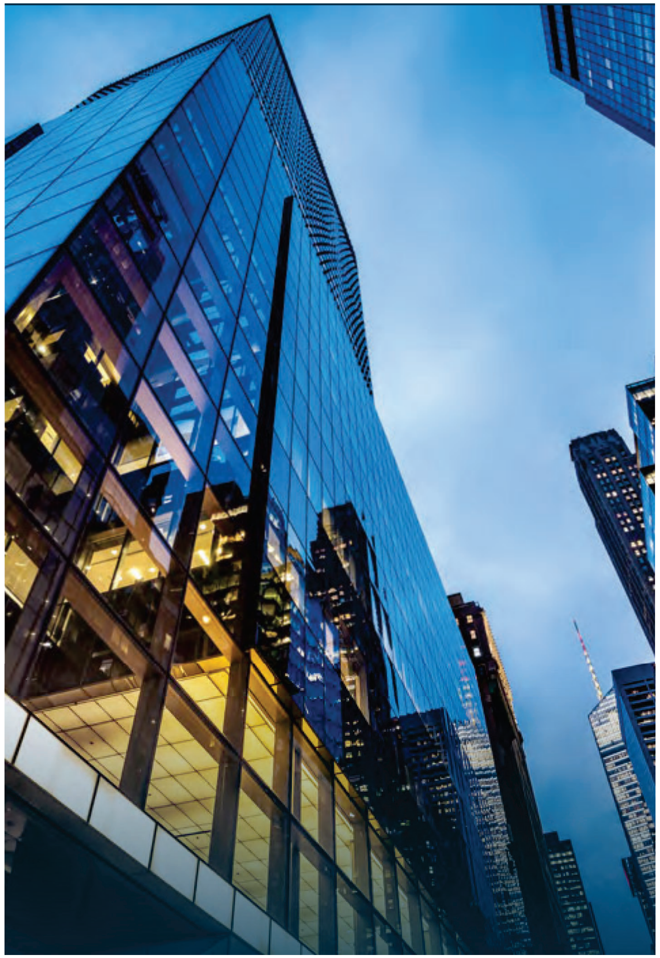
> " Tetragon has a 10-year $250 million revolving credit facility dating from July 2020. As at 31 December 2021, $75 million of this facility was drawn.

8

Cash

Tetragon's net cash balance, which is cash adjusted for known accruals and liabilities (short and long-dated), was $7.6 million as at 31 December 2021. Tetragon has a 10-year $250 million revolving credit facility dating from July 2020. As at 31 December 2021, $75 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 2021, Tetragon used $329.6 million of cash to make investments, and $24.2 million to pay dividends. $557.1 million of cash was received as distributions and proceeds from the sale of investments. Future cash commitments are approximately $108.9 million, comprising hard investment commitments (BentallGreenOak funds $42.8 million, private equity funds $18.4 million, Tetragon Credit Partners funds $10.6 million, Contingency Capital funds $10.3 million and Contingency Capital loan $8.3 million) and soft investment commitments (Banyan Square Partners funds $8.5 million and the Contingency Capital funds $10.0 million).



Notes

i The Polygon European Equity Opportunity Fund was nominated for the 2021 EuroHedge Award in the "Event Driven & Distressed" category; there were seven other nominees for this award. The With Intelligence EuroHedge Award is organised by With Intelligence (formerly EuroHedge) magazine, a publication of HFM Global. To be considered for an award, funds must submit performance data to the HFM Database and have at least a 12-month track record history. Winners are decided using an established methodology based upon a combination of Sharpe ratios and returns over the relevant time period. Nominations are decided by those funds in each peer group that achieve the strongest Sharpe ratios over 12 months, so long as they also beat the median returns in their relevant peer groups and are within 10% of their high-water marks. The eventual winners will be the funds that have the best returns, as long as they also have Sharpe ratios within 25% of the best Sharpe of the nominees in their relevant peer groups. For the Management Firm of the Year award, nominees and winners are judged on additional comparative criteria as well as absolute returns and Sharpe ratios. Further information about the award, including nomination and winning criteria, is available at https://eurohedgeawards.awardstage.com/#Criteria.

ii The indices shown here have not been selected to represent appropriate benchmarks to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the Fund's holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. The HFRX 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 www.hedgefundresearch.com.

iii The Polygon Convertible Opportunity Fund was nominated for the 2021 EuroHedge Award in the Convertibles & Volatility category; there were six other nominees for this award. The With Intelligence EuroHedge Award is organised by With Intelligence (formerly EuroHedge) magazine, a publication of HFM Global. To be considered for an award, funds must submit performance data to the HFM Database and have at least a 12-month track record history. Winners are decided using an established methodology based upon a combination of Sharpe ratios and returns over the relevant time period. Nominations are decided by those funds in each peer group that achieve the strongest Sharpe ratios over 12 months, so long as they also beat the median returns in their relevant peer groups and are within 10% of their high-water marks. The eventual winners will be the funds that have the best returns, as long as they also have Sharpe ratios within 25% of the best Sharpe of the nominees in their relevant peer groups. For the Management Firm of the Year award, nominees and winners are judged on additional comparative criteria as well as absolute returns and Sharpe ratios. Further information about the award, including nomination and winning criteria, is available at https://eurohedgeawards.awardstage.com/#Criteria.

iv Based on the most recent trustee reports available as of 31 December 2021. Throughout this report, we refer to overcollateralisation or "O/C" tests, which are CLO-specific tests that measure the par amount of underlying CLO collateral (adjusted in certain cases for defaults or other "stressed" asset types) against the par value of the rated CLO debt tranches. The failure of an overcollateralisation test generally results in the temporary cessation of cash flows to the CLO's equity tranche.

v 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.

vi Based on the most recent trustee reports available as of 31 December 2021.

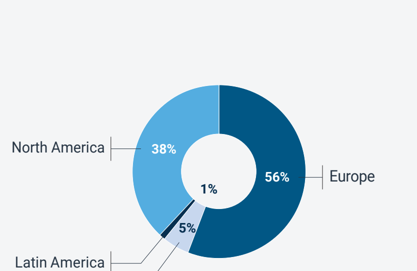
vii Based on the most recent trustee reports available as of 31 December 2021.

Further Portfolio Metrics

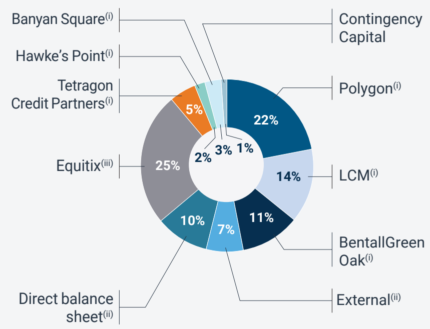
Figure 11

At 31 Dec 2021

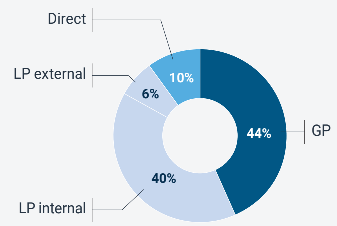
By geography[1]



By exposure[2]



By investment



Tetragon's investments comprise:

- GP - private equity in asset management companies
- LP internal - investments in funds/accounts on the TFG Asset Management platform
- LP external - investments in external funds/accounts
- Direct

Currency exposure:

Tetragon is a U.S. dollar-based fund and reports all of its metrics in U.S. dollars. During 2021, 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.
- LCM, Tetragon Credit Partners, Banyan Square Partners, and Contingency Capital (TFG Asset Management) are treated as 100% North America.
- BentallGreenOak (TFG Asset Management) is treated as 20% Europe, 67% North America, 13% Asia-Pacific.
- Polygon (TFG Asset Management) is treated as 80% Europe, 20% North America.
- Equitix (TFG Asset Management) is treated as 100% Europe.
- Hawke's Point (TFG Asset Management) is treated as 100% Asia- Pacific.

(2) Assumptions for "By Exposure"

(i) Exposure represents the net asset value of (1) the private equity position in the relevant asset management company and (2) 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

3
Financial review

A summary of Tetragon's 2021 financial highlights, and pro forma statements of comprehensive income and financial position.

Financial highlights

Figure 12

Financial Highlights 2019 - 2021

	2021	2020	2019
Reported GAAP Net income ($MM)	$418.2	$171.1	$288.0
Adjusted Net income ($MM)	$428.6	$182.5	$293.5
Reported GAAP EPS	$4.68	$1.87	$3.22
Adjusted EPS	$4.79	$1.99	$3.28
Return on equity	17.3%	7.6%	13.4%
Net Assets ($MM)	$2,876.8	$2,474.4	$2,386.1
IFRS number of shares outstanding (MM)	90.2	88.8	92.2
NAV per share	$31.88	$27.87	$25.88
Fully diluted shares outstanding (MM)	96.4	93.1	96.4
Fully diluted NAV per share	$29.86	$26.57	$24.76
NAV per share total return	14.1%	9.5%	13.6%
DPS	$0.41	$0.40	$0.74

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

- **Adjusted Net income ($428.6 million):** Please see Figure 13 for more details and a breakdown of the Adjusted Net Income.
- **Return on Equity (17.3%):** Adjusted Net Income ($428.6 million divided by Net Assets at the start of the year ($2,474.4 million).
- **Fully Diluted Shares Outstanding (96.4 million):** Adjusts the IFRS shares outstanding (90.2 million) for various dilutive factors (6.2 million shares). Please see Figure 27 for more details.
- **Adjusted EPS ($4.79:** Calculated as Adjusted Net Income ($428.6 million) divided by the time-weighted average IFRS shares during the period (89.4 million).
- **Fully Diluted NAV Per Share ($29.86):** Calculated as Net Assets ($2,876.8 million) divided by Fully Diluted Shares Outstanding (96.4 million).

Figure 13

Pro Forma Statement of Comprehensive Income 2020-2021

	2021 ($m)	2020 ($m)
Net gain on financial assets at fair value through profit or loss	621.2	304.4
Net loss on derivative financial assets and liabilities	(10.4)	(0.2)
Net foreign exchange loss	(1.4)	-
Interest income	0.2	2.2
Investment income	**609.6**	**306.4**
Management and incentive fees	(162.1)	(107.1)
Other operating and administrative expenses	(13.1)	(10.6)
Interest expense	(5.8)	(6.2)
Total operating expenses	**(181.0)**	**(123.9)**
Adjusted Net income	**428.6**	**182.5**

For 2021, 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 $10.4 million (2020: $11.4 million). This adjustment is consistent with how Adjusted Net income has been determined in prior periods.

During the year, $124.6 million incentive fee was expensed and $104.1 million remains outstanding at 31 December 2021.

Figure 14

Pro Forma Statement of Financial Position

as at 31 December 2020 and 31 December 2021

	31 December 2021 ($m)	31 December 2020 ($m)
Assets		
Investments	2,851.6	2,417.6
Derivative financial assets	4.2	8.6
Other receivables	2.6	3.3
Amounts due from brokers	5.9	44.4
Cash and cash equivalents	199.6	194.6
Total assets	**3,063.9**	**2,668.5**
Liabilities		
Loans and borrowings	(75.0)	(100.0)
Derivative financial liabilities	(1.5)	(25.2)
Other payables and accrued expenses	(110.6)	(68.9)
Total liabilities	**(187.1)**	**(194.1)**
Net assets	**2,876.8**	**2,474.4**

Although the consolidated net assets are identical to the IFRS net assets reported by Tetragon, the split between investments and cash is different. Under IFRS, certain investments and cash contained within non-investment fund-controlled subsidiaries are aggregated as an investment and reported at fair value.

Instead, this table looks through to the underlying investments and cash, and accounts for each separately, at fair value. This approach has the impact of increasing cash by $0.8 million (2020: $2.9 million) and decreasing investments by $0.8 million (2020: $2.9 million). This treatment is consistent with how Tetragon has reported these investments in prior periods.

4

Governance

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

Board of Directors

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

Deron J. Haley
Independent Director

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

Steven W. Hart
Independent Director

Steven Hart serves as president of Hart Capital LLC, which he founded in 1998 as a family office to invest in a diversified portfolio of assets with a strong education industry focus. He also co-founded Florian Education Investors LLC in May 2013, which now includes an ACCSC accredited postsecondary vocational education company offering on ground and online diploma and degree programs to the allied health community. Mr. Hart was the co-owner (1999-2010) and member of the Board of Directors (1999-2007) of Lincoln Educational Services Corporation. From 1983 to 1997, he was co-founder of a family-owned conglomerate where he acquired and managed manufacturing and distribution companies involved in automotive, printing, apparel and industrial textiles, electronics, synthetic foam, and home furnishing industries. Mr. Hart served as chairman of the State of Connecticut Investment Advisory Council from 1995 to 2003, which oversees the State of Connecticut Retirement Plans and Trust Funds, and, as a trustee (1996-2003), and chairman (2003) of the Stanford University Graduate School of Business Endowment Trust. From 2011-2020, Mr. Hart served as a member of the Boards of Directors of several funds connected with Blue Harbour Group, L.P., a hedge fund based in Greenwich, Connecticut. He earned an M.B.A. degree from Stanford University Graduate School of Business and a B.A. degree in mathematics and economics from Wesleyan University.

David C. O'Leary
Independent Director

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

Reade Griffith

Reade Griffith co-founded the investment manager of Tetragon in 2005 and Polygon in 2002. He is a member of Tetragon's Board of Directors, the head of the investment manager's Investment Committee and Risk Committee, the Chief Investment Officer of TFG Asset Management and the Chief Investment Officer of Polygon's European Event-Driven Equities strategy, in addition to other roles. Mr. Griffith was previously the founder and chief executive officer of the European office of Citadel Investment Group, a multi-strategy hedge fund that he joined in 1998. He was a partner and senior managing director responsible for running the Global Event-Driven arbitrage team in Tokyo, London and Chicago for the firm. Prior to that, he was with Baker, Nye, where he was an analyst working on an arbitrage and special situations portfolio. Mr. Griffith holds an A.B. degree in Economics from Harvard College and a J.D. degree from Harvard Law School. Mr. Griffith is currently a member of the Dean's Advisory Board at Harvard Law School and was a member of the Financial Sector Forum at the Bank of England from 2017 until 2020. Mr. Griffith also served as an officer in the U.S. Marine Corps and left as a Captain following the 1991 Gulf War. He is based in London.

Paddy Dear

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

Size, independence and composition of the Board of Directors of Tetragon

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

Tetragon has five Directors (referred to herein as the Directors). Subject as set out below and as elsewhere described in the risk factors found on Tetragon's website at www.tetragoninv.com/investors/risk-factors.aspx, not less than a majority of the Directors are independent. A Director will be an "Independent Director" if the Board of Directors determines that the person satisfies the standards for independence contained in the U.K. Combined Code in all material respects. If the death, resignation or removal of an Independent Director results in the Board of Directors having less than a majority of Independent Directors, the vacancy must be filled promptly. Pending the filling of such vacancy, the Board of Directors may temporarily consist of less than a majority of Independent Directors and those Directors who do not meet the standards for independence may continue to hold office. A Director who is not an Independent Director will not be required to resign as a Director as a result of an Independent Director's death, resignation or removal. In addition, Tetragon's Memorandum and Articles of Incorporation prohibit the Board of Directors from consisting of a majority of Directors who are resident in the United Kingdom.

Election and removal of Directors of Tetragon

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

A Director may be removed from office for any reason by notice requesting resignation signed by all other Directors then holding office, if the Director is absent from four successive meetings without leave expressed by a resolution of the Directors or for any reason by a resolution of the holder of Tetragon's voting shares. A Director will also be removed from the Board of Directors if he becomes bankrupt, if he becomes of unsound mind, if he becomes a resident of the United Kingdom and such residency results in a majority of the Board of Directors being residents of the United Kingdom or if he becomes prohibited by law from acting as a Director. A Director is not required to retire upon reaching a certain age.

Action by the Board of Directors of Tetragon

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

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

Transactions in which a Director has an interest

Provided that a Director has disclosed to the other Directors the nature and extent of any of such Director's interests in accordance with the Companies (Guernsey) Law, 2008, as amended, a Director, notwithstanding his office: (a) may be a party to, or otherwise interested in, any transaction or arrangement with Tetragon or in which Tetragon is otherwise interested; (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by Tetragon or in which Tetragon is otherwise interested; and (c) shall not be accountable to Tetragon for any benefit derived from any such transaction or arrangement or from any interest in any such body corporate, and no such transaction or arrangement shall be void or voidable on the ground of any such interest or benefit or because such Director is present at or participates in the meeting of the Directors that approves such transaction or arrangement, provided that (i) the material facts as to the interest of such Director in such transaction or arrangement have been disclosed or are known to the Directors and the Directors in good faith authorise the transaction or arrangement and (ii) the approval of such transaction or arrangement includes the votes of a majority of the Directors that are not interested in such transaction or such transaction is otherwise found by the Directors (before or after the fact) to be fair to Tetragon as of the time it is authorised. Under the Investment Management Agreement, the Directors have authorised the investment manager to enter into transactions on behalf of Tetragon with persons who are affiliates of the investment manager, provided that in connection with any such transaction that exceeds $5 million of aggregate investment the investment manager informs the Directors of such transaction and obtains either (i) the approval of a majority of the Directors that do not have a material interest in such transaction or (ii) an opinion from a recognised investment bank, auditing firm or other appropriate professional firm substantively to the effect that the financial terms of the transaction are fair to Tetragon from a financial point of view.

Compensation

The remuneration for Directors is determined by resolution of the holder of Tetragon's voting shares. Currently, the Directors' annual fee is $125,000, in compensation for service on the Board of Directors of Tetragon. The Directors affiliated with the holder of Tetragon's voting shares have waived their entitlement to a fee. The Directors are entitled to be repaid by Tetragon for all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors has a contract with Tetragon providing for benefits upon termination of employment.

On 1 January 2020, the Independent Directors were awarded shares in Tetragon which vest on 31 December 2022 and are subject to forfeiture provisions. The fair value of the award, as determined by the share price on grant date of US$ 12.25 per share, is US$ 300,000 for each Independent Director.

Certain corporate governance rules

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

Indemnity

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

The Audit Committee

The Audit Committee of Tetragon currently comprises the three Independent Directors and is responsible for, among other items, assisting and advising Tetragon's Board of Directors with matters relating to Tetragon's accounting and financial reporting processes and the integrity and audits of Tetragon's financial statements.

The Audit Committee is also responsible for reviewing and making recommendations with respect to the plans and results of each audit engagement with Tetragon's independent auditor, the audit and non-audit fees charged by the independent auditor and the adequacy of Tetragon's internal accounting controls.

The Investment Manager

Tetragon Financial Management LP has been appointed the investment manager of Tetragon pursuant to an investment management agreement dated 26 April 2007. The investment manager's general partner, Tetragon Financial Management GP LLC, is responsible for all actions of the investment manager. The general partner is ultimately controlled by Reade Griffith and Paddy Dear, who also control the holder of Tetragon's voting shares and are the voting members of the investment manager's Investment and Risk Committees. Reade Griffith acts as the authorised representative of the general partner and the investment manager.

Its Investment Committee is responsible for the investment management of Tetragon and its portfolio and currently consists of Reade Griffith, Paddy Dear and Stephen Prince. The Investment Committee determines the investment strategy of Tetragon and approves each significant investment by it.

The investment manager's Risk Committee is responsible for the risk management of Tetragon and its portfolio and performs active and regular oversight and risk monitoring. The Risk Committee has the same composition as the Investment Committee.

The investment manager's Executive Committee oversees all key non-investment and risk activities of the investment manager and currently consists of Reade Griffith, Paddy Dear, Stephen Prince, Paul Gannon, Sean Côté and Greg Wadsworth.

Summary of key terms of Tetragon's Investment Management Agreement

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

The Investment Management Agreement continues in full force and effect unless terminated (i) by the investment manager at any time upon 60 days' notice or (ii) immediately upon Tetragon giving notice to the investment manager or the investment manager giving notice to Tetragon in relation to such entity in the event of (a) the party in respect of which notice has been given becoming insolvent or going into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or a receiver being appointed over all or a substantial part or of its assets or it becoming the subject of any petition for the appointment of an administrator, trustee or similar officer, (b) a party committing a material breach of the Investment Management Agreement which causes a material adverse effect to the non-breaching party and (if such breach shall be capable of remedy) not making good such breach within 30 days of service upon the party in breach of notice requiring the remedy of such breach or (c) fraud or wilful misconduct in the performance of a party's duties under the Investment Management Agreement.

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

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

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

Management and incentive fees; expenses

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

The investment manager is entitled to receive management fees equal to one and one-half percent (1.5%) per annum of the NAV of Tetragon payable monthly in advance prior to the deduction of any accrued incentive fees.

Tetragon will also pay to the investment manager an incentive fee for each Calculation Period (as defined below) equal to 25% of the increase in the NAV of Tetragon during the Calculation Period (before deduction of any dividend paid or the amount of any redemptions or repurchases of shares (or other relevant capital adjustments) during such Calculation Period) above (i) the Reference NAV (as defined below) plus (ii) the Hurdle (as defined below) for the Calculation Period. If the Hurdle is not met in any Calculation Period (and no incentive fee is paid), the shortfall will not carry forward to any subsequent Calculation Period.

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

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

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

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

The incentive fee in respect of each Calculation Period is calculated by reference to the increase in NAV of the shares before deduction of any accrued incentive fee. The incentive

fee is normally payable in arrears within 14 calendar days of the end of the Calculation Period. If the Investment Management Agreement is terminated other than at the end of a Calculation Period, the date of termination will be deemed to be the end of the Calculation Period. The investment manager does not charge separate fees based on the NAV of Tetragon.

An incentive fee of $104.1 million was accrued in the fourth quarter of 2021 in accordance with Tetragon's investment management agreement. The hurdle rate for the first quarter of 2022 incentive fee has been reset at 2.863858% (Q4 2021: 2.780988%) as per the process outlined above and in accordance with Tetragon's investment management agreement.

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

The investment manager's role with respect to TFG Asset Management

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

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

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

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

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

In connection with the management, oversight and/or supervision of asset management businesses within TFG Asset Management, TFG Asset Management (rather than the investment manager) is responsible for, inter alia, business development, marketing, legal and compliance, risk management and governance, as well as guidance on business issues faced by a new fund or vehicle and the strategic direction of such businesses. As such, TFG Asset Management is responsible for any restructuring or reorganisation of these asset management businesses from time to time (to the extent that such arrangements do not involve the acquisition of asset management businesses using Tetragon's cash), any disputes or litigation with respect to the ownership arrangements of such businesses and any decision to sell or otherwise dispose of all or any portion of such businesses.

Services agreement between the investment manager and certain subsidiaries of TFG Asset Management

The investment manager relies on two TFG Asset Management entities[1] for a broad range of services to support its activities. The services provided to the investment manager under a Services Agreement by TFG Asset Management, through these entities, include infrastructure services such as operations, financial control, trading, marketing and investor relations, legal, compliance, office administration, payroll and employee benefits. One of those entities, TFG Asset Management UK LLP, which is authorised and regulated by the United Kingdom Financial Conduct Authority, also provides services relating to the dealing in and management of investments, arrangement of deals and advising on investments.

Cost recovery by TFG Asset Management for services provided to Tetragon's investment manager

TFG Asset Management, through its Polygon subsidiaries, has implemented a cost-allocation methodology with the objective of allocating service-related costs, including to the investment manager, in a consistent, fair, transparent and commercially based manner.[2]

TFG Asset Management then charges fees to the investment manager for the services allocated to the investment manager on a cost-recovery basis designed to achieve full recovery of the allocated costs. In 2021 the total amount recharged to the investment manager, excluding direct expenses, was $23.9 million.

Most of the costs related to these services are directly or indirectly attributable to personnel or "human capital", with compensation typically being the largest single cost.[3]

Consequently, one of the most critical cost allocations relates to professionals' time, which is commonly expressed as Full Time Equivalents or "FTEs".

On a monthly basis, each TFG Asset Management employee[4], directly or via their team head, provides a breakdown of the approximate percentage of time spent supporting the various businesses for the previous month (this excludes certain functions such as office management and technology that are charged to business users on a standard basis (e.g., space used or global headcount) which removes any need on the part of those teams to allocate their FTEs to business lines). TFG Asset Management employees should not be incentivised to either over- or under-allocate to any business, as their time allocation is not a consideration in the determination of their overall compensation. Once allocated percentages are determined and agreed, an FTE is derived, subject to adjustments for items determined by contractual arrangements. Core personnel costs, including salary, bonus, pension and healthcare, are charged on an actual employee cost basis to each business line (including the investment manager) based on the FTE allocation described above.

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

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

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

KPMG LLP, reporting directly to Tetragon's Audit Committee, are currently engaged to periodically test that the costs allocated to (and therefore recovered from) the investment manager have been properly calculated in accordance with the approved cost-allocation methodology.

Tetragon's Board of Directors has adopted procedures for related-party transactions that require approval of a majority of disinterested Directors. Accordingly, Tetragon's Independent Directors are required to approve the methodology for allocating costs and in their sole discretion the application of that methodology as part of their oversight processes. The annual cost allocation methodology update and the actual annual cost allocations that result based on these cost methodology policies and procedures are separately approved by the Independent Directors.

Notes

1 These TFG Asset Management subsidiaries also provide infrastructure services to LCM and Contingency Capital, infrastructure and investment management services to Polygon, Acasta Partners, Hawke's Point, the TCI General Partner and Banyan Square Partners, and oversight services with respect to Equitix.

2 This cost allocation methodology also applies to the other TFG Asset Management businesses.

3 Employee compensation will also include TFG Asset Management's long-term incentive plan and its other equity-based awards.

4 Amounts paid by TFG Asset Management to Mr. Griffith in connection with services provided by him to TFG Asset Management are not allocated to the investment manager.

Tetragon Financial Group Limited Directors' report for the year ended 31 December 2021

The Directors present to the shareholders their report together with the audited consolidated financial statements for the year ended 31 December 2021.

The fund and its investment objective

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 Tetragon are held by Polygon Credit Holdings II Limited (the "Voting Shareholder"). Tetragon continues to be registered and domiciled in Guernsey, Tetragon's non-voting shares are listed on Euronext in Amsterdam, a regulated market of Euronext Amsterdam 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).

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

As at 31 December 2021, TFG Asset Management's investments consisted of LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and Contingency Capital. TFG Asset Management LP and Tetragon Financial Management LP (the "Investment Manager"), are both registered as investment advisers under the U.S. Investment Advisers Act of 1940, and two of TFG Asset Management LP's investment management entities, Polygon Global Partners LLP and Equitix Investment Management Limited, are authorised and regulated by the United Kingdom Financial Conduct Authority.

Results, activities and future developments

The results of operations are set out on page 93. A detailed review of activities and future developments is contained in the Annual Report issued with these consolidated financial statements to the shareholders of Tetragon.

Directors

The Directors who held office during the year were:

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

*Independent Directors

The remuneration for Directors is determined by resolution of Polygon Credit Holdings II Limited (the "Voting Shareholder"). Each Director's annual fee is US$ 125,000 (2020: US$ 125,000) as compensation for service on the Board of Directors of the Fund and is paid in quarterly instalments by the Fund. Paddy Dear and Reade Griffith have waived their entitlement to a Director's fee.

The Directors have the option to elect to receive shares in the Fund instead of their quarterly Director's fee. During the year, David O'Leary received 6,502 shares (2020: 6,626).

On 1 January 2020, the Independent Directors were awarded shares in Tetragon which vest on 31 December 2022 and are subject to forfeiture provisions. The fair value of the award, as determined by the share price on grant date of US$ 12.25 per share, is US$ 300,000 for each Independent Director.

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

Dividends

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

The Directors declared the following dividends during the year:

Dividend period	Dividend per share
Quarter ended 31 December 2020	$0.1000
Quarter ended 31 March 2021	$0.1000
Quarter ended 30 June 2021	$0.1000
Quarter ended 30 September 2021	$0.1000

On 4 March 2022, the Directors approved a dividend amounting to US$ 0.1100 per share for the quarter ended 31 December 2021. The total dividend declared for the year ended 31 December 2021 amounted to US$ 0.4100 per share (2020: US$ 0.4000 per share).

Statement of Directors' responsibilities

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

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

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

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Fund's website, and for the preparation and dissemination of the financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

The annual report gives a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R of the Disclosure Guidance and Transparency Rules and the FMSA, which respectively require, *inter alia*, (i) an indication of important events that have occurred since the end of the financial year and the likely future development of the Fund and (ii) a description of principal risks and uncertainties during the year.

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

Disclosure of information to the auditor

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

Auditor

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

Signed on behalf of the Board of Directors by:

David O'Leary
Director

Steven Hart
Director

Date: 4 March 2022

The AIC code of corporate governance

In September 2016, Tetragon became a member of The Association of Investment Companies (AIC), the trade body for closed-ended investment companies. Founded in 1932, the AIC represents approximately 400 members across a broad range of closed-ended investment companies, incorporating investment trusts and other closed-ended investment companies.

Tetragon is classified by the AIC in its Flexible Investment sector as a company whose policy allows it to invest in a range of asset types. The AIC has indicated that the sector may assist investors and advisers to more easily find and compare those investment companies which have the ability to invest in a range of assets and allow investors to compare investment companies with similar open-ended funds.

The AIC has a Code of Corporate Governance (AIC Code) which sets out a framework of best practice in respect of the governance of investment companies. The 2019 AIC Code applies to accounting periods beginning on or after 1 January 2019. The 2019 AIC Code has been endorsed by, amongst others, the Financial Reporting Council and the Guernsey Financial Services Commission (GFSC). This means that Tetragon, as an AIC member company, may make a statement that by reporting against the AIC Code, it is meeting its applicable obligations under the United Kingdom Corporate Governance Code 2018 (UK Code), the GFSC Finance Sector Code of Corporate Governance 2016 and any associated disclosure requirements under paragraph 9.8.6 of the Listing Rules. The Board of Directors of Tetragon considers that reporting against the principles and provisions of the 2019 AIC Code will provide better information to shareholders. Tetragon's reporting against the principles and provisions of the 2019 AIC Code is also set out on Tetragon's website at www.tetragoninv.com/site-services/aic/aic-code.

Additional information

Dividend and Capital Return Policy

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

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

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

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

Reporting

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

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

Statement regarding Non-mainstream pooled investments (NMPI)

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

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

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

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Other information

This section provides further detail about the business including: TFG Asset Management; Tetragon's risk factors, and details on historical share repurchases and distributions.

TFG Asset Management

One of Tetragon's significant investments is TFG Asset Management, a diversified alternative asset manager that owns majority and minority private equity stakes in asset management companies.

TFG Asset Management, as a unified business, is intended to enhance 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. In light of the strategy to continue to grow and diversify TFG Asset Management, as well as to enhance the value of its asset management companies with a view to realising value from the enterprise, the combination of a number of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream. As at 31 December 2021, TFG Asset Management comprised LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and Contingency Capital. The Polygon convertible manager was rebranded as Acasta Partners on 1 March 2022, adding a ninth business to the platform.

TFG Asset Management has approximately $37.1 billion of AUM[1] and approximately 470 employees globally (excluding BentallGreenOak). Each of the asset managers on the platform is privately held.

	LCM	BentallGreenOak	Polygon
Established	2001	2010	2002
Joined Tetragon	2009	2010	2012
Asset class	A bank loan asset management company.	A real-estate focused principal investing, lending and advisory firm.	A manager of open-ended hedge fund and private equity vehicles across a number of strategies.
AUM at 31 Dec 2021 ($Bn)	$11.2	$9.5	$1.8
Percentage Tetragon Ownership	100%	13%	100%
Valuation at 31 Dec 2021 ($m)	$237.8	$213.5	$54.3
Products	U.S. CLOs	Real estate investment strategies	Hedge funds and managed accounts
Average fund duration	10-12 years[4]	7-10 years	Quarterly liquidity
Valuation Methodology[2]	DCF and market multiples	DCF (sum-of-parts)	DCF
Significant unobservable inputs[3]	Discount rate 12.25%, EV/EBITDA multiple 12.5x, DLOL 15%, control premium 20%, 10% forecast 5Y AUM CAGR	Discount rate 11%, DLOL 15%, 18.4% forecast 5Y EBITDA CAGR	Discount rate 13%, DLOL 20%, 9.9% forecast 5Y AUM CAGR

Primary offices

London | New York

470 headcount

Excluding BentallGreenOak

Global

Operating platform

$37bn

Assets under management[1]
31 December 2021

$1.26bn

Total valuation
31 December 2021

Please see important notes on page 62.

	Acasta	Equitix	Hawke's Point	Tetragon Credit Partners	Banyan Square	Contingency Capital
Established	2009[5]	2007	2014	2015	2019	2020
Joined Tetragon	2009[5]	2015	2014	2015	2019	2020
Asset class	A manager of open-ended hedge fund and managed account vehicles across a number of strategies.	An integrated core infrastructure asset management and primary project platform.	An asset management company focused on mining finance.	A structured credit investing business.	A private equity firm focused on non-control structured and common equity investment opportunities.	A global asset management business focused on credit-oriented legal assets investments.
AUM at 31 Dec 2021 ($Bn)	$0.9 (as at 1 March 2022)	$10.8	$0.06	$0.9	$0.1	$0.07
Percentage Tetragon Ownership	Non-controlling interest[5]	75%	100%	100%	100%	Non-controlling interest[7]
Valuation at 31 Dec 2021 ($m)	N/A	$725.6	$2.0	$16.2	$0.8	$6.1
Products	Hedge funds and managed accounts	Infrastructure and renewable funds and managed accounts	Private equity-style funds and managed accounts	Private equity-style vehicles	Private equity fund	Private credit vehicles and managed accounts
Average fund duration	Quarterly liquidity	25 years	Not applicable	10 years	Not applicable	7 years
Valuation Methodology[2]	N/A	DCF and market multiples	Replacement cost	DCF	Replacement cost	DCF
Significant unobservable inputs[3]	N/A	Discount rate 9.5%, EV/EBITDA multiple 15x, DLOL 10%, control premium 20%, 14.1% forecast 5Y AUM CAGR	N/A	Discount rate 10.5%, DLOL 15%	N/A	N/A

Notes

1 Includes the AUM of LCM, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and TCICM, as calculated by the applicable fund administrators at 31 December 2021 (AUM of Tetragon Credit Partners represents committed capital). TCICM (which comprises TCI Capital Management II LLC and TCI Capital Management LLC) acts as a CLO collateral manager for certain CLO investments. It had AUM of $2.6 billion at 31 December 2021. Includes, where relevant, investments by Tetragon Financial Group Limited. The AUM for BentallGreenOak represents Tetragon's pro rata share (12.86%) of BentallGreenOak AUM at 31 December 2021 ($74 billion).

2 "DCF" stands for "Discounted Cash Flow". Please see Note 4 of the 31 December 2021 Audited Financial Statements for more information.

3 "DLOL" stands for "Discount for Lack Of Liquidity". Please see Note 4 of the 31 December 2021 Audited Financial Statements for more details of significant unobservable inputs.

4 Currently, LCM manages loan assets exclusively through CLOs, which are long-term, multi-year investment vehicles. The typical duration of a CLO, and thus LCM's management fee stream, depends on, among other things, the term of its reinvestment period (currently typically four to five years for a new issue CLO), the prepayment rate of the underlying loan assets, as well as post-reinvestment period reinvestment flexibility and weighted average life constraints.

5 On 1 March 2022, the Polygon convertible business, which was founded in 2009, was renamed Acasta Partners. 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.

6 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.

Figure 16

TFG Asset Management AUM by Business at 31 December 2021

This chart shows the breakdown of the AUM by business

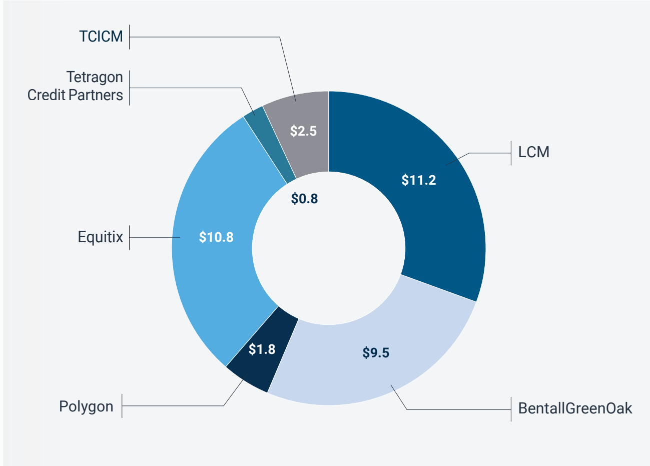
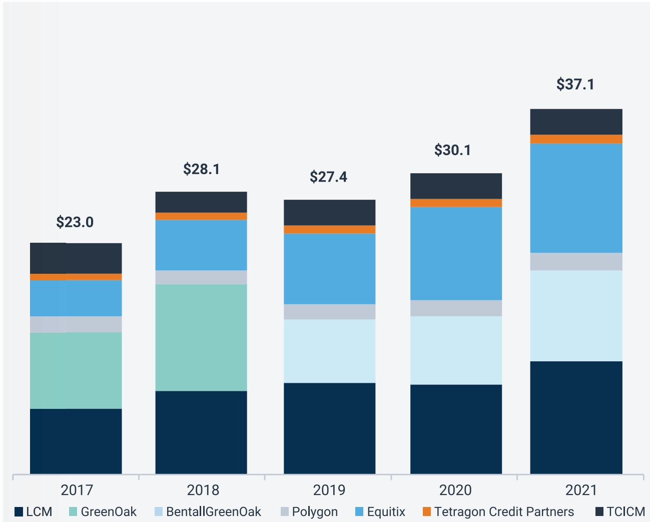


Figure 17

TFG Asset Management AUM at 31 December 2021

This chart depicts the growth of that AUM over the last five years. AUM for TFG Asset Management as of 31 December 2021 totalled $37.1 billion.[1]



Notes

1 Please see Note 1 on page 62. The 2019, 2020 and 2021 AUM for BentallGreenOak represents Tetragon's pro rata share (12.86%) of BentallGreenOak AUM at 31 December 2021 ($74 billion) and 100% of the AUM of the GreenOak joint venture for prior years.

Figure 18

TFG Asset Management Pro Forma Statement of Operations(i)

	2021 ($m)	2020 ($m)	2019 ($m)
Management fee income	143.4	125.8	111.2
Performance and success fees(ii)	59.6	81.6	51.8
Other fee income	24.0	18.9	15.5
Distributions from BentallGreenOak	21.6	18.1	10.8
Interest income	0.5	4.1	3.8
Total income	**249.1**	**248.5**	**193.1**
Operating, employee and administrative expenses	(178.3)	(145.8)	(124.3)
Non-TFG Asset Management owned interest	(20.1)	(27.5)	(9.3)
Net income - "EBITDA equivalent"	**50.7**	**75.2**	**59.5**

i This table includes the income and expenses attributable to TFG Asset Management's businesses (except BentallGreenOak) during the period. During 2020, Equitix repaid all of its shareholder loans and, as a result, TFG Asset Management's rights to distributable income reduced from 85% to 75%. 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 (in 2020, this figure was 15%). Similarly, 100% of the income and expenses from the Polygon Convertible Opportunities Fund's manager, 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. BentallGreenOak EBITDA is not included, but distributions relating to ordinary income and carried interest are included. The "EBITDA equivalent" is a non-GAAP measure which may adjust for certain non-recurring items, and is designed to reflect the operating performance of the TFG Asset Management businesses rather than what is reflected in Tetragon's financial statements.

ii The performance and success fees include some realised and unrealised Polygon performance fees, representing the fees calculated by the administrator of the relevant Polygon funds, in accordance with the applicable fund constitutional documents when determining NAV at the reporting date. Similar amounts, if any, from LCM are recognised when received. Tetragon pays a mix of full and preferred fees on its investments in TFG Asset Management-managed investment vehicles. Tetragon pays full management and performance fees on its investments in the open Polygon 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: The table above shows a *pro forma* statement of operations that reflects the aggregate operating performance of the asset management companies (excluding BentallGreenOak) within TFG Asset Management. The reported fee income includes some amounts which were earned on capital invested in certain funds by Tetragon. During 2021, this included $12.0 million of management fees and $5.0 million of performance and success fees. BentallGreenOak's contribution has been captured by including the distributions that it has made to Tetragon.

- **EBITDA:** In 2021, TFG Asset Management's EBITDA was $50.7 million, 33% lower than 2020. Higher operating costs and lower performance fees were the primary factors behind the decrease.
- **Management fee income:** Management fee income continued to grow, increasing by $17.6 million or 14% year-on-year. Of note, Equitix management fee income increased by $8.4 million, or 13%, as AUM continued to grow. Polygon increased by $5.3 million, or 28%, due to increased AUM. LCM added $1.6 million following the raising of five new CLOs in the year. Contingency Capital ($1.3 million) and Banyan Square ($0.6 million) both recognised income for the first time.
- **Performance and success fees:** Overall, this category was down $22.0 million on the prior year, driven primarily by a decline in Equitix primary income as well as decreases in performance fee income earned in aggregate by the hedge 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 Polygon hedge funds. EMS continues to be the main driver, and this increased 21% year on year.
- **Distributions from BentallGreenOak:** Distributions from BentallGreenOak reflect (i) quarterly fixed distributions, (ii) quarterly variable distributions and (iii) distributions of carried interest. Variable distributions which are correlated to the cash generation of BentallGreenOak, increased to $6.2 million which was the driver for the overall increase in this category. Fixed payments contributed $14.1 million with carried interest accounting for the remainder.
- **Operating expenses:** Operating expenses increased by $32.5 million year-on-year, with a little over half of this coming from Equitix. This business added headcount to support its continued growth, adding another $1.5 billion of assets during the year. The scaling up of the team and infrastructure for Contingency Capital contributed close to half of the remaining growth as this business had an initial close on its first fund and managed accounts.

TFG Asset Management company overviews

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

All data is at 31 December 2021, unless otherwise stated. Products/mandates listed are not necessarily open for new investment and are not an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction, but to illustrate the TFG Asset Management platform strategy

LCM

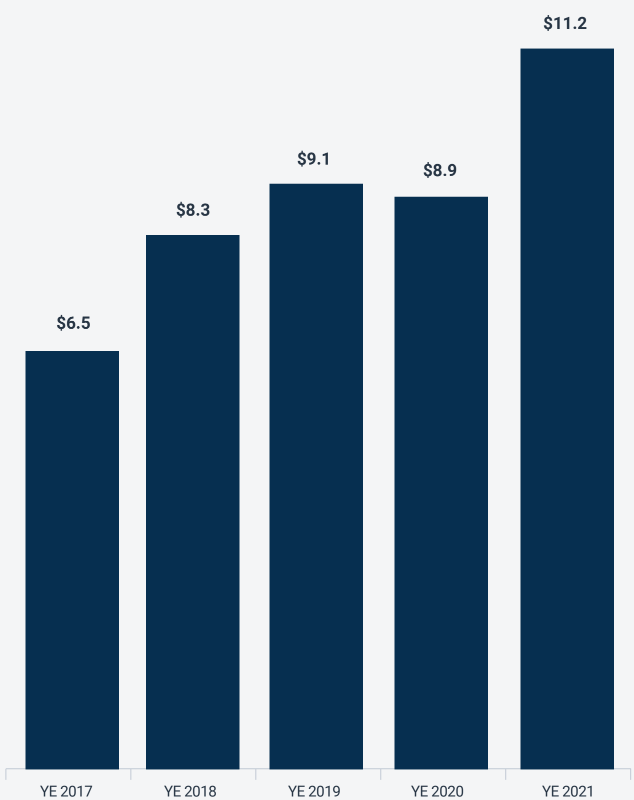
Description of business

- LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans.
- The business was established in 2001 and has offices in New York and London.
- TFG Asset Management owns 100% of LCM.
- Currently, LCM manages loan assets exclusively through CLOs, which are long-term, multi-year investment vehicles. The typical duration of a CLO, and thus LCM's management fee stream, depends on, among other things, the term of its reinvestment period (currently typically four to five years for a new issue CLO), the prepayment rate of the underlying loan assets, as well as post-reinvestment period reinvestment flexibility and weighted average life constraints.
- Further information on LCM is available at www.lcmam.com.

LCM AUM history(i) ($bn)

Figure 19(i)

LCM's AUM was $11.2 billion at 31 December 2021.



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

Products

- LCM currently manages 25 CLOs.

BentallGreenOak Strategic Capital Partners

Description of business

- BentallGreenOak is a real estate-focused principal investing, lending and advisory firm.
- BentallGreenOak was formed in July 2019 upon the merger of the GreenOak Real Estate joint venture with Bentall Kennedy, an affiliate of SLC Management, a global institutional asset management arm of Sun Life Financial Inc. Tetragon owns approximately 13% of the combined entity. GreenOak Real Estate was founded in 2010.
- The BentallGreenOak investment platform serves over 750 institutional clients with approximately $74 billion in assets under management.
- With investment professionals based in 24 global offices, BentallGreenOak has deep local knowledge and strong, long-standing investment track records across the United States, Canada, Europe and Asia.
- Further information on BentallGreenOak is available at www.bentallgreenoak.com.

GreenOak and BentallGreenOak AUM history ($bn)

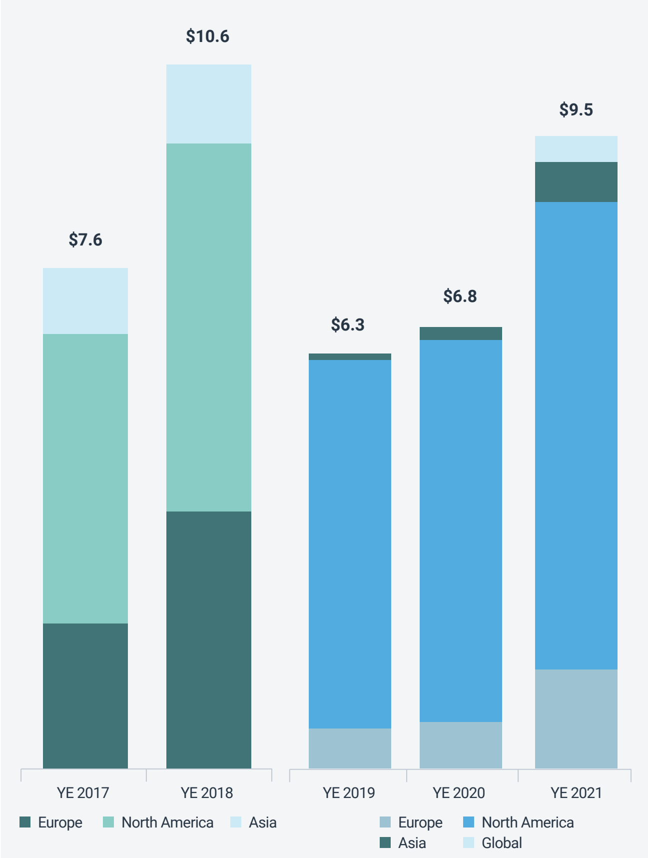
Figure 20

Tetragon's pro rata share (12.86%) of BentallGreenOak's AUM at 31 December 2021 ($74 billion) was $9.5 billion. The AUM data for 2017-2018 shows 100% of the historical AUM progression for the GreenOak joint venture.

Products

- BentallGreenOak offers a broad range of complementary real estate investment strategies that include Core, Core Plus and Value Added equity investment strategies as well as senior and mezzanine real estate debt strategies.

> "We partnered with an experienced team of real estate investment professionals to launch GreenOak Real Estate in 2010, providing among other things working capital, co-investment capital and operating infrastructure to the joint venture.



POLYGON

Description of business

- Polygon manages open-ended hedge fund and private equity vehicles focused on event-driven equity investing.
- Polygon was established in 2002 and has offices in New York and London.
- TFG Asset Management owns 100% of the business.
- Further information on Polygon is available at www.polygoninv.com.

Polygon AUM history[(i)] ($bn)

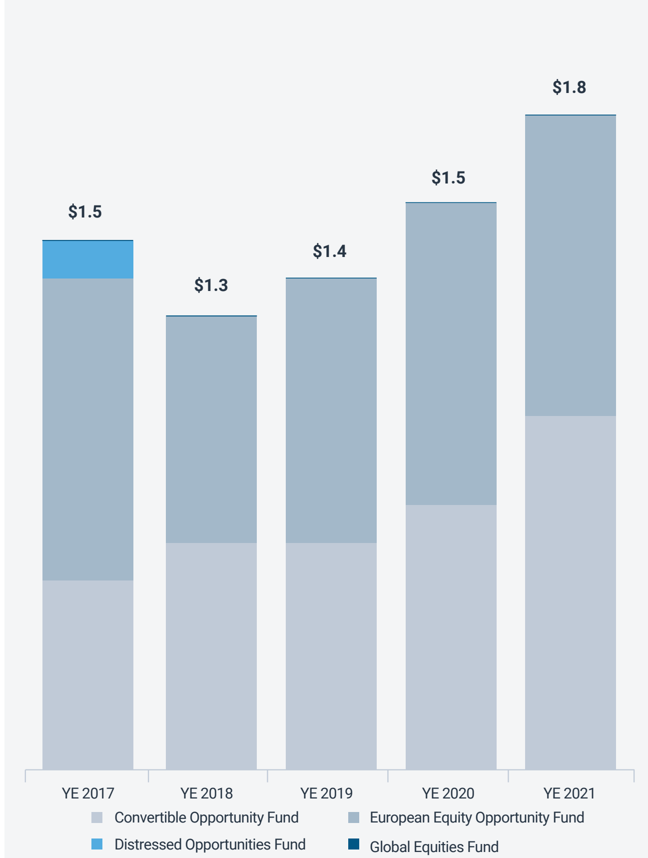
Figure 21[(i)]

Polygon's AUM was $1.8 billion at 31 December 2021.

Products

- Polygon manages open-ended hedge fund and private equity vehicles across including the Polygon European Equity Opportunity Fund and associated managed account, and the Polygon Global Equities Fund.
- TFG Asset Management's convertible business was rebranded as Acasta Partners on 1 March 2022 and the Polygon Convertible Opportunity Fund was renamed to Acasta Global Fund.

(i) Includes AUM for Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Convertible Opportunity Master Fund, Polygon Global Equities Master Fund and Polygon Distressed Opportunities Master Fund, as calculated by the applicable fund administrator at 31 December 2017, 2018, 2019, 2020 and 2021. Includes, where relevant, investments by Tetragon. The Polygon Distressed Opportunities Fund was closed in the third quarter of 2018.



Description of business

- Acasta Partners manages multi-disciplinary hedge fund vehicles across a number of strategies including convertibles, credit, distressed, mining, metals, commodities and volatility trading.
- The business was founded in 2009 as Polygon's convertible business and rebranded in March 2022.
- Acasta has offices in New York, London and Florida.
- TFG Asset Management owns a non-controlling interest in this business and provides infrastructure and other services.
- Further information on Acasta is available at www.acasta.com.

Acasta Partners AUM history[(i)] ($bn)

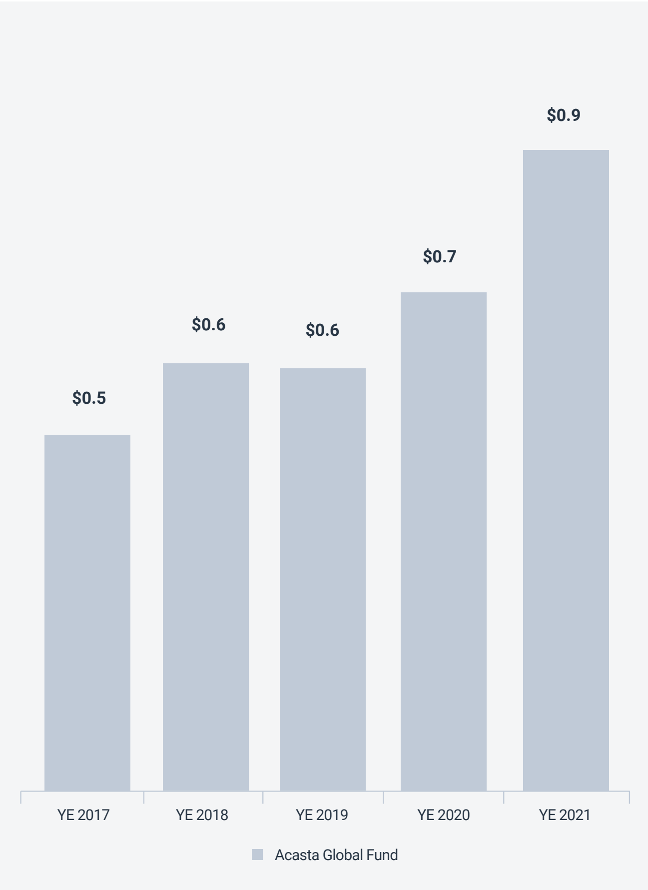
Figure 22

Acasta's AUM was $0.9 billion at 1 March 2022.

Products

- Acasta Partners manages the Acasta Global Fund, formerly known as the Polygon Convertible Opportunity Fund.

"Acasta favours niche strategies with barriers to entry, drawing on a breadth of expertise and a collaborative process.



Description of business

- Equitix is an integrated core infrastructure asset management and primary project platform.
- Equitix was established in 2007 and is headquartered in London.
- TFG Asset Management owns 75% of the business.
- Equitix invests in infrastructure projects in the United Kingdom and Europe and more recently it has developed a global presence with teams in North America, the Middle East and Asia. It has acquired more than 330 core infrastructure projects since the firm's inception.
- Further information on Equitix is available at www.equitix.co.uk.

Equitix Products and AUM history[(i)] (£bn)

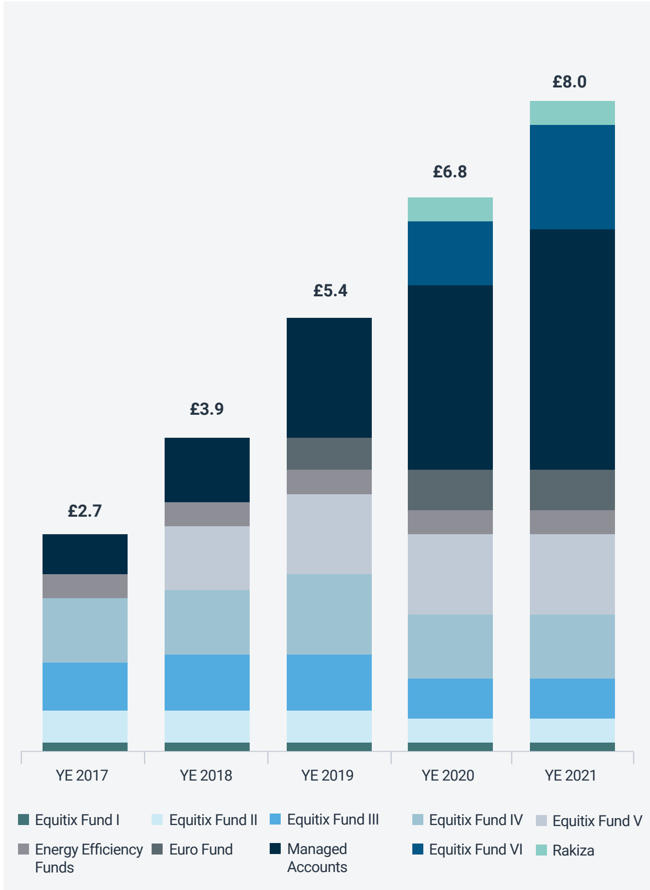
Figure 23

Equitix's AUM was £8.0 billion ($10.8 billion) at 31 December 2021.[(i)]

Products

- Equitix manages a number of infrastructure and renewable funds and managed accounts.

"Since we partnered with them in 2015, Equitix's assets under management have grown from ~£1.3 billion to £8 billion and their team from about 60 employees to over 300.



i USD-GBP exchange rate at 31 December 2021.

TETRAGON CREDIT PARTNERS

Description of business

- Tetragon Credit Partners is TFG Asset Management's structured credit investing business. The business has evolved from a historic focus on primary CLO control equity to a broader series of offerings across the CLO capital structure.
- The business was originally established at the end of 2015 and the team is based in New York.
- TFG Asset Management owns 100% of the business.
- Further information on Tetragon Credit Partners is available at www.tetragoninv.com.
- For additional information on Tetragon's CLO equity investments, including its buy and hold strategy, please refer to www.tetragoninv.com/portfolio/bank-loans-via-clos.

Tetragon Credit Partners products and committed capital / AUM history ($bn)

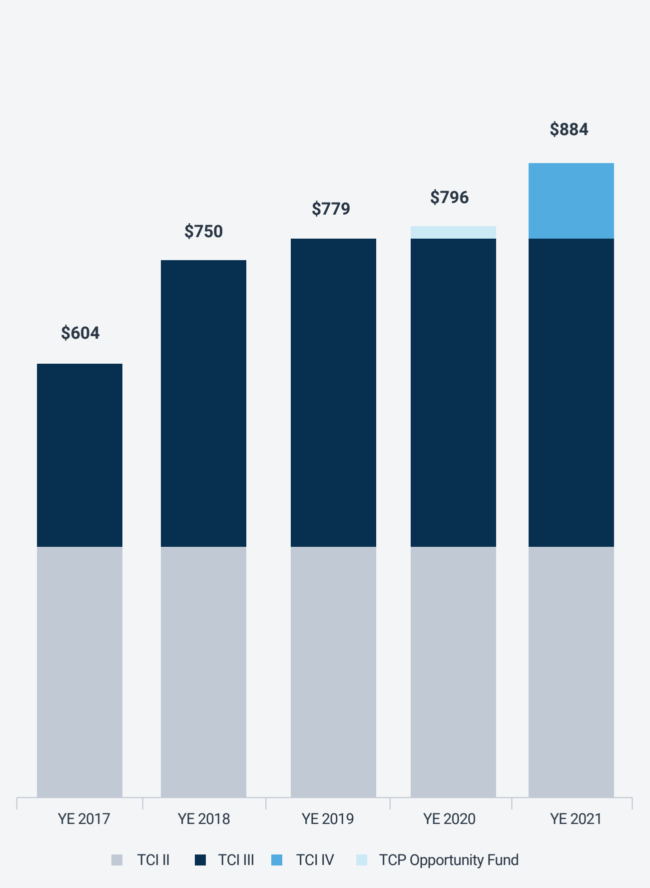
Figure 24

The sum of total committed capital for the Tetragon Credit Partners products was $884.3 million at 31 December 2021.

Products

- Tetragon Credit Partners' income-focused products are currently Tetragon Credit Income II, or TCI II, Tetragon Credit Income III, or TCI III, and Tetragon Credit Income IV, or TCI IV, which are predominantly control-stake CLO equity vehicles.

> “Tetragon is one of the largest, longest tenured CLO equity investors globally with over $2.6 billion of CLO equity invested across more than 110 CLOs and 35 managers since 2005.



HAWKE'S POINT

Description of business

- Hawke's Point is an asset management company focused on mining finance that provides capital to companies in the mining and resource sectors.
- Hawke's Point was established in 2014 and is based in London and New York.
- TFG Asset Management owns 100% of the business.
- Hawke's Point manages Hawke's Point Fund 1, which currently has two investments in early-stage gold miners, and a co-investment vehicle.
- Hawke's Point's AUM was $60.7 million at 31 December 2021.

BANYAN SQUARE

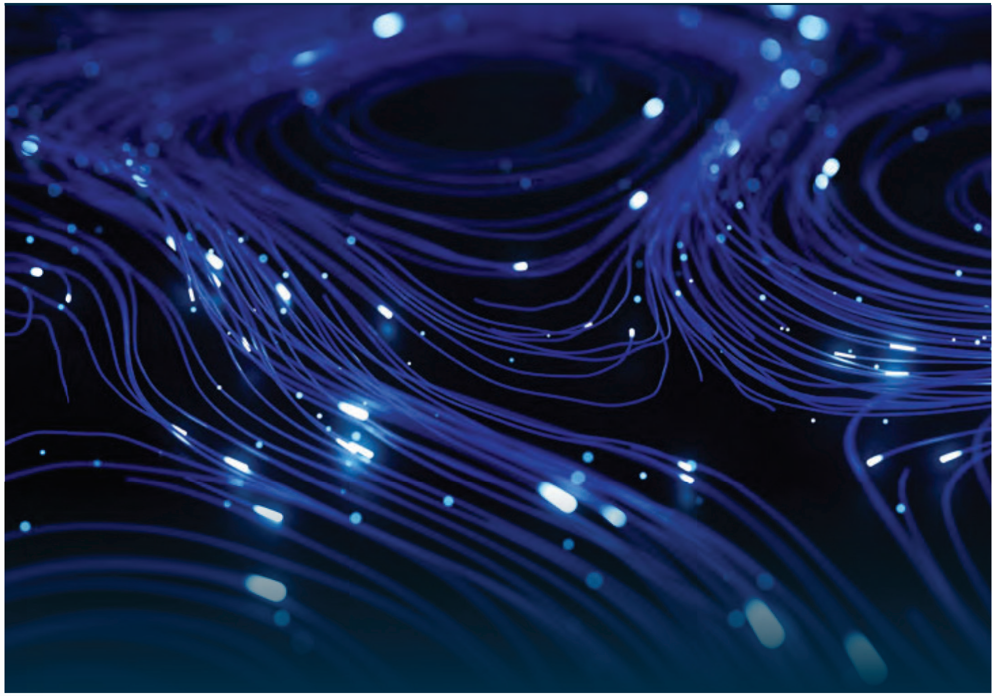
Description of business

- Banyan Square Partners is a private equity firm focused on non-control structured and common equity investment opportunities. The firm seeks to support private equity acquisition financing, growth initiatives and liquidity events.
- Banyan Square Partners was founded in 2020 and is based in New York.
- TFG Asset Management owns 100% of the business.
- Banyan Square Partners manages Banyan Square Fund 1.
- Banyan Square Partners' AUM was $97.3 million at 31 December 2021.

Contingency Capital

Description of business

- Contingency Capital is a multi-product global asset management business that sponsors and manages investment funds focused on credit-oriented legal assets.
- The business was founded in November 2020 and is based in New York.
- TFG Asset Management owns a non-controlling interest in this business as well as providing infrastructure services.
- Contingency Capital manages Contingency Capital Fund I LP and managed accounts.



Risk factors

Principal risks

The principal risks facing Tetragon as a listed investment company are both financial and operational in nature, and ultimately relate to both Tetragon's issued and outstanding non-voting shares as well as its investment portfolio. The financial risks inherent in its portfolio are primarily market-related or are otherwise relevant to particular asset classes. Operational risks include those related to Tetragon's organisational structure, investment manager, legal and regulatory environment, taxation, financing and other areas where internal or external factors could result in financial or reputational loss.

The risks and uncertainties highlighted are supplemented and described in further detail on Tetragon's website at www.tetragoninv.com/investors/risk-factors.

Risk factors

Financial Risks

Risks Relating to Investing in Tetragon's Shares

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

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

Risks Relating to Tetragon's Investment Portfolio

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

Risks Relating to TFG Asset Management

TFG Asset Management, as one of Tetragon's investments, has risks particular to private equity investments in asset management businesses. These include:

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

Risks Relating to Other Tetragon Portfolio Investments

Tetragon otherwise currently invests or expects to invest its capital, directly and indirectly, in:

(1) bank loans, generally through subordinated, residual tranches of CLOs;

(2) real estate, generally through private equity-style funds managed by BentallGreenOak;

(3) public and private equity securities, particularly in event-driven strategies, generally through the Polygon European Equity Opportunity Fund;

(4) convertible securities, mainly in the form of debt securities that can be exchanged for equity interests, including through the Polygon Convertible Opportunity Fund;

(5) credit securities (including distressed securities and structured credit), including through Tetragon Credit Partners;

(6) private equity and venture capital through direct investments and fund investments, including through Banyan Square Partners;

(7) infrastructure projects through Equitix Holdings Limited;

(8) legal assets; and

(9) mining-industry related equity securities and instruments, including through Hawke's Point.

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

- These securities are susceptible to losses of up to 100% of the initial investments.
- The performance of these investments may significantly depend upon the performance of the asset manager of funds or products in which Tetragon invests.
- Tetragon may be exposed to counterparty risk.
- The fair value of investments, including illiquid investments, may prove to be inaccurate and require adjustment.
- Adverse changes in international, national or local economic and other conditions could negatively affect investments.
- Tetragon is subject to concentration and geographic risk in its investment portfolio.
- Tetragon's investments are subject to interest rate risk, which could cause its cash flow, the fair value of its investments and its operating results to decrease.
- Tetragon's investments are subject to currency risks, which could cause the value of its investments in U.S. dollars to decrease regardless of the inherent value of the underlying investments.
- The utilisation of hedging and risk management transactions may not be successful, which could subject Tetragon's investment portfolio to increased risk or lower returns on its investments and in turn cause a decrease in the fair value of its assets.
- Tetragon engages in over-the-counter trading, which has inherent risks of illiquid markets, wide bid/ask spreads and market disruption.
- Leverage and financing risk and the use of options, futures, short sales, swaps, forwards and other derivative instruments potentially magnify losses in equity investments.
- Market illiquidity could negatively affect these investments.
- These investments may be subject to medium and long-term commitments with restrictions on redemptions or returns of capital.

Operational Risks

Risks Relating to Organisational Structure

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

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

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

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

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

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

Risks Relating to Tetragon's Investment Manager

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

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

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

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

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

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

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

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

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

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

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

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

Risks Relating to Tetragon's Legal Environment and Regulation

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

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

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

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

Tetragon's shares are subject to restrictions on transfers to certain shareholders located in the United States or who are U.S. persons, which may impact the price and 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.

Tetragon is not, and does not intend to become, regulated as an investment company under the U.S. Investment Company Act of 1940 and related rules.

Risks Relating to Taxation

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

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

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

Coronavirus and Public Health Emergency Risks

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

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

The extent of the impact of any public health emergency on Tetragon's investments' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand (consumer and industrial), goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, disruptions to shipping and other transportation, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of Tetragon's investments, Tetragon's ability to source, manage and divest investments and its ability to achieve its investment objectives, all of which could result in significant losses to Tetragon. In addition, the operations of Tetragon's investments may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including operational disruptions and its potential adverse impact on the health of any such entity's personnel and reduced efficiency due to illness of a portion of the workforce or the need to work remotely. Tetragon's key vendors and service providers, such as providers of outsourced accounting services, consultants and external counsel, are also subject to these risks.

Risks Resulting from the United Kingdom's Exit from the European Union

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

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

having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by Tetragon.

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

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

Share repurchases & distributions

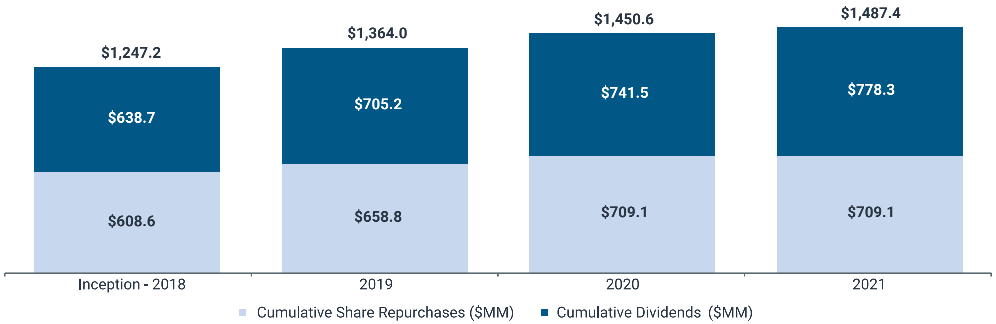
Figure 25

Share repurchase and dividends history ($ millions)

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

Figure 26

The below graph shows cumulative historical share repurchases and dividends distributed by Tetragon from inception to 31 December 2021 in millions of U.S. dollars.[i]



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

Share reconciliation and shareholdings

Figure 27

IFRS to Fully Diluted Shares Reconciliation	Shares at 31 December 2021 (millions)
Legal Shares Issued and Outstanding	**139.6**
Less: Shares Held in Treasury	38.5
Less: Total Escrow Shares[1.i]	10.9
IFRS Shares Outstanding	**90.2**
Add: Dilution for equity-based awards[1.ii]	6.2
Fully Diluted Shares Outstanding	**96.4**

Shareholdings

Persons affiliated with Tetragon maintain significant interests in Tetragon shares. For example, as of 31 December 2021, the following persons own (directly or indirectly) interests in shares in Tetragon in the amounts set forth below:

Figure 28

Individual	Shareholding at 31 December 2021
Mr. Reade Griffith[2.i]	17,667,631
Mr. Paddy Dear	5,202,514
Mr. David O'Leary	16,880
Other Tetragon/TFG Asset Management Employees	6,254,998
Equity-based awards[2.ii]	5,351,590

Notes

1 (i) The Total Escrow Shares of 10.9 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 6.2 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 Compensation Plans on page 82 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 harbor" that is designed to permit individuals to establish a pre-arranged plan to buy or sell company stock if, at the time such plan is adopted, the individuals are not in possession of material, non-public information.

2 (i) Includes approximately 2.4 million incentive shares held in escrow with respect to Mr. Griffith's employment agreement vesting in July 2024 that are not subject to performance criteria per se. The remaining incentive shares covered by Mr. Griffith's employment agreement are subject to agreed-upon investment performance criteria and are excluded from this figure. Please see page 82 for further details.

(ii) Equity-based awards are intended to give certain senior employees of TFG Asset Management long-term exposure to Tetragon stock (with vesting subject to forfeiture and certain restrictions). Where shares have vested but not yet been released, they have been removed from this line and included in shares owned by "Other Tetragon/TFG Asset Management Employees". Please see page 82 for further details.

Additional CLO portfolio statistics

Figure 29

Tetragon's CLO Portfolio Details as of 31 December 2021

Transaction[i]	Status[ii]	Primary or Secondary Investment[iii]	Original Invest. Cost ($m USD)	Deal Closing Date	Year of Maturity	End of Reinv. Period	Wtd Avg Spread (bps)[iv]	Original Cost of Funds (bps)[v]	Current Cost of Funds (bps)[vi]	Current Jr-most O/C Cushion[vii]	Jr-Most O/C Cushion at Close[viii]	Annualised (Loss) Gain of Cushion[ix]	IRR[x]	ITD Cash Received as % of Cost[xi]
Transaction 83	Outstanding	Primary	20.8	2013	2029	2021	363	193	152	2.3%	6.2%	(0.4%)	12.4%	129.8%
Transaction 84	Outstanding	Primary	24.6	2013	2027	2021	339	183	182	1.3%	4.0%	(0.3%)	17.4%	150.9%
Transaction 85	Outstanding	Primary	1.0	2013	2031	2023	354	170	163	2.0%	5.0%	(0.4%)	9.5%	114.8%
Transaction 88	Outstanding	Primary	30.1	2014	2030	2022	346	199	162	1.1%	4.0%	(0.4%)	11.7%	113.8%
Transaction 89	Outstanding	Primary	33.6	2014	2031	2023	350	195	168	2.1%	4.0%	(0.3%)	12.9%	113.4%
Transaction 90	Outstanding	Primary	20.7	2014	2031	2023	355	203	159	1.5%	4.0%	(0.3%)	11.6%	105.9%
Transaction 91	Outstanding	Primary	27.8	2015	2031	2023	350	215	148	1.5%	4.0%	(0.4%)	11.5%	104.1%
Transaction 92	Outstanding	Primary	34.6	2015	2027	2020	336	199	211	2.1%	4.0%	(0.3%)	8.0%	98.2%
Transaction 93	Outstanding	Secondary	6.1	2016	2031	2023	350	215	148	1.5%	3.6%	(0.3%)	15.6%	106.8%
Transaction 94	Outstanding	Secondary	6.6	2016	2031	2023	350	195	168	2.1%	3.3%	(0.2%)	14.5%	92.4%
Transaction 95	Outstanding	Primary	2.6	2016	2029	2022	361	194	162	1.2%	4.4%	(0.6%)	6.6%	64.7%
Transaction 96	Outstanding	Secondary	2.7	2017	2030	2022	346	199	162	1.1%	3.0%	(0.2%)	3.6%	49.6%
Transaction 97	Outstanding	Primary	9.9	2017	2030	2022	346	178	162	1.1%	3.9%	(0.4%)	6.5%	57.5%
Transaction 98	Outstanding	Primary	33.2	2017	2030	2022	348	178	148	1.1%	4.5%	(0.7%)	7.8%	70.2%
Transaction 99	Outstanding	Primary	8.3	2017	2030	2022	370	164	147	4.5%	4.5%	(0.0%)	10.5%	60.4%
Transaction 100	Outstanding	Primary	2.6	2018	2031	2023	367	111	111	4.3%	7.8%	(0.9%)	24.7%	92.5%
Transaction 101	Outstanding	Primary	0.2	2018	2031	2023	354	163	163	2.0%	4.9%	(0.3%)	9.9%	62.5%
Transaction 102	Outstanding	Primary	5.0	2018	2031	2023	350	148	148	1.5%	4.5%	(0.4%)	17.5%	79.3%
Transaction 103	Outstanding	Primary	5.6	2018	2031	2023	355	159	159	1.5%	4.5%	(0.4%)	14.7%	59.1%
Transaction 104	Outstanding	Primary	9.8	2018	2031	2023	350	166	168	2.1%	4.5%	(0.3%)	12.1%	45.9%
Transaction 105	Outstanding	Primary	15.6	2021	2032	2024	374	168	168	4.7%	4.5%	0.2%	16.0%	18.6%
Transaction 106	Outstanding	Primary	2.1	2021	2034	2026	378	162	162	4.7%	4.5%	0.3%	13.6%	8.4%
Transaction 107	Outstanding	Primary	2.0	2021	2034	2026	376	164	164	4.6%	4.5%	0.3%	14.4%	0.0%
Transaction 108	Outstanding	Primary	2.0	2021	2034	2026	380	167	167	4.6%	4.5%	0.3%	12.8%	0.0%
Transaction 109	Outstanding	Primary	2.0	2021	2034	2026	350	150	150	4.5%	4.5%	-	10.9%	0.0%
Transaction 110	Outstanding	Primary	2.4	2021	2034	2027	351	150	150	4.5%	4.5%	-	12.6%	0.0%
Total CLO Portfolio:			**311.8**				**351**	**188**	**165**	**1.9%**	**4.3%**	**(0.3%)**	**11.8%**	**92.8%**

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

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

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

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

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

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

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

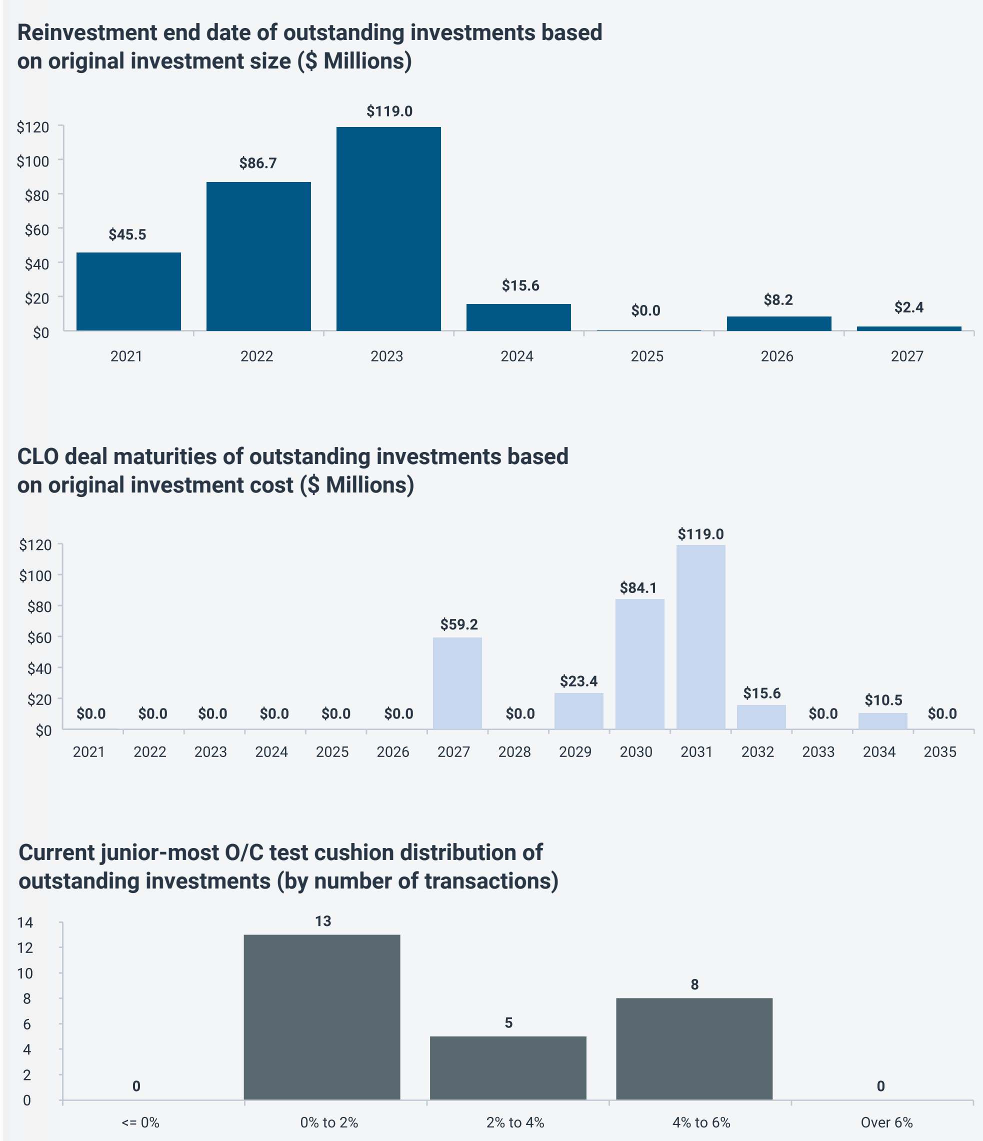
viii The junior-most O/C cushion at close is the excess (or deficit) of the junior-most O/C test ratio over the test requirement that was expected on each deal's closing date (or date of purchase, if later).

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

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

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

Figure 30



Certain regulatory information

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

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

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

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

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

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

Equity-based employee compensation plans

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

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

In February 2021, further awards to certain senior TFG Asset Management employees (excluding the principals of the investment manager) were made covering vesting and release periods out to 2032. 2.3 million shares acquired during the buybacks made in 2020 will be used to hedge against (or otherwise offset the future impact of) these awards.

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

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

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

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

For the purposes of determining the fully diluted NAV per Share, the dilutive effect of the equity-based compensation plans will be reflected in the fully diluted share count over the life of the plans. Such dilution will include, among other things and in addition to the award shares, any DRIP Shares and shares that will be required to cover employer taxes. At 31 December 2021, approximately 6.2 million shares were included in the fully diluted share count.

On 1 January 2020, the Independent Directors were awarded shares in Tetragon which vest on 31 December 2022 and are subject to forfeiture provisions. 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.

Shareholder information

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Legal Advisor (as to Dutch law)
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1082 MD Amsterdam
The Netherlands

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London Stock Exchange
(Specialist Fund Segment)

Administrator and Registrar
TMF Group Fund Administration (Guernsey) Limited
Mill Court, La Charroterie
St. Peter Port
Guernsey GY1 1EJ
Channel Islands

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Independent Auditor’s Report and Audited Financial Statements

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

Report on the audit of the consolidated financial statements

Our opinion is unmodified

We have audited the consolidated financial statements of Tetragon Financial Group Limited (the "Company") and its subsidiary (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2021, and of the Group's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2020):

	The risk	Our response
Valuation of non-derivative level 3 financial assets at fair value through profit or loss (excluding Unlisted Stock and Other Real Estate) $1,899.7 Million; (2020: $1,530.9 Million) Refer to note 2 accounting policy and note 3 and 4 disclosures	**Basis:** As at 31 December 2021, the Group held non-derivative level 3 financial assets at fair value through profit or loss (excluding Unlisted Stock and Other Real Estate) representing 66% of the Group's net asset value. These financial assets include CLO Equity Tranches, TFG Asset Management and other Investment Funds & Vehicles. The fair value of these investments is based on the following valuation methodologies: • for CLO Equity Tranches, a marked to model approach; • for TFG Asset Management, a sum of the parts valuation, using a combination of marked to model and market multiple approaches; and • for the remaining level 3 Investments, comprising Investment Funds and Vehicles, partner capital or net asset value statements provided by independent administrators. In addition, independent third party valuation providers (the "Valuation Agent") have been engaged to assist in the valuation process for certain level 3 investments such as TFG Asset Management. **Risk:** The valuation of level 3 investments (excluding Other Real Estate of $42.7 million included within "Investment funds and vehicles" and Unlisted Stock of $50.3 million, both as disclosed in note 4) are considered a significant area of our audit in view of the significance of the estimates and judgements that may be involved in the determination of their fair value and given that it represents the majority of the net assets of the Group. The effect of these matters is that, as part of our risk assessment, we determined that the fair value of these non-derivative level 3 financial assets at fair value through profit or loss has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the consolidated financial statements as a whole. The consolidated financial statements disclose in note 4 the sensitivities estimated by the Group.	Our audit procedures included: **Internal control:** We have obtained an understanding of the valuation process and tested the design and implementation of the valuation process control. **Challenging managements' assumptions and inputs including use of KPMG specialists:** For a risk based sample of CLO Equity Tranches, with the support of a KPMG valuation specialist, we independently tested reference prices through the use of fundamental cash flow modelling, sourcing key inputs and assumptions used, such as default rates, prepayment rates, discount rates and recovery rates, to observable market data. For investments valued by management using the assistance of their Valuation Agent, with the support of a KPMG valuation specialist we: • assessed the objectivity, capabilities and competence of the Valuation Agent engaged to provide valuation services to the Group; • assessed the reasonableness of the methodology applied by the Valuation Agent in developing the fair value of TFG Asset Management; and • critically assessed the valuations provided by the Valuation Agent and challenged and corroborated material valuation inputs and assumptions to supporting documentation or market available information. For Investment Funds & Vehicles valued using net asset values ("NAVs") we obtained independent confirmations from the third party administrators of these investment values as at 31 December 2021 (or latest available date). Where coterminous statements were not available we reconciled these confirmations and subsequent capital movements to the valuations recorded by the Group. For a statistical sample, we inspected the latest audited financial statements of Investment Funds & Vehicles in order to consider the nature of the investments held by those funds, the financial reporting standards applied in the preparation of the financial statements, any modification to the auditors' reports and other disclosures which may have been relevant to the valuation. **Assessing disclosures:** We considered the adequacy of the disclosures made in the consolidated financial statements (see notes 2, 3 and 4) in relation to the use of estimates and judgements regarding the fair value of investments, the valuation estimation techniques inherent therein and fair value disclosures for compliance with IFRS as adopted by the EU.

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

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

Materiality for the consolidated financial statements as a whole was set at $57.5 million, determined with reference to a benchmark of group net assets of $2,876.8 million, of which it represents approximately 2.0% (2020: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Group was set at 75% (2020: 75%) of materiality for the consolidated financial statements as a whole, which equates to $43.15 million. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $2.87 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

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

Going concern

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

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

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

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

We performed procedures including

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

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

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

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

The Group and the Company are subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

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

Other information

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

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

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

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

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 54 and 55, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Report on Regulatory Requirements

European Single Electronic Format (ESEF)

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

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

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

Our procedures included:

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

For and on behalf of KPMG Channel Islands Limited:

Deborah Smith

Chartered Accountants and Recognised Auditors

Guernsey

Date: 4 March 2022

Consolidated Statement of Financial Position

As of	Note	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Assets			
Non-derivative financial assets at fair value through profit or loss	4	2,852.4	2,420.6
Derivative financial assets	4	4.2	8.6
Other receivables and prepayments	7	2.6	3.3
Amounts due from brokers	6	5.9	44.4
Cash and cash equivalents	6	198.8	191.6
Total assets		**3,063.9**	**2,668.5**
Liabilities			
Loans and borrowings	10	75.0	100.0
Derivative financial liabilities	4	1.5	25.2
Other payables and accrued expenses	9	110.6	68.9
Total liabilities		**187.1**	**194.1**
Net assets		**2,876.8**	**2,474.4**
Equity			
Share capital	12	0.1	0.1
Other equity		814.7	799.6
Share-based compensation reserve	12	60.1	54.6
Retained earnings		2,001.9	1,620.1
		2,876.8	**2,474.4**
Shares outstanding		**Million**	**Million**
Number of shares	12	90.2	88.8
Net Asset Value per share (US$)		**31.88**	**27.87**

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

Signed on behalf of the Board of Directors by:

David O'Leary
Director

Steven Hart
Director

Date: 4 March 2022

Consolidated Statement of Comprehensive Income

For the year ended	Note	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Net gain on non-derivative financial assets at fair value through profit or loss	2	621.2	304.4
Net loss on derivative financial assets and liabilities	2	(10.4)	(0.2)
Net loss on foreign exchange		(1.4)	-
Interest income		0.2	2.2
Total income		**609.6**	**306.4**
Management fees	15	(37.5)	(34.4)
Incentive fee	11	(124.6)	(72.7)
Legal and professional fees		(9.8)	(7.7)
Share based employee compensation	12	(10.4)	(11.4)
Audit fees		(0.7)	(0.5)
Other operating expenses and administrative expenses		(2.6)	(2.4)
Operating expenses		**(185.6)**	**(129.1)**
Operating profit before finance costs		**424.0**	**177.3**
Finance costs	10	(5.8)	(6.2)
Profit and total comprehensive income for the year		**418.2**	**171.1**
Earnings per share		**US$**	**US$**
Basic	16	4.68	1.87
Diluted	16	4.16	1.67
Weighted average shares outstanding		**Million**	**Million**
Basic	16	89.4	91.7
Diluted	16	100.4	102.6

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

Consolidated Statement of Changes in Equity

	Share capital US$ MM	Other equity US$ MM	Retained earnings US$ MM	Share-based compensation reserve US$ MM	Total US$ MM
As at 1 January 2020	**0.1**	**830.9**	**1,498.0**	**57.1**	**2,386.1**
Profit and total comprehensive income for the year	-	-	171.1	-	171.1
Transactions with owners recognised directly in equity					
Shares released from escrow	-	13.9	-	(13.9)	-
Dividends on shares released from escrow	-	4.2	(4.2)	-	-
Share-based compensation	-	-	-	11.4	11.4
Cash dividends	-	-	(30.7)	-	(30.7)
Stock dividends	-	14.1	(14.1)	-	-
Purchase of treasury shares	-	(63.5)	-	-	(63.5)
As at 31 December 2020	**0.1**	**799.6**	**1,620.1**	**54.6**	**2,474.4**
Profit and total comprehensive income for the year	-	-	418.2	-	418.2
Transactions with owners recognised directly in equity					
Shares released from escrow	-	4.9	-	(4.9)	-
Dividends on shares released from escrow	-	0.6	(0.6)	-	-
Share-based compensation	-	-	-	10.4	10.4
Cash dividends	-	-	(24.2)	-	(24.2)
Stock dividends	-	11.6	(11.6)	-	-
Issue of Shares	-	0.1	-	-	0.1
Purchase of treasury shares	-	(2.1)	-	-	(2.1)
As at 31 December 2021	**0.1**	**814.7**	**2,001.9**	**60.1**	**2,876.8**

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

Consolidated Statement of Cash Flows

For the year ended	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Operating activities		
Profit for the year	418.2	171.1
Adjustments for:		
Gains on investments and derivatives	(610.8)	(304.2)
Share based compensation	10.4	11.4
Interest income	(0.2)	(2.2)
Finance costs	5.8	6.2
Operating cash flows before movements in working capital	**(176.6)**	**(117.7)**
Decrease/(increase) in receivables	0.7	(2.6)
Increase in payables	37.3	31.7
Decrease in amounts due from brokers	38.4	2.7
Cash flows from operations	**(100.2)**	**(85.9)**
Proceeds from sale/prepayment/maturity of investments	531.6	540.5
Net payments from derivative financial instruments	(25.8)	(9.5)
Purchase of investments	(341.5)	(238.8)
Cash interest received	0.2	2.2
Net cash generated from operating activities	**64.3**	**208.5**
Financing activities		
Repayment of loans and borrowings	(75.0)	(150.0)
Proceeds from loans and borrowings	50.0	100.0
Finance costs paid	(5.8)	(6.2)
Purchase of treasury shares	(2.1)	(63.5)
Dividends paid to shareholders*	(24.2)	(30.7)
Net cash used in financing activities	**(57.1)**	**(150.4)**
Net increase in cash and cash equivalents	**7.2**	**58.1**
Cash and cash equivalents at beginning of year	191.6	133.5
Cash and cash equivalents at end of year	**198.8**	**191.6**

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

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

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

In accordance with IFRS 10 *Consolidated Financial Statements* ("IFRS 10"), the Fund is an investment entity and, as such, does not consolidate the entities it controls where they are deemed to be subsidiaries except for Tetragon Financial Group (Delaware) LLC. Tetragon Financial Group (Delaware) LLC was formed in July 2020 to hold the collateral for the revolving credit facility. This subsidiary's main purpose and activity is to provide a service to the Fund, as such, it is consolidated on a line-by-line basis with balances between the Fund and this subsidiary eliminated. The financial statements for this subsidiary are prepared at the same reporting date using the same accounting policies. All other interests in subsidiaries are classified as 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 12 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.

The Directors have also considered the impact of the COVID-19 global pandemic, which resulted in unprecedented risks and significant levels of volatility and significant changes to asset prices in global equity, bond and property markets. Due to the nature of the Fund and the resources available to it, COVID-19 has not significantly impacted the going concern assessment.

New standards and amendments to existing standards

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

Foreign currency translation

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

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

Financial instruments

(i) Classification

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

Financial assets at amortised cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- it has contractual terms which give rise, on specified dates, to cash flows that are solely payments of principal and interest outstanding.

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

Financial assets and liabilities at FVTPL

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

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

Other financial liabilities at amortised cost

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

(ii) Recognition

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

(iii) Initial measurement

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

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

(iv) Subsequent measurement

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

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

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

(v) Derecognition

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

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

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

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

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

(vi) Impairment

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

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

Offsetting of financial instruments

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

Fair value measurement

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

IFRS 13 *Fair Value Measurements* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Amounts due from brokers

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

Cash and cash equivalents

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

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

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

Interest income

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

Finance costs

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

Expenses

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

Taxation

The Fund is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged GBP 1,200 per annum (2020: GBP 1,200).

Dividend distribution

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

Share-based payment transactions

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

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

Other equity

Other equity contains the share premium and treasury shares balances.

Operating segments

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

Note 3
Significant accounting judgments, estimates and assumptions

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

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

Judgments

Investment entity status

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

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

Estimates and assumptions

Measurement of fair values

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

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

Note 4
Financial assets and financial liabilities at fair value through profit or loss

Fair value hierarchy

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

Level 1 Quoted in active markets for identical instruments.

Level 2 Prices determined using other significant observable inputs. These may include quoted prices for similar securities, interest rates, prepayments spreads, credit risk and others.

Level 3 Unobservable inputs. Unobservable inputs reflect assumptions market participants would be expected to use in pricing the asset or liability.

Notes to the financial statements (continued)

Recurring fair value measurement of assets and liabilities

The following table shows financial instruments measured at fair value by the level in fair value hierarchy as of 31 December 2021:

Non-derivative financial assets at FVTPL	Level 1 US$ MM	Level 2 US$ MM	Level 3 US$ MM	Total Fair Value US$ MM
TFG Asset Management	-	-	1,256.3	1,256.3
Investment funds and vehicles	-	638.1	521.7	1,159.8
Listed stock	198.0	-	-	198.0
CLO equity tranches[1]	-	-	164.4	164.4
CLO debt tranches[1]	-	3.5	-	3.5
Unlisted stock	-	-	50.3	50.3
Corporate bonds	-	20.1	-	20.1
Total non-derivative financial assets at FVTPL	**198.0**	**661.7**	**1,992.7**	**2,852.4**
Derivative financial assets				
Contracts for difference (asset)	-	0.1	-	0.1
Currency options (asset)	-	2.3	-	2.3
Forward foreign exchange contracts (asset)	-	1.8	-	1.8
Total derivative financial assets	**-**	**4.2**	**-**	**4.2**
Derivative financial liabilities				
Contracts for difference (liability)	-	(0.1)	-	(0.1)
Forward foreign exchange contracts (liability)	-	(1.4)	-	(1.4)
Total derivative financial liabilities	**-**	**(1.5)**	**-**	**(1.5)**

Notes

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 2020:

Non-derivative financial assets at FVTPL	Level 1 US$ MM	Level 2 US$ MM	Level 3 US$ MM	Total Fair Value US$ MM
Investment funds and vehicles	-	701.2	371.5	1,072.7
TFG Asset Management	-	-	833.5	833.5
CLO equity tranches	-	-	151.3	151.3
Unlisted stock	-	-	174.6	174.6
Listed stock	170.6	-	-	170.6
Corporate bonds	-	17.9	-	17.9
Total non-derivative financial assets at FVTPL	**170.6**	**719.1**	**1,530.9**	**2,420.6**
Derivative financial assets				
Contracts for difference (asset)	-	7.0	-	7.0
Forward foreign exchange contracts (asset)	-	1.6	-	1.6
Total derivative financial assets	**-**	**8.6**	**-**	**8.6**
Derivative financial assets				
Contracts for difference (liability)	-	(0.2)	(7.0)	(7.2)
Forward foreign exchange contracts (liability)	-	(18.0)	-	(18.0)
Total non-derivative financial assets at FVTPL	**-**	**(18.2)**	**(7.0)**	**(25.2)**

Transfers between levels
There were no transfers between levels during the year ended 31 December 2021 or 31 December 2020.

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 brokers, cash and cash equivalents, loans and borrowings, and other payables.

Notes to the financial statements (continued)

Level 3 reconciliation
The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 31 December 2021.

	CLO Equity Tranches US$ MM	Unlisted Stock US$ MM	Investment Funds and Vehicles US$ MM	TFG Asset Management US$ MM	Total US$ MM
Balance at 1 January 2021	**151.3**	**174.6**	**371.5**	**833.5**	**1,530.9**
Additions	26.1	35.0	132.6	9.9	203.6
Proceeds	(42.0)	(273.3)	(51.0)	(30.3)	(396.6)
Net gains through profit or loss	29.0	114.0	68.6	443.2	654.8
Balance at 31 December 2021	**164.4**	**50.3**	**521.7**	**1,256.3**	**1,992.7**
Change in unrealised gains through profit or loss for assets held at year end	5.1	15.3	37.7	412.9	471.0

The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 31 December 2020.

	CLO Equity Tranches US$ MM	Unlisted Stock US$ MM	Investment Funds and Vehicles US$ MM	TFG Asset Management US$ MM	Total US$ MM
Balance at 1 January 2020	**210.9**	**273.0**	**394.5**	**747.5**	**1,625.9**
Additions	-	-	78.1	4.1	82.2
Proceeds	(33.4)	(123.0)	(88.3)	(106.2)	(350.9)
Net (losses)/gains through profit or loss	(26.2)	24.6	(12.8)	188.1	173.7
Balance at 31 December 2020	**151.3**	**174.6**	**371.5**	**833.5**	**1,530.9**
Change in unrealised (losses)/gains through profit or loss for assets held at year end	(33.6)	24.6	(33.9)	123.8	80.9

Valuation process (framework)

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

For certain investments, such as TFG Asset Management, a third-party valuation agent is also used. However, the Directors are responsible for the valuations and may, at their discretion, permit any other method of valuation to be used if it considers 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 judgments and forward-looking determinations, and its experience and knowledge is instrumental in the valuation process.

As at 31 December 2021, key modelling assumptions used are disclosed above. The modelling assumptions disclosed here 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.

Constant Annual Default Rate ("CADR")	2.38%, which is 1.0x of the original Weighted Average Rating Factor ("WARF") derived base-case default rate for the life of the transaction (2020: 5% up to 30 June 2021, 2.39% thereafter).
Recovery Rate	70% (2020: 60% up to 30 June 2021, 70% thereafter).
Prepayment Rate	20%, the original base-case prepayment rate with a 20% prepayment rate on bonds throughout the life of the transaction (2020: 7.5% p.a. up to 30 June 2021, 20% p.a. thereafter.
Reinvestment Price and Spread	Assumed reinvestment price is par for the life of the transaction, with an effective spread over LIBOR of 347 basis points ("bps") on broadly U.S. syndicated loan deals which are still in their reinvestment periods (2020: 400 bps up to 30 June 2021, 349 bps thereafter). With effect from 1 January 2022, term SOFR is expected to replace USD LIBOR as the predominant benchmark rate for floating rate U.S. leveraged loans. One-month and three-month LIBOR rates will continue to be published for use in existing contracts until June 2023. The impact of introducing a SOFR referenced reinvestment spread assumption was analysed and is not expected to have a material impact.

When determining the fair value of the equity tranches, a discount rate is applied to the expected future cash flows derived from the third-party valuation model. The discount rate applied to those future cash flows reflects the perceived level of risk that would be used by another market participant in determining fair value. In determining the discount rates to use an analysis of the observable risk premium data as well as the individual deal's structural strength and credit quality is undertaken. At 31 December 2021, a discount rate of 12% (2020: 12%) 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 14.7% (2020: not applicable).

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:

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
-1% discount rate	4.8	4.5
+1% discount rate	(4.6)	(4.3)

Notes to the financial statements (continued)

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 specialist 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 and Polygon. 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"), generally in the range of 10% 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 equity 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 specialist considered a multiple of price-to-assets under management, and/or 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 applicable.

As of 31 December 2020, Equitix was valued using DCF Approach. During 2021, some more directly comparable asset managers listed on major trading exchanges, bringing additional market-led valuation transparency to a manager like Equitix. In 2021, the third-party valuation agent added a Market Multiple Approach to the overall valuation, with the valuation now being the mean of the Market Multiple and DCF Approaches. Equitix had a 23% increase in AUM during 2021 and a 32% AUM CAGR (Cumulative Annual Growth Rate) over the last five years. In the DCF Approach, the successful track record of AUM growth lends to a lower risk adjustment applied to future capital raising assumptions and cash flows.

For LCM, the third-party valuation agent changed the Market Multiple Approach from P/AUM to EV/EBITDA during 2021. This change was primarily driven by the fact that the EV/EBITDA approach is more forward-looking, as opposed to a backward-looking P/AUM approach, and can better capture the growth potential of a business. Both approaches are given 50/50 weighting in the valuation of LCM.

Polygon and Tetragon Credit Partners are valued using DCF Approach.

TFG Asset Management holds approximately 13% interest in BentallGreenOak 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 Fund's investment in BentallGreenOak, as at 31 December 2020 and 2021, 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.

31 December 2021

Investment	Fair Value US$ MM	AUM (billion)	Valuation methodology	Significant unobservable inputs				
				WACC	EV/EBITDA Multiple	DLOL	Control premium	Forecast 5Y CAGR
Equitix	725.6	GBP 8.0	DCF and Market Multiples	9.5%	15x	10%	20%	14.1% (AUM)
BentallGreenOak	213.5	US$ 9.0	DCF (sum-of-the-parts)	11%	NA	15%	NA	18.4% (EBITDA)
LCM	237.8	US$ 11.2	DCF and Market Multiples	12.25%	12.5x	15%	20%	10.0% (AUM)
Polygon	54.3	US$ 1.6	DCF	13%	NA	20%	NA	9.9% (AUM)
Tetragon Credit Partners	16.2	US$ 0.9	DCF	10.5%	NA	15%	NA	NA
Other	8.9							

31 December 2020

Investment	Fair Value US$ MM	AUM (billion)	Valuation methodology	Significant unobservable inputs				
				Discount rate	P/AUM Multiple	DLOL	Control premium	Forecast 5Y CAGR
Equitix	386.1	GBP 6.8	DCF	9.75%	NA	15%	NA	6.6% (AUM)
BentallGreenOak	195.7	US$6.8	DCF (sum-of-the-parts)	11%	NA	15%	NA	11.9% (EBITDA)
LCM	176.9	US$ 8.9	DCF and Market Multiples	12%	2.5%	15%	NA	6.5% (AUM)
Polygon	57.4	US$ 1.6	DCF	12.75%	NA	20%	NA	8.6% (AUM)
Tetragon Credit Partners	13.7	US$ 0.8	DCF	11.25%	NA	15%	NA	NA
Other	3.7							

Notes to the financial statements (continued)

Sensitivity analysis:

31 December 2021

Investment	Effects on net assets and profits (US$ MM)									
	WACC		EV/EBITDA multiple		DLOL		Control premium		Forecast 5Y CAGR	
	-100 bps	+100 bps	+3%	-3%	-500 bps	+500 bps	+500 bps	-500 bps	+100 bps	-100 bps
Equitix	54.4	(41.9)	13.7	(13.7)	41.6	(41.6)	20.8	2.8	31.3	(30.6)
BentallGreenOak	4.9	(4.7)	NA	NA	12.9	(12.9)	NA	NA	8.8	(7.5)
LCM	10.4	(8.6)	4.3	(4.3)	12.8	(12.8)	6.8	6.8	5.3	(5.1)
Polygon	6.2	(5.1)	NA	NA	3.5	(3.5)	NA	NA	6.5	(6.4)
Tetragon Credit Partners	0.6	(0.6)	NA	NA	1.0	(1.0)	NA	NA	NA	NA

31 December 2020

Investment	Effects on net assets and profits (US$ MM)									
	WACC		P/AUM multiple		DLOL		Control premium		Forecast 5Y CAGR	
	-100 bps	+100 bps	+3%	-3%	-500 bps	+500 bps	+500 bps	-500 bps	+100 bps	-100 bps
Equitix	66.0	(51.2)	NA	NA	22.7	(22.7)	NA	NA	21.4	(20.3)
BentallGreenOak	4.3	(4.0)	NA	NA	11.7	(11.7)	NA	NA	6.0	(5.6)
LCM	7.8	(7.8)	14.4	(14.4)	10.6	(10.6)	NA	NA	2.8	(2.8)
Polygon	5.6	(5.6)	NA	NA	3.4	(3.4)	NA	NA	9.3	(8.4)
Tetragon Credit Partners	0.5	(0.5)	NA	NA	0.8	(0.8)	NA	NA	NA	NA

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.

Sensitivity analysis:

A 1% 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 US$ 5.2 million (2020: US$ 3.7 million). A decrease in the NAV of the unlisted investment funds will have an equal and opposite effect.

Unlisted stock

At 31 December 2021, the level 3 unlisted stock includes three investments in private companies.

Investment no.	Fair value (US$ MM) 31 Dec 2021	Fair value (US$ MM) 31 Dec 2020	Valuation methodology
1	22.8	-	Transaction price from December 2021
2	20.0	-	Transaction price from December 2021
3	7.5	-	Transaction price from latest funding round in July 2021
4	-	174.6	During 2021, this position was fully redeemed by the company

Sensitivity analysis:
A 5% increase in the valuation will increase the net assets and profits of the Fund by US$ 2.5 million (2020: US$ 8.7 million). A 5% decrease will have an equal but opposite effect on the net assets and profits.

Listed stock

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

Corporate bonds and CLO debt tranches

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

Forward foreign exchange contracts and currency options
Forward foreign exchange contracts and currency options are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are based on observable foreign currency forward rates, recent market transactions, and valuation techniques, including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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

Contracts for difference

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

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

Notes to the financial statements (continued)

Note 5
Interest in other entities

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

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

Here is a summary of the Fund's holdings in subsidiary unconsolidated structured entities.

As at 31 December 2021	No. of invest-ments	Range of nominal US$ MM	Average nominal US$ MM	Carrying value US$ MM	Percentage of NAV
CLO Equity					
U.S. CLOs[1]	16	245.6 - 741.5	505.0	154.2	5.4%
Investment Funds		**Total NAV US$ MM**			
Polygon European Equity Opportunity Fund[2]	1	455.9	n/a	410.9	14.3%
Polygon Global Equities Fund[2]	1	28.8	n/a	28.8	1.0%
Tetragon Credit Income II[3]	1	219.2	n/a	44.9	1.6%
Tetragon Credit Income III[3]	1	362.2	n/a	72.9	2.5%
Tetragon Credit Income IV[3]	1	-	n/a	-	-
Hawke's Point Holdings LP[3]	2	60.7	n/a	57.9	2.0%
Banyan Square Capital Partners LP[3]	1	95.5	n/a	95.5	3.3%
Other Real Estate[4]	4	42.7	n/a	42.7	1.5%
As at 31 December 2020					
CLO Equity					
U.S. CLOs[1]	10	245.6 - 743.7	531.9	134.8	5.4%
Investment Funds		**Total NAV US$ MM**			
Polygon European Equity Opportunity Fund[2]	1	492.3	n/a	440.4	17.8%
Polygon Global Equities Fund[2]	1	7.7	n/a	7.7	0.3%
Polygon Convertible Opportunity Fund[2]	1	725.8	n/a	116.7	4.7%
Tetragon Credit Income II[3]	1	236.3	n/a	48.4	2.0%
Tetragon Credit Income III[3]	1	377.6	n/a	76.0	3.1%
Hawke's Point Holdings LP[3]	1	131.2	n/a	131.0	5.3%
Banyan Square Capital Partners LP[3]	1	31.4	n/a	31.4	1.3%
Other Real Estate[4]	4	35.7	n/a	35.7	1.4%

Notes (preceding)

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

2 Polygon hedge funds are domiciled in the Cayman Islands. Given the applicable notice, liquidity up to 25% of the investment in Polygon hedge funds is available on a quarterly basis (subject to certain conditions), and the entire investment could be liquidated over four consecutive quarters.

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

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

Notes (subsequent)

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

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

3 Private equity funds are domiciled in the Cayman Islands, Luxembourg and the United States.

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

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

As at 31 December 2021	No. of invest-ments	Range of nominal US$ MM	Average nominal US$ MM	Carrying value US$ MM	Percentage of NAV
CLO Equity					
U.S. CLOs[1]	2	417.2 - 510.9	464.0	13.6	0.5%
Real Estate		**Total AUM US$ MM**			
BentallGreenOak – U.S.[2]	7	30,979	n/a	48.0	1.7%
BentallGreenOak – Europe[2]	13	9,946	n/a	43.9	1.3%
BentallGreenOak – Asia[2]	3	4,894	n/a	23.5	0.8%
Other Funds		**Total NAV US$ MM**			
Polygon Convertible Opportunity Fund[4] ("PCOF")	1	913.8	n/a	131.6	4.6%
Private Equity Funds[3]	25	47,212	n/a	149.7	5.2%
As at 31 December 2020	**No. of invest-ments**	**Range of nominal US$ MM**	**Average nominal US$ MM**	**Carrying value US$ MM**	**Percentage of NAV**
CLO Equity					
U.S. CLOs[1]	2	417.2 - 510.9	464.0	14.3	0.6%
Real Estate		**Total AUM US$ MM**			
BentallGreenOak – U.S.[2]	7	25,597	n/a	45.7	1.8%
BentallGreenOak – Europe[2]	13	5,807	n/a	44.6	1.8%
BentallGreenOak – Asia[2]	3	1,445	n/a	26.2	1.1%
Other Funds		**Total NAV US$ MM**			
Polygon Convertible Opportunity Fund[4]	1	725.8	n/a	116.7	4.7%
Private Equity Funds[3]	18	5,616.7	n/a	59.1	2.4%

Notes to the financial statements (continued)

TFG Asset Management
The Fund owns 100% holdings and voting rights in TFG Asset Management LP. As at 31 December 2021 and 31 December 2020, TFG Asset Management LP's investments were comprised of the following:

Notes

1 BentallGreenOak has a presence in North America, Europe, and Asia.

2 The CIO of PCOF has a controlling stake in PCOF's manager, Polygon CB LP. PCOF continues to operate on the TFG Asset Management platform. In 2022, Polygon CB LP and PCOF were rebranded as Acasta Partners.

3 TFG Asset Management owns a non-controlling interest ("NCI") as well as providing infrastructure services to this manager. The CIO of Contingency Capital owns a controlling stake.

Investment	Principal place of business	Ownership interest		Carrying value US$ MM		Percentage of NAV	
		2021	2020	2021	2020	2021	2020
Equitix	Europe	75%	75%	725.6	386.1	25.2%	15.6%
BentallGreenOak	Global[1]	13%	13%	213.5	195.7	7.4%	7.9%
LCM	U.S. and UK	100%	100%	237.8	176.9	8.3%	7.1%
Polygon	U.S. and UK	100%[2]	100%[2]	54.3	57.4	1.9%	2.3%
Tetragon Credit Partners	U.S. and UK	100%	100%	16.2	13.7	0.6%	0.6%
Hawke's Point	U.S. and UK	100%	100%	2.0	2.9	0.1%	0.1%
Banyan Square Partners	U.S. and UK	100%	100%	0.8	0.8	0.0%	0.0%
Contingency Capital	U.S. and UK	NCI[3]	NCI[3]	6.1	-	0.2%	-

Tetragon Financial Group Holdings LLC and Tetragon Financial Group (Delaware) LLC
Since July 2020, the Fund has held a 100% ownership interest in Tetragon Financial Group Holdings LLC which is a holding company for a 100% ownership interest in Tetragon Financial Group (Delaware) LLC. Both companies are domiciled in Delaware. The purpose of Tetragon Financial Group (Delaware) LLC is to hold the collateral and liabilities related to the revolving credit facility (see Note 10).

The fair value of the assets held by Tetragon Financial Group (Delaware) LLC as at 31 December 2021 is US$ 910.0 million (2020: US$ 866.1 million). The outstanding balance on the credit facility as at 31 December 2021 is US$ 75.0 million (2020: US$ 100.0 million). In case of non-payment of principal or interest, the provider of the credit facility has a lien over the assets held by Tetragon Financial Group (Delaware) LLC. There is no recourse to the Fund.

LCM Euro LLC
The Fund holds 100% ownership interest in LCM Euro LLC Investment Series, domiciled in Delaware. The subsidiary has invested in debt and equity tranches of certain LCM CLOs. LCM Euro LLC Investment Series has entered into sales and repurchase agreement with regards to some of the CLO debt tranches that it holds. The timing and amount of payment of repo interest and repurchase obligations are matched by the interest and principal payments from the relevant debt tranches. Additional interest of 0.5% per annum is payable on the outstanding balance. As of 31 December 2021, LCM Euro LLC Investment Series had total assets of US$ 100.1 million (2020: nil) and aggregate repurchase obligations of US$ 88.1 million (2020: nil). The fair value of LCM Euro LLC Investment Series of US$ 11.9 million (2020: nil) is included in non-derivative financial assets at FVTPL. There is no recourse to the Fund in case of non-payment of principal or interest.

Note 6
Financial risks review

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

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

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

Risk Management Framework:
The Fund's portfolio comprises a broad range of assets, including a diversified alternative asset management business, TFG Asset Management, and covers bank loans, real estate, equities, credit, convertible bonds, private equity and infrastructure. The Fund's investment strategy is to seek to identify asset classes that offer excess returns relative to their investment risk, or 'intrinsic alpha'.

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

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

a) Credit risk

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

The Fund's activities may give rise to settlement risk. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

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

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

i. Analysis of Credit Quality

Cash and cash equivalents
The cash and cash equivalents, including reverse sale and repurchase agreements, are concentrated in three (2020: three) financial institutions with credit ratings between AA- and AAA (S&P) (2020: AA- and A+). The Investment Manager monitors these credit ratings and spreads of credit default swaps on a daily basis and actively moves balances between counterparties when deemed appropriate.

Amounts due from brokers
Balances due from brokers represent margin accounts, cash collateral for borrowed securities and sales transactions awaiting settlement.

Credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the credit quality of the brokers used. As at the reporting date, the balance was concentrated among two brokers (2020: four) with S&P's credit ratings between A- and A+ (2020: between A- and A+). Due to the high credit rating of the brokers, the expected credit losses on these balances are immaterial.

Notes to the financial statements (continued)

The following table details the amounts held by brokers.

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
BNP Paribas	5.8	21.1
ING	-	12.7
UBS AG	-	10.5
Bank of America Merrill Lynch	0.1	0.1
	5.9	**44.4**

Corporate bonds
The Fund has investments in debt securities of US$ 20.1 million (2020: US$ 17.9 million) with Moody's credit rating of Caa2 (2020: Caa2).

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

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

The following tables show the concentration of CLOs by region and by manager.

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Region		
United States (including TCI II & III)	285.6	275.7
	285.6	**275.7**
Manager		
LCM	63%	61%
Other managers	37%	39%
	100%	**100%**

Derivatives
This table shows an analysis of derivative financial assets and liabilities outstanding at 31 December 2021 and 31 December 2020.

	Derivative assets		Derivative liabilities	
	Fair Value US$ MM	Notional	US$ MM	Notional
31 December 2021	4.2	257.6	(1.5)	221.3
31 December 2020	8.6	254.5	(25.2)	745.0

ii. Concentration of credit risk

The Fund's credit risk is concentrated in CLOs, and cash and cash equivalents. The table here shows a breakdown of credit risk per investment type.

None of the Fund's financial assets were considered to be past due or impaired on 31 December 2021 or 31 December 2020.

Investment type	31 Dec 2021	31 Dec 2020
CLOs	42%	37%
Cash and cash equivalents	50%	46%
Corporate bonds	5%	4%
Amount due from brokers	2%	11%
Other loans and derivatives	1%	2%
	100%	**100%**

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

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

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

The Fund's reverse sale and repurchase transactions are covered by master agreements with netting terms similar to those of ISDA master netting agreements.

The table below shows the amount of reverse sale and repurchase agreements.

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Receivables from reverse sale and repurchase agreements	75.0	65.0

No individual trades are under-collaterised. The fair value of collateral as at 31 December 2021 was US$ 76.8 million (2020: US$ 66.4).

Collateral accepted includes investment-grade securities that the Fund is permitted to sell or repledge. The Fund has not recognised these securities in the Consolidated Statement of Financial Position.

Notes to the financial statements (continued)

iv. Offsetting financial assets and liabilities

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

31 December 2021	Gross Amount of Recognised Assets/ Liabilities US$ MM	Gross Amounts Offset in the Consolidated Statement of Financial Position US$ MM	Net Amounts Presented in the Consolidated Statement of Financial Position US$ MM	Financial instruments eligible for netting US$ MM	Cash collateral held by brokers US$ MM	Net Amount US$ MM
Assets						
ING	4.1	-	4.1	(1.4)	-	2.7
BNP Paribas	0.1	-	0.1	-	-	0.1
Total	**4.2**	**-**	**4.2**	**(1.4)**	**-**	**2.8**
Liabilities						
ING	1.4	-	1.4	(1.4)	-	-
UBS AG	0.1	-	0.1	-	-	0.1
Total	**1.5**	**-**	**1.5**	**(1.4)**	**-**	**0.1**
31 December 2020						
Assets						
ING	1.6	-	1.6	(1.6)	-	-
UBS AG	0.5	-	0.5	(0.1)	-	0.4
BNP Paribas	6.5	-	6.5	(6.5)	-	-
Total	**8.6**	**-**	**8.6**	**(8.2)**	**-**	**0.4**
Liabilities						
ING	18.0	-	18.0	(1.6)	(12.7)	3.7
UBS AG	0.1	-	0.1	(0.1)	-	-
BNP Paribas	7.1	-	7.1	(6.5)	(0.5)	0.1
Total	**25.2**	**-**	**25.2**	**(8.2)**	**(13.2)**	**3.8**

b) Liquidity risk

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

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

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

The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place. The Fund has access to a revolving credit facility (Note 10) of US$ 250.0 million (2020: US$ 250.0 million) and can also access prime broker financing (Note 8). As of 31 December 2021, US$ 75.0 million was drawn on the credit facility (2020: US$ 100.0 million).

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

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

The following were the contractual maturities of non-derivative financial liabilities at the reporting date. The amounts are gross and undiscounted.

31 December 2021	Within 1 month US$ MM	1 – 3 months US$ MM	3 months – 1 year US$ MM	1 – 5 years US$ MM	Greater than 5 years US$ MM	Total US$ MM
Finance costs on borrowings	0.3	0.6	2.7	14.4	12.8	30.8
Loans and borrowings	-	-	-	-	75.0	75.0
Expenses payable	6.5	104.1	-	-	-	110.6
	6.8	**104.7**	**2.7**	**14.4**	**87.8**	**216.4**
31 December 2020						
Finance costs on borrowings	0.4	0.7	3.3	17.6	20.0	42.0
Loans and borrowings	-	-	-	-	100.0	100.0
Expenses payable	2.9	66.0	-	-	-	68.9
	3.3	**66.7**	**3.3**	**17.6**	**120.0**	**210.9**

Notes to the financial statements (continued)

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

	Inflows				Outflows			
	Within 1 month US$ MM	1 – 3 months US$ MM	3 months – 1 year US$ MM	1 – 5 years US$ MM	Within 1 month US$ MM	1 – 3 months US$ MM	3 months – 1 year US$ MM	1 – 5 years US$ MM
31 Dec 2021								
	39.2	288.2	-	-	(38.4)	(288.6)	-	-
31 Dec 2020								
	46.3	22.7	543.3	-	(47.3)	(22.9)	(558.5)	-

The Fund manages its liquidity risk by holding sufficient cash and cash equivalents and available balance to withdraw on the revolving credit facility to meet its financial liabilities. Cash and cash equivalents balance as at reporting date and as percentage of NAV is disclosed in this table.

Investment type	31 Dec 2021	31 Dec 2020
Cash and cash equivalents (US$ MM)	198.8	191.6
Percentage of NAV	6.9%	7.7%

c) Market risk

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

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

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

i. Interest Rate Risk

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

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

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

From 31 December 2021, LIBOR has been replaced by an appropriate alternate rate as advised by ISDA in the IBOR Fallbacks Protocol. Five US Dollar LIBOR settings, including the 3-month rate utilised separately by the incentive fee hurdle and the revolving credit facility, will continue to be calculated and published using panel bank submissions until mid-2023. Any effect on the value of investments impacted at the time the change occurs is expected to be minimal without the introduction of inferior terms, as a consequence of the process.

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

31 December 2021	Fair Value US$ MM	Effects of +100bps change in interest rate on net assets US$ MM	Effects of -100bps change in interest rate on net assets US$ MM
U.S. CLOs	164.4	3.4	7.0
TCI II	44.9	1.2	0.4
TCI III	72.9	2.5	2.3
PCOF	131.6	(6.2)	5.1
	413.8	**0.9**	**14.8**
31 December 2020			
U.S. CLOs	151.3	(20.0)	6.1
TCI II	48.4	(4.5)	(3.8)
TCI III	76.0	(5.6)	1.3
PCOF	116.7	(3.5)	3.6
	392.4	**(33.6)**	**7.2**

ii. Currency risk

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

Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of the Fund's financial assets or financial liabilities denominated in currencies other than USD.

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

Exposure:

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

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

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

31 December 2021	Net Monetary and Non-Monetary Assets and Liabilities US$ MM	Forward foreign exchange hedging US$	Net exposure US$ MM	Effect of 5% on exchange rate US$ MM
EUR	53.6	(50.3)	3.3	0.2
GBP	807.0	(263.9)	543.1	27.2
NOK	4.4	(5.4)	(1.0)	(0.1)
	865.0	**(319.6)**	**545.4**	**27.3**
31 December 2020				
EUR	53.6	(54.9)	(1.3)	(0.1)
GBP	548.9	(422.5)	126.4	6.3
NOK	18.1	(16.8)	1.3	0.1
	620.6	**(494.2)**	**126.4**	**6.3**

Notes to the financial statements (continued)

iii. Other Price Risk

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

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

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

	% of net assets as at 31 Dec 2021	% of net assets as at 31 Dec 2020
Asset class		
Investment funds and vehicles	40.3%	43.3%
TFG Asset Management	43.7%	33.7%
CLO equity & debt tranches	5.8%	6.1%
Unlisted stock	1.7%	7.1%
Listed stock	6.9%	6.9%
Corporate bonds	0.7%	0.7%
Contracts for difference	0.0%	0.0%
Forward foreign exchange contracts and options	0.1%	(0.7)%

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

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Asset class		
Investment funds and vehicles	11.6	10.7
TFG Asset Management	12.6	8.3
CLO equity & debt tranches	1.7	1.5
Unlisted stock	0.5	1.8
Listed stock	2.0	1.7
Corporate bonds	0.2	0.2
Contracts for difference	-	-
Forward foreign exchange contracts and options	-	(0.2)

Note 7
Other receivables and prepayments

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Other receivables	0.4	0.3
Prepayments	2.2	2.9
Interest receivables	-	0.1
	2.6	**3.3**

Other receivables and interest receivables are expected to be settled within 12 months.

Note 8
Prime broker financing

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Value of collateral posted with brokers	196.3	-

The collateral is in the form of long and short listed equities and derivatives, and cash. The Fund can draw cash on the back of these securities from the broker. As of 31 December 2021, the payable balance to broker was nil (2020: nil). During 2021, charges of US$ 0.5 million (2020: nil) were paid to the brokers in relation to this financing arrangement and are included in finance costs.

Note 9
Other payables and accrued expenses

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Incentive fee payable	104.1	66.0
Other payables and accrued expenses	6.5	2.9
	110.6	**68.9**

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

Notes to the financial statements (continued)

Note 10
Credit facility

In July 2020, the Fund obtained a 10-year US$ 250.0 million revolving credit facility.

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 will incur interest at a rate of 3M U.S. LIBOR plus a spread of 3.25%. For the year ended 31 December 2021, the total finance cost expensed and paid for the facility was US$ 5.1 million (2020: US$ 6.2 million). In July 2020, the Fund paid US$ 2.5 million in fees directly associated with the facility, of which US$ 2.2 million (2020: US$ 2.4 million) is included in prepayments balance and is amortised over the life of the facility. This expense, US$ 0.2 million (2020: US$ 0.1 million), is included in finance costs.

During 2020, US$ 150.0 million was paid in connection with terminating the Fund's previous credit facility and US$ 100.0 million was drawn from the new revolving credit facility. During 2021, a further US$ 50.0 million was drawn from the credit facility and US$ 75.0 million were repaid by the Fund. As at 31 December 2021, the drawn balance of the revolving credit facility was US$ 75.0 million (2020: US$ 100.0 million).

Note 11
Incentive fee

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

The Hurdle for any Calculation Period will equal the Reference NAV (as defined below) multiplied by the Hurdle Rate (as defined below). The Hurdle Rate for any Calculation Period equals 3-month USD LIBOR determined as of 11:00 a.m. London time on the first London business day of the then current Calculation Period, plus the Hurdle Spread of 2.647858% in each case multiplied by the actual number of days in the Calculation Period divided by 365. The Hurdle Rate for Q1 2022 is 2.863858%.

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

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

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

The incentive fee for the year ended 31 December 2021 was US$ 124.6 million (2020: US$ $ 72.7 million). As at 31 December 2021, US$ 104.1 million was outstanding (2020: US$ 66.0 million).

Note 12
Share capital

Authorised

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

Voting Shares

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

Non-Voting Shares

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

Dividend Rights

Dividends may be paid to the holders of shares at the sole and absolute discretion of the Directors. The voting shares carry no rights to dividends.

Share Transactions	Voting Shares No.	Non-Voting Shares* No. MM	Treasury Shares No. MM	Shares held in Escrow No. MM
Shares in issue at 1 January 2020	10	92.2	35.4	12.1
Stock dividends	-	1.5	(2.0)	0.5
Issued through release of tranche of escrow shares	-	1.7	-	(1.7)
Shares purchased during the year	-	(6.6)	6.6	-
Shares in issue at 31 December 2020	**10**	**88.8**	**40.0**	**10.9**
Stock dividends	-	1.2	(1.6)	0.4
Issued through release of tranche of escrow shares	-	0.4	-	(0.4)
Shares purchased during the year	-	(0.2)	0.2	-
Shares in issue at 31 December 2021	**10**	**90.2**	**38.6**	**10.9**

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

Optional Stock Dividend

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

During the year, a total dividend of US$ 35.8 million (2020: US$ 44.8 million) was declared, of which US$ 24.2 million was paid out as a cash dividend (2020: US$ 30.7 million), and the remaining US$ 11.6 million (2020: US$ 14.1 million) was reinvested under the Optional Stock Dividend Plan.

Treasury Shares and Share Repurchases

Treasury 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 June 2020, under the terms of "modified Dutch auctions", the Fund accepted for purchase approximately 5.5 million non-voting shares at an aggregate cost of US$ 50.2 million, including applicable fees and expenses of US$ 0.2 million.

Notes to the financial statements (continued)

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

Date	Purchased from	No. of shares	Cost (US$ MM)	Then-current share price
January 2020	TFG Asset Management LP	691,291	8.5	US$ 12.25
January 2020	Tetragon Financial Management LP	287,153	3.5	US$ 12.25
October 2020	TFG Asset Management LP	142,240	1.2	US$ 8.74
January 2021	TFG Asset Management LP	17,651	0.2	US$ 9.50
August 2021	TFG Asset Management LP	156,023	1.5	US$ 9.70
October 2021	TFG Asset Management LP	44,903	0.4	US$ 9.14

Escrow shares

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

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

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

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

In February 2021, further awards to certain senior TFG Asset Management employees (excluding the principals of the investment manager) were made covering vesting and release periods out to 2032. 2.3 million shares acquired during the buybacks made in 2020 will be used to hedge against (or otherwise offset the future impact of) these awards.

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

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

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

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

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

*As at 31 December 2021, it is estimated that 1.575 million (2020: 1.575 million) of the maximum 3.15 million shares will vest according to the agreed-upon investment performance criteria at the end of year 5 with no shares vesting in years 6 and 7. This estimate will be revised at each reporting date and as a result, future expense may be different from the expense presented in the table above.

As at 31 December 2021, 10.9 million (2020: 10.9 million) shares related to TFG Asset Management's employee reward schemes are held in escrow. During the year, 0.4 million shares (2020: 1.7 million) were released from escrow including stock dividends awarded on the original shares. US$ 4.9 million (2020: US$ 13.9 million) was transferred from share-based compensation reserve to other equity in relation to the original shares. An amount of US$ 0.6 million (2020: US$ 4.2 million) was released against retained earnings, based on the stock reference price at each applicable dividend date. These shares are eligible for stock dividends and during the year, 0.4 million (2020: 0.5 million) shares were allocated to this account.

On 1 January 2020, the Independent Directors were awarded shares in Tetragon which vest on 31 December 2022 and are subject to forfeiture provisions. The fair value of the aggregate awards, as determined by the share price on grant date of US$ 12.25 per share, is US$ 0.9 million. The expense is recognised on a straight-line basis in Consolidated Statement of Comprehensive Income over the vesting period starting from 1 January 2020. A corresponding entry is made to the share-based compensation reserve.

Share-Based Compensation Reserve
The balance, US$ 60.1 million (2020: US$ 54.6 million) in share-based compensation reserve is related to Equity-based awards as described above.

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

Notes to the financial statements (continued)

Note 13
Dividends

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
Quarter ended 31 December 2019 of US$ 0.1875 per share	-	17.4
Quarter ended 31 March 2020 of US$ 0.1000 per share	-	9.3
Quarter ended 30 June 2020 of US$ 0.1000 per share	-	9.0
Quarter ended 30 September 2020 of US$ 0.1000 per share	-	9.1
Quarter ended 31 December 2020 of US$ 0.1000 per share	8.9	-
Quarter ended 31 March 2021 of US$ 0.1000 per share	8.9	-
Quarter ended 30 June 2021 of US$ 0.1000 per share	9.0	-
Quarter ended 30 September 2021 of US$ 0.1000 per share	9.0	-
	35.8	**44.8**

The fourth quarter dividend of US$ 0.1100 per share was approved by the Directors on 4 March 2022 and has not been included as a liability in these financial statements.

Note 14
Contingencies and commitments

The Fund has the following unfunded commitments:

	31 Dec 2021 US$ MM	31 Dec 2020 US$ MM
BentallGreenOak investment vehicles	42.8	62.9
Private equity funds	18.4	29.7
Contingency Capital loan	8.3	12.5
Contingency Capital fund	10.3	-
Tetragon Credit Income IV	10.6	-
	90.4	**105.1**

Note 15
Related-party transactions

Investment Manager

The Investment Manager is entitled to receive management fees equal to 1.5% per annum of the NAV of the Fund payable monthly in advance prior to the deduction of any accrued incentive fee. An incentive fee may be paid to the Investment Manager as disclosed in Note 11. During the year ended 31 December 2020, the Fund purchased its own shares from the Investment Manager. See Note 12 for details.

Voting Shareholder

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

Directors

The remuneration for Directors shall be determined by resolution of the Voting Shareholder. Each of the Directors' annual fee is US$ 125,000 (2020: US$ 125,000) as compensation for service as Directors of the Fund. As at 31 December 2021, US$ 15,625 (2020: US$ 93,750) was outstanding in relation to Directors' remuneration.

The Directors have the option to elect to receive shares in the Fund instead of the quarterly fee. With respect to the year ended 31 December 2021, David O'Leary elected to receive shares in lieu of half of his compensation and received 6,502 shares (2020: 6,626).

On 1 January 2020, the Independent Directors were awarded shares in Tetragon which vest on 31 December 2022 and are subject to forfeiture provisions. The fair value of the award, as determined by the share price on grant date of US$ 12.25 per share, is US$ 300,000 per Independent Director.

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

Reade Griffith, Paddy Dear and David O'Leary – all Directors of the Fund during the year - maintained (directly or indirectly) interests in shares of the Fund as at 31 December 2021, with interests of 15,297,765, 5,202,514 and 16,880 shares respectively (2020: 14,505,324, 4,976,960 and 10,378 shares, respectively).

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

Subsidiaries

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

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

TFG Asset Management, through the Service Providers, has implemented a cost-allocation methodology with the objective of allocating service-related costs, including to the Investment Manager. TFG Asset Management then charges fees for the services allocated on a cost-recovery basis that is designed to achieve full recovery of the allocated costs. In the year, the amount recharged to the Investment Manager was US$ 23.9 million (2020: US$ 18.1 million). As at 31 December 2021, the outstanding balance due from the Investment Manager was US$ 4.0 million (2020: US$ 2.5 million) During the year ended 31 December 2021, the Fund purchased its own shares from TFG Asset Management LP. See Note 12 for details.

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

Notes to the financial statements (continued)

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

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

Investments in internally managed funds

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

Note 16
Earnings per share

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

	Year ended 31 Dec 2021 US$ MM	Year ended 31 Dec 2020 US$ MM
Earnings for the purposes of basic earnings per share being net profit attributable to shareholders for the year	418.2	171.1
Weighted average number of shares for the purposes of basic earnings per share	89.4	91.7
Effect of dilutive potential shares:		
Share-based employee compensation – equity-based awards	11.0	10.9
Weighted average number of shares for the purposes of diluted earnings per share	**100.4**	**102.6**

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

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

Note 17
Segment information

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

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

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

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

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

Region	31 Dec 2021	31 Dec 2020
North America	38%	42%
Europe	56%	48%
Asia Pacific	5%	8%
Latin America	1%	2%

Note 18
Subsequent events

The Directors have evaluated the period up to 4 March 2022, which is the date that the financial statements were approved. The Directors have concluded that there are no material events that require disclosure or adjustment to the financial statement.

Note 19
Approval of financial statements

The Directors approved and authorised for issue the financial statements on 4 March 2022.

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