

Form ADV Part 2A: Firm Brochure

March 31, 2015

Tetragon Financial Management LP

399 Park Avenue, 22nd Floor
New York, NY 10022
Telephone: +1 (212) 359 7300
Fax: +1 (212) 359 7301
Compliance Officer
www.tetragoninv.com

This brochure provides information about the qualifications and business practices of Tetragon Financial Management LP, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at +1 (212) 359 7300. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Tetragon Financial Management LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training..

Item 2 Material Changes

This section provides only a summary of certain updates made to the brochure since its most recent filing made on April 3, 2015. There have been no material changes made to the brochure since the most recent filing.

Several Items of this brochure have been revised, including the following:

Item 4, Item 8, Item 10, Item 11, and Item 12 of this brochure have been revised to include further disclosure on management of the business as well as further disclosure of potential conflicts of interest associated with TFG's asset management platform.

Item 3 Table of Contents

Item

1.	Cover Page	1
2.	Material Changes	2
3.	Table of Contents	3
4.	Advisory Business	4
5.	Fees and Compensation	5
6.	Performance-Based Fees and Side-by-Side Management	7
7.	Types of Clients	8
8.	Methods of Analysis, Investment Strategies and Risk of Loss	8
9.	Disciplinary Information	41
10.	Other Financial Industry Activities and Affiliations	42
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...	43
12.	Brokerage Practices.	47
13.	Review of Accounts	51
14.	Client Referrals and Other Compensation	51
15.	Custody	51
16.	Investment Discretion	52
17.	Voting Client Securities	52
18.	Financial Information.....	53
19.	Requirements for State-Registered Advisers.	53

Item 4 Advisory Business

Tetragon Financial Management LP (“Tetragon”, the “Investment Manager”, or the “firm”) serves as the investment manager of Tetragon Financial Group Limited (“TFG”), a Guernsey closed-ended investment firm traded on Euronext Amsterdam N.V. under the ticker symbol “TFG.” TFG aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. The firm maintains an asset-management platform and an investment portfolio. Both business segments cover a broad range of assets including bank loans, real estate, equities, credit, convertible bonds and infrastructure. TFG invests through a master-feeder structure in Tetragon Financial Group Master Fund Limited, a Guernsey closed-ended investment company (the “TFG Master Fund”). Tetragon also serves as the investment manager of the TFG Master Fund.

TFG’s investment objective is to generate distributable income and capital appreciation. To achieve this objective, Tetragon seeks to identify opportunities, assets and asset classes it believes to be attractive and asset managers it believes to be superior based on their track record and expertise. It also seeks to use its market experience to negotiate favorable transactions and terms for TFG’s investments in asset classes and in asset managers. As part of this current investment strategy, Tetragon may employ hedging strategies and leverage in seeking to provide attractive returns while managing risk.

Through this investment strategy, TFG has become a diversified alternative asset management business that owns majority and minority stakes in asset managers and uses its balance sheet to invest in, build and grow those businesses.

TFG’s asset-management platform currently consists of Polygon Global Partners (“Polygon”), LCM Asset Management LLC (“LCM”), the GreenOak Real Estate L.P. (“GreenOak”) joint venture, Equitix Holdings Limited and Hawke’s Point. TFG Asset Management L.P. (“TFG AM”), an indirect subsidiary of TFG, is registered as an investment adviser under the U.S. Investment Advisers Act of 1940 and two of its investment management affiliates, Polygon Global Partners LLP and Equitix Investment Management Limited, are authorised and regulated by the United Kingdom Financial Services Authority.

The management and control of Tetragon is vested in its general partner, Tetragon Financial Management GP LLC (the “General Partner”), which is responsible for all actions of Tetragon. The General Partner is ultimately controlled by Reade Griffith, Alexander Jackson and Paddy Dear, who also control TFG’s voting shareholder. The General Partner and Tetragon are affiliated with TFG AM. Mr. Griffith acts as the authorized representative of the General Partner and the Investment Manager.

The investment committee of Tetragon (the “Investment Committee”) currently consists of Jeffrey Herlyn, Michael Rosenberg, David Wishnow, Reade Griffith and Paddy Dear and is responsible for the investment management of the portfolio and the business. The Investment

Committee currently sets forth the investment strategy and approves each significant investment by the TFG Master Fund.

The risk committee of Tetragon (the “Risk Committee”) has the same composition as the Investment Committee. The Risk Committee is currently responsible for the risk management of the portfolio and the business and performs active and regular oversight and risk monitoring.

In April 2012, Tetragon entered into a services agreement (the “Services Agreement”) with Polygon Global Partners LLP (“PGP LLP”) and Polygon Global Partners LP (“PGP LP”) (together, the “Services Providers”) following the termination of a prior services agreement with entities affiliated with Reade Griffith, Alexander Jackson and Paddy Dear. The Services Providers have been indirect subsidiaries of TFG since October 28, 2012, when TFG acquired TFG AM and certain related entities. Under the Services Agreement, the Services Providers provide operational, financial control, trading, marketing and investor relations, legal, compliance, administrative, payroll and employee benefits and other services to Tetragon in exchange for fees payable by Tetragon to the Services Providers. In addition, since April 30, 2012, the Services Providers have also acted as the “Service Providers” to each of LCM and GreenOak and to various Polygon managers pursuant to applicable separate services agreements.

The firm tailors its advisory services in accordance with each client’s governing documents. These documents typically contain investment guidelines for and/or investment restrictions imposed on the applicable fund or account.

The firm does not participate in wrap fee programs.

The amount of client net asset value that we manage on a discretionary basis in TFG is approximately \$1.8 billion (as of December 31, 2013). Tetragon does not currently manage any client assets on a non-discretionary basis.

Item 5 Fees and Compensation

The firm has intentionally omitted the full section on compensation for advisory services, as the firm is an SEC registered adviser and this brochure is being delivered only to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Firm Act of 1940, as amended (the “Investment Firm Act”).

The Investment Manager deducts all compensation described below automatically from our clients’ accounts pursuant to their governing documents.

The fees and expenses associated with an investment in the Investment Manager’s funds or accounts vary and are described in the relevant fund or account’s governing documents. The following is a general description of fees and expenses paid by our clients. The firm may, in its discretion, manage other accounts with higher or lower fees, different fee structures, and different account arrangements.

Tetragon earns fees and is reimbursed for expenses pursuant to an investment management agreement with TFG and the TFG Master Fund. All fees and expenses of TFG and the TFG Master Fund, except for incentive fees (as described below), are paid by the TFG Master Fund, including management fees relating to the administration of TFG.

Tetragon is entitled to receive management fees equal to 1.5% per year of the net asset value (NAV) of TFG, payable monthly in advance prior to the deduction of any accrued incentive fees. No separate management fees are payable with respect to the NAV of the TFG Master Fund.

TFG also pays Tetragon an incentive fee for each Calculation Period (as defined below) equal to 25% of the increase in the NAV of TFG 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 TFG.

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 immediately preceding 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.

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. Tetragon does not charge separate fees based on the NAV of the TFG Master Fund.

Under the provisions of a deferred fee agreement between TFG and Tetragon, Tetragon may defer payment of all, or a portion of, the incentive fee. Under this agreement, up to 100% of the amount which the firm elects to defer in any year may be invested in the same manner as TFG's other assets. The amount of the fees which the firm elects to defer in any year may be deferred for a period of up to 10 years and 90 days. Deferred amounts will be paid in cash.

In recognition of the work performed by Tetragon in successfully arranging the global offering and the associated raising of new capital for the firm, TFG granted to Tetragon options (the "Investment Management Options") to purchase 12,545,330 of TFG's Non-Voting Shares (before the application of potential anti-dilution) at an exercise price per share equal to the IPO offer price (U.S. \$10). The Investment Management Options are fully vested and immediately exercisable on the date of admission to the Euronext Amsterdam N.V. and will remain exercisable until the 10th anniversary of that date (i.e., April 26, 2017).

The Investment Manager's clients generally bear all costs and expenses directly related to their investments or prospective investments, such as brokerage commissions, interest on debit balances or borrowings, custodial fees, and legal and consultant fees. The clients also generally bear all out-of-pocket costs of administration including accounting, audit, administrator and legal expenses, costs of any litigation or investigation involving the clients' activities, costs associated with reporting and providing information to existing and prospective investors, and the costs of liability insurance, as detailed in the relevant client's governing documents. When the firm incurs expenses on behalf of multiple client accounts, it seeks to allocate the expenses among the applicable clients in a fair and reasonable manner.

Where the Investment Manager receives management fees in advance from a particular account and its services with respect to that account are terminated prior to the end of the billing period, Tetragon would refund to the relevant client an amount of management fees prorated from the date of its termination to the end of the period covered by the advance fee.

For more information on brokerage transactions and costs, please see Item 12 – Brokerage Practices.

The Investment Manager's compensation is subject to waiver or reduction in its discretion. The firm, its affiliates and certain of its professionals may invest in investment vehicles advised by the Investment Manager. The firm's principals and employees may be subject to reduced management fees, performance fees and/or carried interest on their direct or indirect investment in its fund clients.

Item 6 Performance-Based Fees and Side-by-Side Management

Performance-based fees and allocations are described in the offering documents or agreement of the relevant client and have been described generally in the preceding section, Item 5 – Fees and Compensation.

The existence of these performance fees and allocations may create an incentive for the firm or its affiliates to make riskier or more speculative investments on behalf of the clients paying a performance fee or allocation. In addition, the non-existence or the existence of different rates of performance fees or allocations may create an incentive for the firm or its affiliates to favor certain clients when making an investment decision than would be the case in the absence of these arrangements. In order to avoid such conflicts, the firm maintains policies and procedures with the aim to guide reasonable allocation of investment opportunities among clients in a fair and reasonable manner, which does not consider performance fees or other similar factors. As a registered investment adviser, Tetragon exercises due care to ensure that investment opportunities are allocated equitably among all clients, regardless of the client's corresponding fee structure. The principals of firm's investment in its client funds also aids in aligning the firm's interests with the interests of its clients.

Item 7 Types of Clients

As of the date of this brochure, the firm's only clients are TFG, a Guernsey closed-ended investment firm traded on Euronext Amsterdam N.V., and the TFG Master Fund. TFG invests substantially all of its capital through the TFG Master Fund.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Below is a general summary of our investment strategies, methods of analysis and material risks. More information on each of the above can be found in the offering documents with respect to each fund or investment vehicle.

Methods of Analysis and Investment Strategies

TFG's investment objective is to generate distributable income and capital appreciation. To achieve this objective, Tetragon seeks to identify opportunities, assets and asset classes it believes to be attractive and asset managers it believes to be superior based on their track record and expertise. It also seeks to use its market experience to negotiate favorable transactions and terms for TFG's investments in asset classes and in asset managers. As part of this current investment strategy, Tetragon may employ hedging strategies and leverage in seeking to provide attractive returns while managing risk.

Risks Generally

Some of the risks associated with the Investment Manager's investment strategies, and the securities and other assets utilized to implement those strategies, include but are not limited to those listed below. These methods, strategies, and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment. The risks and uncertainties discussed below are those that the firm believes are material, but these risks and uncertainties are not the only ones that may be applicable to particular clients.

An investment in shares (the “Shares”) of TFG (together with the TFG Master Fund, the “Firm”) involves substantial risks and uncertainties.

Risks Relating to the Firm’s Asset Management Platform

The asset management business is intensely competitive.

The asset management business is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, investor liquidity and willingness to invest, fund terms (including fees), brand recognition and business reputation. TFG’s asset management business competes with a number of private equity funds, specialized investment funds, hedge funds, funds of hedge funds and other sponsors managing pools of capital, as well as corporate buyers, traditional asset managers, commercial banks, investment banks and other financial institutions (including sovereign wealth funds). A number of factors serve to increase competitive risks:

- a number of competitors in some of TFG’s businesses have greater financial, technical, marketing and other resources and more personnel than the Firm does;
- some of our funds may not perform as well as competitors’ funds or other available investment products;
- several of the Firm’s competitors have significant amounts of capital, and many of them have similar investment objectives to ours, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that many alternative investment strategies seek to exploit;
- some of these competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities;
- some of the Firm’s competitors may be subject to less regulation or less regulatory scrutiny and accordingly may have more flexibility to undertake and execute certain businesses or investments than the Firm can and/or bear less compliance expense than the Firm does;
- some of the Firm’s competitors may have more flexibility than us in raising certain types of investment funds under the investment management contracts they have negotiated with their investors;

- some of the Firm's competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that the Firm wants to make;
- there are relatively few barriers to entry impeding new alternative asset fund management firms, and the successful efforts of new entrants into the Firm's various businesses, including former "star" portfolio managers at large diversified financial institutions as well as such institutions themselves, is expected to continue to result in increased competition;
- some of the Firm's competitors may have better expertise or be regarded by investors as having better expertise in a specific asset class or geographic region than the Firm does;
- the Firm's competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for an investment;
- some investors may prefer to invest with an investment manager that is not publicly traded, is smaller or manages fewer investment products; and
- other industry participants will from time to time seek to recruit the Firm's investment professionals and other employees away from us.

The Firm may lose investment opportunities in the future if the Firm does not match investment prices, structures and terms offered by competitors. Alternatively, the Firm may experience decreased rates of return and increased risks of loss if the Firm matches investment prices, structures and terms offered by competitors. Moreover, if the Firm is forced to compete with other alternative asset managers on the basis of price, the Firm may not be able to maintain the Firm's current fund fee and carried interest terms.

In addition, the attractiveness of the Firm's investment funds relative to investments in other investment products could decrease depending on economic conditions. This competitive pressure could adversely affect the Firm's ability to make successful investments and limit the Firm's ability to raise future investment funds, either of which would adversely impact the Firm's business, revenue, results of operations and cash flow.

The asset management business is subject to extensive regulation.

Asset management and financial advisory businesses are subject to extensive regulation, which affects the Firm's activities and creates the potential for significant liabilities and penalties. The

possibility of increased regulatory focus could result in additional burdens on the Firm's business. Recent legislative and regulatory changes in the United States, such as the Dodd-Frank Act, and the European Union, such as the Alternative Investment Fund Managers Directive and the European Market Infrastructure Regulation, could adversely affect the Firm's business.

Misconduct of the Firm's employees or at the companies in which the Firm has invested could harm us by impairing the Firm's ability to attract and retain clients and subjecting us to significant legal liability and reputational harm.

There is a risk that the Firm's principals and employees could engage, or be accused of engaging, in misconduct that adversely affects the Firm's business. The Firm is subject to a number of obligations and standards arising from the Firm's business and the Firm's authority over the assets it manages. The violation of these obligations and standards by any of the Firm's employees would adversely affect the Firm's clients and us. The Firm may also be adversely affected if there is misconduct by senior management of the companies in which the Firm's funds invest, even though it may be unable to control or mitigate such misconduct. The Firm's business often requires that we deal with confidential matters of great significance to companies in which we may invest. If the Firm's employees were improperly to use or disclose confidential information, we could suffer serious harm to the Firm's reputation, financial position and current and future business relationships, as well as face potentially significant litigation. It is not always possible to detect or deter employee misconduct, and the extensive precautions we take to detect and prevent this activity may not be effective in all cases. If any of the Firm's employees were to engage in misconduct or were to be accused of such misconduct, the Firm's business and the Firm's reputation could be adversely affected.

The Firm's failure to deal appropriately with conflicts of interest in the Firm's investment business could damage the Firm's reputation and adversely affect the Firm's businesses.

As the Firm has expanded and as we continue to expand the number and scope of the Firm's businesses, we increasingly confront potential conflicts of interest relating to the Firm's activities. Certain of the Firm's funds may have overlapping investment objectives, including funds that have different fee structures, and potential conflicts can arise with respect to the Firm's decisions regarding how to allocate investment opportunities among those funds. To the extent we fail to appropriately deal with any such conflicts, it could negatively impact the Firm's reputation and ability to raise additional funds or result in potential litigation against us.

Poor performance of the Firm's managed investment funds and vehicles would cause a decline in the Firm's asset management revenue, income and cash flow, and could adversely affect the Firm's ability to raise capital for future investment funds.

In the event that any of the Firm's investment funds and vehicles were to perform poorly, the Firm's revenue, income and cash flow would decline because the value of the Firm's assets under management would decrease, which would result in a reduction in management fees, and the Firm's investment returns would decrease, resulting in a reduction in incentive fees the Firm earns. Moreover, we could experience losses on the Firm's investments of the Firm's own principal as a result of poor investment performance by the Firm's investment funds.

Poor performance of the Firm's investment funds and vehicles could make it more difficult for us to raise new capital. Investors might withdraw their investments as a result of poor performance of the investment funds in which they are invested. Investors and potential investors in the Firm's funds continually assess the Firm's investment funds' performance, and the Firm's ability to raise capital for existing and future investment funds and avoid excessive redemption levels will depend on the Firm's investment funds' continued satisfactory performance. Accordingly, poor fund performance may deter future investment in the Firm's funds and thereby decrease the capital invested in the Firm's funds and ultimately, the Firm's management fee income. Alternatively, in the face of poor fund performance, investors could demand lower fees or fee concessions for existing or future funds which would likewise decrease the Firm's revenue. A significant number of fund sponsors have recently decreased the amount of fees they charged investors for managing existing or successor funds as a direct result of poor fund performance.

The Firm's asset management business depends in part on the Firm's ability to raise capital from third-party clients. If the Firm is unable to raise capital from third-party clients, the Firm would be unable to collect management fees or deploy their capital into investments and potentially collect transaction fees or incentive fees, which would materially reduce the Firm's asset management revenue and cash flow.

The Firm's ability to raise capital from third party investors depends on a number of factors, including certain factors that are outside the Firm's control. Certain factors, such as the performance of the stock market or the asset allocation rules or regulations or investment policies to which such third party investors are subject, could inhibit or restrict the ability of third party investors to make investments in the Firm's investment funds or the asset classes in which the Firm's investment funds invest.

In addition, in connection with raising new funds or making further investments in existing funds, the Firm may negotiate terms for such funds and investments with existing and potential investors. The outcome of such negotiations could result in the Firm's agreement to terms that are materially less favorable to us than for prior funds the Firm has managed or funds managed by the Firm's competitors. Such terms could restrict the Firm's ability to raise investment funds

with investment objectives or strategies that compete with existing funds, add additional expenses and obligations for us in managing the fund or increase the Firm's potential liabilities, all of which could ultimately reduce the Firm's revenues. In addition, certain institutional investors have publicly criticized certain fund fee and expense structures, including management fees and incentive fees. Although the Firm has no obligation to modify any of the Firm's fees with respect to the Firm's existing funds, we may experience pressure to do so in the Firm's future funds. For example, we have confronted and expect to continue to confront requests from a variety of investors and groups representing investors to decrease fees, which could result in a reduction in the fees and incentive fees we earn.

The performance of LCM Asset Management LLC ("LCM") and, in turn, the Firm's operating results, may be negatively influenced by various factors.

The performance of LCM, an asset management entity that specializes in below-investment grade, U.S. corporate, broadly-syndicated loans, and, in turn, the Firm's operating results, may be negatively influenced by various factors, including the (i) performance of LCM-managed CLOs, which in general are subject to the same risks as the Firm's CLO investments and are currently the primary source of LCM's revenues and (ii) ability of LCM to retain key personnel, the loss of whom may negatively affect LCM's ability to provide asset and collateral management services in a fashion, and of a quality, consistent with its prior practice. Furthermore, the Firm's ownership of LCM may negatively impact certain aspects of the Firm's CLO investment strategy and as a result the Firm's performance. For example, the Firm's relationship with its asset managers (other than LCM) may be negatively affected as such asset managers view the Firm as a competitor. Further, there are inherent conflicts of interest if the Firm invests in the residual tranches of LCM-managed CLOs which may make it more difficult to market and manage such CLOs. LCM may have difficulty marketing such CLOs because some investors may be unwilling to invest in CLOs where the owner of the manager is also the majority holder of the residual tranches. In addition, due to certain provisions of applicable collateral management agreements the Firm may be precluded from exercising certain of its voting rights with respect to the securities it owns in LCM managed CLOs, which may restrict the Firm's ability to manage certain risks associated with its investment in such CLOs. Finally, the Firm's ability to diversify its investments across multiple asset managers may conflict with its desire to grow the LCM business through its participation in LCM managed deals.

The performance of Polygon and, in turn, the Firm's operating results, may be negatively influenced by various factors.

The performance of Polygon, which the Firm acquired in October 2012, and, in turn, the Firm's operating results, may be negatively influenced by various factors, including the (i) performance

of Polygon-managed funds and accounts and (ii) ability of Polygon to retain key personnel, the loss of whom may negatively affect Polygon's ability to provide asset management services in a fashion, and of a quality, consistent with its prior practice.

GreenOak has a limited operating history.

GreenOak has a limited prior operating history and it may be unable to successfully operate its business or achieve its investment objectives. The past performance of other real estate investment programs sponsored by the founders of GreenOak may not be indicative of the performance GreenOak may achieve. In October 2012, the Firm expanded its investment in GreenOak, increasing its ownership interest from 10% to 23%. If GreenOak is unsuccessful the Firm may lose all or part of the Firm's investment.

Hawke's Point is a start-up with no operating history.

The Firm established Hawke's Point as a new start-up mining finance business in the fourth quarter of 2014. Hawke's Point intends to provide capital to companies in the mining and resource sectors and is currently seeking and evaluating a range of mine financing opportunities. As a start-up, we expect potential losses in the early years as Hawke's Point is established and develops a portfolio of investments. Hawke's Point's ability to pursue investment opportunities and/ or generate fee income may require raising sufficient third-party funds. There is no assurance that Hawke's Point will find appropriate financing opportunities, will raise third-party funds necessary to pursue opportunities or generate fee income, or that its investments in such opportunities will generate profitable returns in the future.

Equitix has a limited operating history and the Firm has controlled Equitix for a short period.

Since Equitix Holdings Limited was founded in 2007, it has established funds with a life of up to 25 years. Accordingly, Equitix's funds are still relatively early in their life cycle and Equitix is yet to manage any fund over its full life cycle. The past performance of Equitix may not be indicative of its future performance.

The Firm acquired Equitix in February 2015. The Firm may not achieve the growth and performance that it expects to achieve by acquiring Equitix, which may adversely affect the Firm's results of operations.

As the Firm becomes more of a financial services firm, it may face difficulties as it invests in asset classes in which it does not have substantial experience.

As the Firm becomes more of a financial services firm and invests in new asset classes and as its asset mix changes, its revenues and profitability could be reduced. Previously, the Firm has

focused its investments on the Residual Tranches of CLO products and leveraged loans. In 2010, the Firm acquired interests in LCM and Green Oak. The Firm expanded its asset management business in October 2012 through its acquisition of the asset management businesses and infrastructure platform of Polygon, along with Polygon's interests in LCM and GreenOak. In 2014 and early 2015, the Firm expanded its asset management platform with the additions of Hawke's Point and Equitix. As the Firm diversifies the asset classes in which it invests, including through acquiring and investing directly in asset managers and other operating businesses, its revenues and profitability could be reduced.

The Firm may face difficulties as it begins to function not only as an investment holding firm, but also as a Firm that owns operating companies.

As the Firm becomes more of a financial services firm that functions not only as an investment holding firm, but also as a firm that owns operating companies, it may face difficulties as it invests in asset classes in which it does not have substantial experience. In addition, the Firm's investment strategy involves investing in new asset classes in which the Investment Manager may not have substantial prior experience, including real estate investments. If the Firm is unable to effectively manage its transition from an investment holding firm to a Firm that owns operating companies and the expansion of its investment strategy into new asset classes, its results of operations could be negatively affected.

Direct investments in asset managers will expose the Firm's business to additional risks.

Direct investments in asset managers will expose the Firm's business to additional risks, including:

- A Decline in the Price of Securities: Revenues received by asset managers are substantially determined by the amount of assets under management. Accordingly, a general or prolonged decline in the prices of securities, including as a result of macroeconomic conditions, could decrease the fees earned by any asset managers in which the Firm invests.
- Regulatory Environment: The asset management industry is subject to extensive regulation which directly affects the cost of doing business. Any additional laws or regulations could increase costs and decrease profitability. Further, the failure to comply with applicable laws or regulations could result in fines, censure, suspensions of personnel or other sanctions, including revocation of registrations as an investment advisor or broker-dealer, with respect to any asset managers in which the Firm invests.

- Competition: The asset management business is intensely competitive and competitors may have substantially greater resources than any asset managers in which the Firm invests and may offer a broader range of financial products and services across more markets.

Each of these risks could negatively affect any investments by the Firm in asset managers. The Firm may lose all or part of its investment in any asset manager.

Risks Relating to the Firm's Investment Portfolio

Many of the Firm's investments are in the form of highly subordinated securities, which are susceptible to losses of up to 100% of the initial investments, including losses resulting from changes in the financial rating ascribed to, or changes in the market value or fair value of, the underlying assets of an investment.

A large portion of the Firm's current investment portfolio consists of subordinated, residual tranches ("Residual Tranches") of collateralized loan obligation ("CLO") products. The Firm has also held investments in the Residual Tranches of collateralized debt obligation ("CDO") products (together with CLO products and other structured investment vehicles, "Securitization Vehicles"). Both CLOs, and CDOs are securitized interests in underlying assets assembled by asset managers and divided into tranches based on their degree of credit risk. Residual Tranches are the lowest ranking tranche, incurring first losses and are paid last out of the proceeds received by Securitization Vehicles from their underlying assets.

The Firm's investments in Residual Tranches represent leveraged investments in the underlying assets of the Securitization Vehicles. The fair value of these investments could be significantly affected by, among other things, changes in the financial rating ascribed to the underlying assets of a Securitization Vehicle by financial rating agencies, changes in the market value or fair value of the underlying assets, changes in payments, defaults, recoveries, capital gains and losses, prepayment and the availability, prices and interest rate of underlying assets. Moreover, market developments generally (including, without limitation, deteriorating economic outlook, rising defaults and rating agency downgrades) may impact the fair value of an investment and/or its underlying assets, as we experienced during the period from the third quarter of 2008 through the first half of 2009. Negative loan ratings migration, specifically migration to Caa1/CCC+ or below, may also place pressure on the performance of certain of the Firm's investments. Caa1/CCC+ or below rated assets exposure over pre-defined limits in such investments may temporarily or permanently cause cash diversion away from CLO equity tranches (the Firm's investments) and into the reinvestment of new collateral, and, if significant enough, potential de-leveraging of the CLO. Changes in the market value or fair value of such underlying assets could

result in defaults under the terms of the Securitization Vehicle that may in turn reduce or halt the distribution of funds to Residual Tranche holders or trigger a liquidation of such Securitization Vehicle. The leveraged nature of a Residual Tranche increases the risk that a change in market conditions or the default of an issuer of underlying assets could result in significant losses. Accordingly, Residual Tranches may not be paid in full and may be subject to substantial losses, including a loss of 100% of the Firm's investment in them.

CLO vehicles generally invest in fixed income securities rated lower than Baa by Moody's or lower than BBB by S&P (or, if not rated, of comparable quality) and may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments.

As mentioned above, the Firm's current investment portfolio consists mainly of CLOs. The primary asset underlying the Firm's current CLO portfolio are senior secured loans, although these transactions may allow for limited exposure to other asset classes including unsecured loans, high yield bonds, emerging market loans or bonds and structured finance securities with underlying exposure to CDO tranches, RMBS, commercial mortgage backed securities, trust preferred securities and other types of securitizations. CLO vehicles generally invest in lower-rated fixed income securities that are typically rated below Baa/BBB by Moody's and S&P. Securities that are rated lower than Baa by Moody's or lower than BBB by S&P are sometimes referred to as "high yield".

Securities rated Baa or lower are considered by Moody's to have some speculative characteristics. Lower-rated securities may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. Analysis of the creditworthiness of issuers of lower-rated securities may be more complex than for issuers of higher quality debt securities.

In addition, high yield or speculative securities may be less liquid and more likely to default than securities of higher credit quality. Lower-rated securities may be more susceptible to losses and real or perceived adverse economic and competitive industry conditions than higher grade securities. The secondary markets on which lower-rated securities are traded are generally less liquid than the market for higher grade securities. Consequently, there may be limited liquidity if a Securitization Vehicle is required to sell or otherwise dispose of its underlying assets. Less liquidity in the secondary trading markets could adversely affect, and cause large fluctuations in, the fair value of the Firm's portfolio. Adverse publicity and investor perceptions, whether or not based on facts or fundamental analysis, may decrease the market values and liquidity of lower-rated securities, especially in a thinly traded market.

Defaults, their resulting losses and other losses on underlying assets (including bank loans) may have a negative impact on the fair value of the Firm's investment portfolio and cash flows received.

A default and any resulting loss as well as other losses on an underlying asset will reduce the fair value of such underlying asset and, consequently, the fair value of the related investment and the Firm's portfolio. A wide range of factors could adversely affect the ability of the issuer of an underlying asset to make interest or other payments on that asset. These factors include adverse changes in the financial condition of such issuer or the industries or regions in which it operates; its exposure to counterparty risks; systemic risk in the financial and settlement systems; changes in law and taxation; a downturn in general economic conditions; changes in governmental regulations or other policies; and natural disasters, terrorism, social unrest and civil disturbances. To the extent that actual defaults and losses on the underlying assets of an investment exceed the level of defaults and losses factored into the purchase price of such investment by Tetragon Financial Management LP (the "Investment Manager"), the value of the anticipated return from the investment will be reduced. The more deeply subordinated the tranche of securities in which the Firm invests, such as investments in Residual Tranches, the greater the risk of loss upon a default. Any defaults and losses in excess of expected default rate and loss model inputs, which are based on historical bond default and recovery data, will have a negative impact on the fair value of the Firm's investments, will reduce the cash flows that the Firm receives from its investments, adversely affect the fair value of the Firm's assets and could adversely impact the Firm's and TFG's ability to pay dividends and enter into share repurchase transactions.

In addition, the underlying assets of securitization vehicles, including bank loans, may require substantial workout negotiations or restructuring in the event of a default or liquidation. Any such workout or restructuring is likely to lead to a substantial reduction in the interest rate of such asset and/or a substantial write-down or write-off of all or a portion the principal of such asset. Any such reduction in interest rates or principal will negatively affect the fair value of the Firm's portfolio.

Many of the Firm's investments in securitization vehicles are and will be illiquid and have values that are susceptible to changes in the ratings and market values of such vehicles' underlying assets, which may make it difficult for the Firm to sell certain holdings.

The securities issued by securitization vehicles are, in general, privately placed and offer less liquidity than other investment grade or high-yield corporate debt. Other investments that the Firm may purchase in privately negotiated (also called "over-the-counter" or "OTC") transactions may also be illiquid or subject to legal restrictions on their transfer, sale, pledge or other disposition. Adverse publicity and investor perceptions, whether or not based on facts or

fundamental analysis, may also decrease the liquidity of lower rated securities, especially in a thinly traded market. As a result of this illiquidity, the Firm's ability to sell certain investments quickly, or at all, in response to changes in economic and other conditions and to receive a fair price when selling such investments may be limited, which could prevent the Firm from making sales to mitigate losses on such investments. In addition, securitization vehicles are subject to liquidation upon the failure of certain tests relating to the underlying assets, which can result in substantial loss of value to the holders of interests in securitization vehicles. Residual Tranches are the most illiquid and subordinated class of interests in securitization vehicles and the most likely tranche to suffer a loss of all or a portion of its value in these circumstances.

The Firm may be exposed to counterparty risk, which could make it difficult for the Firm or the securitization vehicles in which it invests to collect on the obligations represented by investments and result in significant losses. In addition, neither the Firm nor the securitization vehicles in which it invests will have any direct claim against the underlying obligors.

The Firm may hold investments (including synthetic securities) which would expose it to the credit risk of its counterparties or the counterparties of the securitization vehicles in which it invests. In the event of a bankruptcy or insolvency of such a counterparty, the Firm or a securitization vehicle in which such an investment is held could suffer significant losses, including the loss of that part of the Firm's or securitization vehicle's portfolio financed through such a transaction, declines in the value of its investment, including declines that may occur during an applicable stay period, the inability to realize any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

In addition, with respect to certain swaps and synthetic securities, neither the securitization vehicle nor the Firm usually has a contractual relationship with the entities (each, a "Reference Entity") whose payment obligations are the subject of the relevant swap agreement or security. Therefore, neither the securitization vehicle nor the Firm generally has a right to directly enforce compliance by the Reference Entity with the terms of this kind of underlying obligation, any rights of set-off against the Reference Entity or any voting rights with respect to the underlying obligation. Neither the securitization vehicle nor the Firm will directly benefit from the collateral supporting the underlying obligation and will not have the benefit of the remedies that would normally be available to a holder of such underlying obligation.

The performance of many of the Firm's investments may depend to a significant extent upon the performance of its asset managers.

The Firm relies on asset managers (internal and external) to administer and review the portfolios of the underlying assets managed by them (each such portfolio a "Securitization Portfolio").

Particularly in the case of Residual Tranches, the actions of the asset managers may significantly affect the Firm's return on its investments.

The ability of each asset manager to identify and report on issues affecting its Securitization Portfolio on a timely basis could also affect the Firm's return on its investments, as the Firm may not be provided with information on a timely basis in order to take appropriate hedging or other measures to manage its risks in the relevant Securitization Portfolio. In addition, concentration of a significant number of the Firm's investments with one or a few asset managers (including, asset managers, if any, affiliated with the Firm), whether having resulted from industry consolidation or otherwise, could affect the Firm adversely in the event that the asset manager fails to fulfill its function effectively or at all.

Many of the Firm's investments and the related underlying assets are subject to prepayment rights, which could result in the Firm achieving a lower than expected rate of return on its investments.

Although the Firm's valuations and projections take into account certain expected levels of prepayments, underlying assets may be prepaid more quickly than expected. Prepayment rates are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond the Firm's control and consequently cannot be accurately predicted. Early prepayments give rise to increased reinvestment risk, as the asset manager or the Firm might realize excess cash from prepayments earlier than expected. If an asset manager or the Firm is unable to reinvest such cash in a new investment with an expected rate of return at least equal to that of the investment repaid, this may reduce the Firm's net income and the fair value of that asset.

In the event of a bankruptcy or insolvency of an issuer or borrower of underlying assets in which the Firm invests, a court or other governmental entity may determine that the claims of the relevant Securitization Vehicle are not valid or not entitled to the treatment the Firm expected when making its initial investment decision.

Various laws enacted for the protection of creditors may apply to the underlying assets in the Firm's investment portfolio. The information in this and the following paragraph represents a brief summary of certain points only, is not intended to be an extensive summary of the relevant issues and is applicable with respect to U.S. issuers and borrowers only. The following is not intended to be a summary of all relevant risks. Similar avoidance provisions to those described below are sometimes available with respect to non-U.S. issuers or borrowers, but there is no assurance that this will be the case which may result in a much greater risk of partial or total loss of value in that underlying asset.

If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer or borrower of underlying assets, such as a trustee in bankruptcy, were to find that such issuer or borrower did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such underlying assets and, after giving effect to such indebtedness, the issuer or borrower (i) was insolvent; (ii) was engaged in a business for which the remaining assets of such issuer or borrower constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could decide to invalidate, in whole or in part, the indebtedness constituting the underlying assets as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the issuer or borrower or to recover amounts previously paid by the issuer or borrower in satisfaction of such indebtedness. In addition, in the event of the insolvency of an issuer or borrower of underlying assets, payments made on such underlying assets could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year under U.S. Federal bankruptcy law or even longer under state laws) before insolvency.

The Firm’s underlying assets may be subject to various laws for the protection of creditors in other jurisdictions, including the jurisdiction of incorporation of the issuer or borrower of such underlying assets and, if different, the jurisdiction from which it conducts business and in which it holds assets, any of which may adversely affect such issuer’s or borrower’s ability to make, or a creditors ability to enforce, payment in full, on a timely basis or at all. These insolvency considerations will differ depending on the jurisdiction in which an issuer or borrower or the related underlying assets are located and may differ depending on the legal status of the issuer or borrower.

The Firm is subject to concentration risk in its investment portfolio, which may increase the risk of an investment in the Shares.

Although the Investment Manager will regularly monitor the concentration of the Firm’s investment portfolio in any one firm, investment, CLO, industry, jurisdiction, region or asset class and its exposure to any given asset manager, concentrations of exposure may arise in the portfolio. For example, based on recent trends the Investment Manager expects that new CLOs may contain larger Residual Tranches than have historically been the case. Therefore, in order for the Firm to continue its current strategy of seeking to hold a majority of the Residual Tranches in any CLO in which it invests, the Firm may be required to make larger investments in individual CLOs than it has in the past. This may increase the concentration risk associated with the Firm’s portfolio. The risk that payments on the Firm’s investments could be adversely affected to a significant degree by one default or a series of defaults on debt obligations relating

to a particular firm, investment, CLO, industry, jurisdiction, region, asset class or asset manager will increase to the extent that the Firm's investments are concentrated in that firm, investment, CLO, industry, jurisdiction, region, asset class or asset manager.

The Firm's investments are subject to interest rate risk, which could cause the Firm's cash flow, fair value of its assets and operating results to decrease.

The fair value of certain of the Firm's investments may be significantly affected by changes in interest rates. The Firm'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 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 the Firm's cash flow, fair value of its assets and operating results adversely. In the event the TFG Master Fund's interest expense were to increase relative to income, or sufficient financing became unavailable to the TFG Master Fund, the Firm's return on investments and cash available for distribution to TFG shareholders would be reduced. In addition, future investments in different types of instruments may carry a greater exposure to interest rate risk.

The Firm's investments are subject to currency risks, which could cause the value of the Firm's investments in U.S. dollars to decrease regardless of the inherent value of the underlying investments.

The Firm's investments that are denominated in currencies other than U.S. Dollars are subject to the risk that the value of such currency will decrease in relation to the U.S. Dollar. Although the Firm generally hedges its non-U.S. Dollar exposures back to U.S. Dollars, an increase in the value of the U.S. Dollar compared to other currencies in which the Firm makes its investments would otherwise reduce the effect of increases and magnify the effect of decreases in the prices of the Firm's non-U.S. Dollar denominated investments in their local markets. Fluctuations in currency exchange rates will similarly affect the U.S. Dollar equivalent of any interest, dividends or other payments made to the Firm denominated in a currency other than U.S. Dollars.

The Investment Manager may not be successful in the utilization of hedging and risk management transactions, which could subject the Firm's investment portfolio to increased risk

or lower returns on its investments and in turn cause a decrease in the fair value of the Firm's assets and the market value of the Shares.

The success of the Investment Manager's hedging strategy will depend, in part, upon its ability to correctly assess the relationship between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many instruments change as markets change or time passes, the success of the Investment Manager's hedging strategy will also be subject to its ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. Although the Investment Manager may cause the Firm to enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Firm than if it had not engaged in such hedging transactions. The Investment Manager may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Firm from achieving the intended hedge or expose the Firm to an increased risk of loss. The Investment Manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. These factors may have a significant negative effect on the fair value of the Firm's assets and the market value of the Shares.

The ability of Securitization Vehicles in which the Firm invests to sell assets and reinvest the proceeds may be restricted, which may reduce the yield from the Firm's investment in those Securitization Vehicles.

The ability of Securitization Vehicles in which the Firm invests to sell assets and reinvest the proceeds may be restricted. As part of the ordinary management of its portfolio, a Securitization Vehicle may typically dispose of certain of its assets and reinvest the proceeds thereof in substitute assets, subject to compliance with its investment guidelines and certain other conditions, including the terms of the debt securities issued by it. The earnings with respect to such substitute assets will depend on the quality of reinvestment opportunities available at the time and on the availability of assets that satisfy the Securitization Vehicle's investment guidelines and that are acceptable to the asset manager, among other factors. The need to satisfy such guidelines and identify acceptable assets may require the asset manager to purchase substitute assets at a lower yield than those initially acquired or require that the sale proceeds be maintained temporarily in cash, either of which may reduce the yield that the asset manager is able to achieve. This will reduce the return to the Firm and may have a negative effect on the fair value of the Firm's assets and the market value of the Shares.

The Firm intends to engage in over-the-counter trading, which has inherent risks of illiquid markets, wide bid/ask spreads and market disruption.

The Firm may engage in forward contracts, options, futures, swaps, and other derivatives in order to increase or decrease its risk exposure to, among other things, currency exchange rates, interest rates, credit spreads, and corporate credit events. The values of these derivatives will be dependent on, and may be affected by, a variety of factors, including the underlying financial instrument of each such derivative, changes to currency exchange rates, the level of interest rates, including shifts across rates of different maturities, the implied volatilities of the underlying instruments, the perceived credit worthiness or ratings of corporate entities, and length of time until potential exercise or termination of the derivative. These instruments may not be traded on exchanges and may not be standardized; rather, banks and dealers act as principals in the markets for these instruments, negotiating each transaction on an individual basis. These transactions are substantially unregulated, there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in these markets are not required to continue to make markets and these markets can experience periods of significant illiquidity, sometimes of long duration. There have been periods during which certain participants in these markets have refused to quote prices for certain contracts or have quoted prices with unusually wide spreads between the prices at which they were prepared to buy and those at which they were prepared to sell. Disruptions can also occur in any market in which the Firm trades due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Firm. Market illiquidity or disruption could result in significant losses to the Firm.

The modeled cash flow predictions and assumptions used to calculate the IRR and fair value of each CLO investment may prove to be inaccurate and require adjustment.

The Investment Manager utilizes investment modeling software to model expected cash flows on the Firm's CLO investments. These modeled cash flows are then used to calculate the IRR and the fair value of each CLO investment, under certain specified assumptions, including without limitation, annual default rates, recovery rates, prepayment rates and reinvestment prices and spreads, as well as their timing and duration, which in certain instances may be several years or otherwise as long as the stated maturity of the investment. These modeled cash flows and assumptions may prove to be inaccurate and require adjustment. Factors affecting the accuracy of such modeled cash flow predictions include: (1) uncertainty in predicting future market values of certain assets (including, defaulted securities and "excess CCC rated" securities) utilized in

determining overcollateralization or similar ratios, (2) the inability to accurately model collateral manager behavior such as trading gains/losses or cash holding levels, and (3) the divergence over the period covered by the model of assumed variables from realized levels, including reinvestment spreads/prices, the timing and severity of defaults and downgrades, prepayment levels as well as LIBOR and foreign exchange volatility. In addition, the underlying CLO trustee reports used to assemble applicable investment data for the cash flow models are subject to data entry and other human errors, which may not be immediately discovered, if at all, in the course of the Investment Manager's investment portfolio updates and valuation procedures.

Investments in real estate assets are subject to numerous risks.

Through GreenOak, the Firm invests its capital, directly and indirectly, in certain real estate investments. Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond the Firm's control. Events which could negatively affect real estate investments include, but are not limited to:

- adverse changes in international, national or local economic and demographic conditions;
- vacancies or the Firm's inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- inability to collect rent from tenants;
- competition from other real estate investors with significant capital, including other real estate operating companies, publicly traded REITs and institutional investment funds; and
- fluctuations in interest rates, which could adversely affect the Firm's ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults among existing leases. If GreenOak cannot operate its properties to meet its financial expectations, its financial condition, results of operations, cash flow, and ability to satisfy its debt service obligations (including, amounts owed to the Firm) and to make distributions to the Firm could be adversely affected.

Real estate investments are generally illiquid, and therefore GreenOak and we may not be able to dispose of properties when appropriate or on favorable terms.

The real estate investments made, and to be made, by GreenOak are relatively difficult to sell quickly. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinance of the underlying property. GreenOak may be unable to realize its investment objectives by sale, other disposition or refinance at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located.

Certain investment strategies, including co-investments and joint ventures, may limit the Firm's control over particular investments.

If the Firm co-invests, including co-investments in real estate assets with GreenOak, or enters into joint ventures, the ability of the Firm or the Investment Manager to exercise control over these investments may be limited. As part of these co-investment and joint venture relationships the Firm may rely on third-parties to identify investments and may not retain control over which specific investments are made, including the timing of such investments. In addition, the interests of the Firm's joint venture partners and any persons with which it co-invests may conflict with the interests of the Firm. There can be no assurance that any such conflict would be resolved in favor of the Firm and its shareholders and this may negatively affect the market value of the Shares.

Investments in European-listed equity securities are subject to numerous risks.

The Firm invests a portion of its capital, directly and indirectly, in certain European-listed equity securities, including through the Polygon European Equities Opportunity Fund. Such investments are subject to various risks, many of which are beyond the Firm's control. Risks or events which could negatively affect such equity security investments include, but are not limited to:

- increased volatility in the market price and with respect to trading volume of the equity securities;
- increased uncertainty and government intervention in Global financial markets;
- leverage and financing risk and the use of options, futures, short sales, swaps, forwards and other derivative instruments potentially magnifying losses; fluctuations in currency exchange rates;

- market illiquidity; and
- exacerbation of the sovereign debt crisis in the Eurozone.

Investments in convertible securities are subject to numerous risks.

The Firm invests a portion of its capital, directly and indirectly, in certain convertible securities, mainly in the form of debt securities that can be exchanged for equity interests, including through the Polygon Convertible Opportunity Fund. Such investments are subject to various risks, many of which are beyond the Firm's control. Risk or events which could negatively affect convertible security investments include, but are not limited to:

- declining credit quality of issuers of the convertible securities;
- increased volatility in the market price and with respect to trading volume of the underlying equity into which the convertible securities are convertible;
- leverage and financing risk and the use of options, futures, short sales, swaps, forwards and other derivative instruments potentially magnifying losses;
- fluctuations in interest rates and currency exchange rates; and
- market illiquidity.

Investments in distressed opportunity securities are subject to numerous risks.

The Firm invests a portion of its capital, directly and indirectly, in certain distressed opportunities. Such investments are subject to various risks, many of which are beyond the Firm's control. Risks or events which could negatively affect distressed opportunity investments include, but are not limited to: difficulty in obtaining information as to the true condition of the issuer; potential for abrupt and erratic market movements and above average price volatility of the securities; and potential for litigation.

Investments in infrastructure projects are subject to various risks.

The Firm may invest or intends to invest a portion of its capital, directly or indirectly, in infrastructure projects through Equitix Holdings Limited, which the Firm acquired in February 2015. Investments in infrastructure projects are subject to specific risks including, but not limited to:

- construction risks during the construction phase of the project, including delays, unexpected costs and cost overruns, defects, limitations on the liability of construction contractors and default or insolvency of construction contractors;
- subcontractor risks, including subcontractors failing to provide services sufficient to meet the project's standards for service and default or insolvency of subcontractors;
- financing risks, including interest rate risk, the availability of financing on terms to allow competitive bidding for projects and returns on projects or to refinance existing indebtedness on projects, which may be affected by factors including general economic conditions and financial and credit markets;
- limited diversity because investments are concentrated in a small number of projects, which may cause overall returns to be adversely affected by unfavorable performance of one project;
- public sector procurement policies and procedures, which affect factors including the availability of opportunities to invest in projects, competition for projects and early termination of projects; and
- long investment horizons, which may result in unfavorable returns due to factors including inflation and inaccurate assumptions in modeling for projects.

Investments in mining-industry related equity securities and instruments are subject to numerous risks.

The Firm may invest a portion of its capital, directly or indirectly, in certain mining-industry related equity securities and instruments, including, without limitation, through the Polygon Mining Opportunity Master Fund and Hawke's Point. Such investments are subject to various risks, many of which are beyond the Firm's control. In addition to the risks discussed above associated with equity investments generally, risks or events which could negatively affect mining-industry related equity investments include, but are not limited to:

- Mining hazards. Hazards such as fire, explosion, floods, structural collapses, industrial accidents, unusual or unexpected geological conditions, ground control problems, power outages, inclement weather, cave-ins, accidental discharge of hazardous materials, seismic activity, rock bursts and mechanical equipment failure are inherent risks for resource issuers. Safety measures implemented by resource issuers may not be successful in preventing or mitigating future accidents and such issuers may not be able to obtain insurance to cover these risks at economically feasible premiums or at all.

Insurance against certain environmental risks is not generally available to resource issuers.

- Title risks. While a resource issuer may have registered its mineral exploration and mining rights with the appropriate authorities and filed all pertinent information to industry standards, this cannot be construed as a guarantee of title. Prospecting and mining rights may be subject to prior unregistered agreements, transfers, claims and title may be affected by undetected defects. A successful challenge to the precise area and location of these claims could result in a resource issuer being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties. This could result in the issuer not being compensated for its prior expenditures relating to the property.
- Governmental regulation. Resource activities are subject to extensive controls and regulations imposed by various levels of government around the world that may be amended from time to time. A resource issuer's operations may require licenses and permits from various governmental authorities. There can be no assurance that resource issuers in which the Firm invests will be able to obtain all necessary licenses and permits or obtain them in a timely manner.
- Exploration expenditures. There is no certainty that expenditures made by resource issuers towards the search and evaluation of metals and minerals will result in discoveries of mineral occurrences. There is no assurance that even if commercial quantities are discovered that a new ore body would be developed and brought into production.
- Production risks. A resource issuer's ability to reach, maintain or increase production depends not only on its ability to exploit existing properties, but also on its ability to select and acquire suitable properties or prospects for exploitation. Few properties that are explored are ultimately developed into producing mines. Even if a resource issuer reaches production, its ability to perform at expected levels of output will be dependent on a number of factors, many of which may be beyond the issuer's control.
- Commodity prices. Commodity prices are unstable and are subject to fluctuation. The price of most commodities is affected by numerous factors beyond the control of resource issuers. Any material decline in commodity prices could result in a reduction of a resource issuer's production revenue. The economics of certain properties and facilities may change as a result of lower commodity prices. All these factors could result in a material decrease in the business activities of any single resource issuer, or resource issuers generally.

- Capital requirements. Most resource activities involve making substantial capital expenditures for the acquisition, exploration, development and production of commodities. If a resource issuer has no revenue or if its revenues decline, it may have limited ability to expend the capital necessary to undertake or complete future activities, and may be dependent on various financing transactions or arrangements. Failure to raise adequate financing when needed can have a material adverse effect on an issuer's business.
- Adequate infrastructure. Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure and equipment. Reliable roads, bridges, power sources and water supply affect capital and operating costs and the completion of the development of resource projects. Disruptions in the supply of products or services or breakdown or failure of equipment required for their activities in any of the jurisdictions in which resource issuers operate would also adversely affect their business, results of operations, financial condition, cash flows and prospects.
- Estimates and economic viability. There are numerous uncertainties inherent in estimating the quality and quantity of mineral deposits, and any cash flows to be potentially derived therefrom, many of which are beyond the control of resource issuers. Actual production, if any, and cash flows derived therefrom, if any, may vary from a resource issuer's expectations and such variations could be material.
- Competition risk. The mining industry is competitive in all of its phases. A resource issuer may be competing with companies that have greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or a greater ability than the issuer to withstand losses.
- Environmental risks. Mining operations are subject to various laws and regulations governing the protection of the environment, waste disposal, safety and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, some mining operations may require the submission and approval of environmental impact assessments.
- Foreign jurisdictions. Mining companies often operate in foreign countries, where there are added risks and uncertainties due to the different economic, cultural and political

environments. Mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry.

Risks Relating to TFG and the TFG Master Fund

TFG does not have any operations, and its only source of cash will be the investments that it makes through the TFG Master Fund. TFG's ability to pay its expenses and dividends will depend on it receiving distributions from the TFG Master Fund. TFG's ability to pay dividends will also be affected by other factors, such as its financial condition and applicable law.

TFG depends on the TFG Master Fund to distribute cash to it in a manner that allows it to meet its expenses as they become due and to make distributions to its shareholders (the "Shareholders"). The TFG Master Fund is not required to make any distributions to TFG, except upon final liquidation, even if it has distributable cash. The ability of the TFG Master Fund to make cash distributions to TFG will depend on a number of factors, including, among others, the actual results of operations and financial condition of the TFG Master Fund and its investments, restrictions on cash distributions that are imposed by applicable law or the articles of incorporation of the TFG Master Fund, the timing and amount of cash generated by investments that are made by the TFG Master Fund, any contingent liabilities to which the TFG Master Fund may be subject, the amount of taxable income generated by the TFG Master Fund and other factors that the TFG Master Fund's board of directors and the Investment Manager deem relevant. If TFG does not receive cash distributions from the TFG Master Fund or if the TFG Master Fund does not receive cash distributions from its investments, TFG may not be able to make the cash distributions it intends to make to its Shareholders.

Although TFG currently intends, to the extent it has sufficient cash on hand and profits available for such purpose, to pay an annual dividend in quarterly installments, all distributions will be made at the discretion of TFG's board of directors (the "Board of Directors"), based on the recommendation of the Investment Manager and subject to the approval of the voting shares of TFG (the "Voting Shares"). Among other things, the level of dividend, if any, will depend on TFG's earnings, financial condition, fair value of its assets and such other factors as may be relevant from time to time, including limitations under The Companies (Guernsey) Law, 2008, as amended.

The NAV per Share will change over time with the performance of the Firm's investments and will be determined by the Firm's valuation principles, and the Shares may trade below NAV. The fees payable to the Investment Manager will be based on changes in NAV, which will not necessarily correlate to changes in the market value of the Shares.

As TFG's Net Asset Value ("NAV") will depend in large part on the fair value of the Firm's investments, TFG's NAV per Share ("NAV per Share") is expected to fluctuate over time with the performance of those investments. The Investment Manager's compensation is based on NAV. It is possible that at the time of a particular fee calculation TFG's valuation model will produce a NAV figure for its investments that is higher than the market value of its Shares, or that the Shares will be traded at a market value below NAV per Share for a significant period.

As a result, the management and incentive fees paid to the Investment Manager on a particular date may be higher than those which would be payable had the NAV been calculated on a different date or under a different methodology.

The management fee payable to the Investment Manager may create an incentive for such entity to make investments and take other actions that increase or maintain the Firm's NAV over the near term even though other investments or actions may be more favorable.

The Investment Manager will be entitled to receive a management fee of 1.5% of NAV under the Investment Management Agreement based on TFG's NAV. This fee is payable monthly in advance prior to the deduction for accrued incentive fees. This fee is payable irrespective of the Investment Manager's operating performance under the agreement. Accordingly, it may create an incentive for the Investment Manager to cause the Firm to make investments and take other actions that increase or maintain the NAV of the Firm over the near term even though other investments or actions may be more favorable to the Firm or the Shareholders.

TFG and the TFG Master Fund have approved a very broad investment objective and the Investment Manager will have substantial discretion when making investment decisions. In addition, the Investment Manager's strategies may not achieve the Firm's investment objective.

The established investment objective for the Firm is very broad. The Investment Management Agreement provides that the Investment Manager may cause the Firm to make any investment that the Investment Manager in its sole discretion deems consistent with the Firm's investment objective of generating distributable income and capital appreciation. As a result, the Investment Manager has very broad discretion when selecting, acquiring and disposing of investments, including in determining the types of investments that it deems appropriate, the investment approach that it follows when making investments and the timing of investments. The strategies currently employed by the Investment Manager may be modified and altered from time to time, so it is possible that the strategies used by the Investment Manager in the future may be different from those presently used, which could result in changes to, and expansion of, the Firm's investment and underlying asset mix in the future.

The rights of the Shareholders and the fiduciary duties owed by the Board of Directors to TFG 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.

TFG is an investment firm that has been registered under the laws of Guernsey. The rights of its Shareholders and the fiduciary duties that the Board of Directors owes to TFG and the Shareholders are governed by Guernsey law and TFG's articles of incorporation. As a result, the rights of the Shareholders and the fiduciary duties that are owed to them and TFG may differ in material respects from the rights and duties that would be applicable if TFG were organized under the laws of a different jurisdiction or if it were not permitted to vary such rights and duties in its articles of incorporation.

The liability of the Investment Manager is limited under the Firm's arrangements with it, and the Firm 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.

Under the Investment Management Agreement, the Investment Manager has not assumed any responsibilities other than to perform the obligations, duties and responsibilities described in the Investment Management Agreement. As a result, the right of the Firm to recover against the Investment Manager may be limited to damages arising out of the performance or non-performance of its responsibilities explicitly provided for in the Investment Management Agreement.

In addition, under the Investment Management Agreement, the liability of the Investment Manager is limited to the fullest extent permitted by law to conduct involving fraud or wilful misconduct, and the Investment Manager is indemnified from liabilities arising from such agreements, other than liabilities arising from such person's fraud or wilful misconduct. Accordingly, the rights of the Firm to recover against the Investment Manager as a result of default by the Investment Manager of its obligations under the Investment Management Agreement is limited, and any such recovery may be significantly lower than the loss that the Firm or the Shareholders have suffered.

The Directors and the Administrator may have conflicts of interest in the course of their duties.

The members of the Board of Directors (the "Directors") and the administrator (the "Administrator") may also, from time to time, provide services to, or be otherwise involved with, other investment programs established by parties other than TFG or the TFG Master Fund which may have similar objectives to those of TFG or the TFG Master Fund. It is therefore possible that

any of them may, in the course of business, have potential conflicts of interest with TFG or the TFG Master Fund. In addition, subject to applicable law and the provisions of each firm's articles of incorporation and the Investment Management Agreement, any persons providing services to the Firm (including the Directors) may deal, as principal or agent, with TFG or the TFG Master Fund.

TFG may experience fluctuations in its periodic operating results.

TFG may experience fluctuations in its operating results from month-to-month and quarter-to-quarter due to a number of factors, including changes in the fair values of investments that it makes through the TFG Master Fund, which in turn could be due to changes in the amount of distributions, dividends or interest paid in respect of investments, changes in TFG's or the TFG Master Fund's operating expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which TFG or the TFG Master Fund encounters competition and general economic and market conditions. Such variability may cause TFG's results for a particular period to be lower than previous periods and not to be indicative of future performance which may lead to volatility in the trading price of the Shares. Fluctuations in TFG's operating results may also affect its ability to pay dividends in a particular quarter, which could materially adversely affect the market value of the Shares.

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

TFG, the TFG Master Fund and the Investment Manager are subject to various laws and regulations. TFG currently calculates its NAV and prepares its financial statements in accordance with applicable law and U.S. Generally Accepted Accounting Principles ("GAAP"). Those laws and regulations and standards and their interpretation and application may also change from time to time and those changes could have a material adverse effect on the Firm's business, investments and results of operations. In particular, a change in GAAP or its interpretation could lead to changes in valuation approach and ultimately an adverse impact on TFG's NAV. In addition, a failure to comply with applicable laws or regulations or accounting standards, as interpreted and applied, by any of the persons referred to above could have a material adverse effect on the Firm's business, investments and results of operations.

The Firm may become involved in litigation that adversely affects the Firm's business, investments and results of operations.

The Firm's business and investment activities subject it to risks of becoming involved in litigation. The occurrence of such litigation could divert the Firm's attention and resources away

from its business operations and investment activities and therefore adversely affect the Firm's business, investments and results of operations. The expense of bringing a claim against or defending against claims and paying any amount pursuant to settlements or judgments would reduce net assets.

No formal corporate governance code applies to TFG under Dutch law and TFG will not be bound to comply with the U.K. Combined Code other than as set forth in its articles of incorporation.

The Dutch corporate governance code only applies to companies incorporated in the Netherlands. Although TFG's articles of incorporation require the majority of the Board of Directors to be independent, satisfying in all material respects the standards for independence set forth in the U.K. Combined Code, this compliance is limited to the composition of TFG's Board of Directors and TFG will not be bound to comply with other aspects of the U.K. Combined Code. In addition, this requirement can be changed by a vote of holders of TFG's voting shares. Furthermore, no regulatory sanctions would apply to TFG if it failed to comply with such standards.

Risks Relating to the Investment Manager and Services Providers

The Firm's success depends on its continued relationship with the 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 the Firm's business, investments and results of operations.

The Firm relies exclusively on the Investment Manager and its principals and employees for the management of its investment portfolio and supervision of its asset management business. The Firm is highly dependent on the financial and managerial experience of the Investment Manager, its principals and the other investment professionals it employs. If such persons ceased for any reason to participate in the management of the Firm, the consequence to the Firm could be material and adverse.

If the Investment Manager were to cease to provide services under the Investment Management Agreement or to cease to provide investment management, operational and financial advisory services to TFG or the TFG Master Fund for any reason, the Firm could experience difficulty in making new investments, the Firm's business and prospects could be materially harmed and the value of its existing investments and its results of operations and financial condition would be likely to suffer materially.

The Firm will be reliant on the skill and judgment of the Investment Manager in valuing and determining an appropriate purchase price for its investments. Any determinations of value that differ materially from the values the Firm realizes at the maturity of the investments or upon their disposal will likely have a negative impact on the Firm and its Share price.

The Firm will be dependent on the Investment Manager's assessment of an appropriate acquisition price for, and ongoing valuation of, all of its investments including Residual Tranches and certain other illiquid investments. The acquisition price determined by the Investment Manager in respect of a residual income position will be based on the returns (internal rate of return or discount rates for such asset as well as the expected cash flow returns) that the Investment Manager expects the investment to generate, utilizing a financial model that reflects numerous variables including, among other things, the Investment Manager's assessment of the nature of the investment and the relevant collateral, security position, risk profile, historical default rates and the originator, asset manager and servicer of the position. As each of these factors involves subjective judgments and forward looking determinations by the Investment Manager, the Investment Manager's experience and knowledge is instrumental in the valuation process.

Since the Investment Manager's valuations will be based on assumptions and estimates, not all of which can be confirmed, whether readily or at all, the Investment Manager's, and therefore the Firm's, determinations of fair value of relevant financial assets, including in particular the Firm's determination of the fair value of Residual Tranches, may differ materially from the values that might have been used if a ready market for those investments existed. In the event that the Investment Manager misprices an investment (for whatever reason), the actual returns on the investment may be less than anticipated at the time of acquisition, and a write-down of the carrying value for financial reporting purposes or the NAV of such investment might result. Also the value of the Shares could be adversely affected if the Investment Manager's determinations regarding the fair value of these investments are materially higher than the values that the Firm ultimately realizes to maturity of the investments or upon their disposal.

The Investment Manager's compensation structure may encourage the Investment Manager to invest in high risk investments.

In addition to receiving a management fee, the Investment Manager also receives an incentive fee from the Firm based upon the appreciation, if any, in the net assets of the Firm. The Investment Manager may have an incentive to make investments that are generally more risky than would be the case in the absence of such fee arrangements or to use higher leverage to increase returns on investments. Under certain circumstances, the use of leverage may increase the likelihood of a loss that could materially adversely affect the fair value of the Firm's assets

and the market value of the Shares. In addition, because the incentive fee is calculated on a basis which includes unrealized appreciation, it may be greater than if such compensation were based solely on realized gains.

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

In common with most investment managers, the compensation of the Investment Manager's personnel contains significant performance related elements which are funded by performance related fees payable to the Investment Manager by its managed entities in respect of strong performance. Poor performance by any of the Investment Manager's managed entities, including TFG and the TFG Master Fund, may reduce the amount available to pay performance related compensation to the Investment Manager's personnel, which may result in those persons seeking other employment. In that case, poor performance of TFG and the TFG Master Fund may be further compounded by Investment Manager staff departures. In addition, as the performance related compensation of the Investment Manager's personnel will depend on the performance of more than one fund and not just that of TFG and the TFG Master Fund, poor performance of one managed entity, other than TFG or TFG Master Fund, could adversely impact TFG if it led to the departure of Investment Manager personnel.

Risks Relating to Affiliated Relationships

The Firm's organizational, 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 the Firm or the Shareholders.

The Firm's organizational, ownership and investment structure involves a number of relationships that give rise to conflicts of interest between the Firm and the Shareholders, on the one hand, and the Investment Manager and its principals, on the other hand. The management and control of the Investment Manager is vested in its general partner, Tetragon Financial Management GP LLC, which is directly or indirectly controlled by Reade Griffith, Alexander Jackson and Paddy Dear, who also control the holder of the voting shares of TFG (the "Voting Shareholder"). In certain instances, the interests of the Investment Manager and its principals differ from the interests of the Firm and the other Shareholders, including with respect to the types of investments made, the timing and method in which investments are exited, the timing and amount of distributions to and by TFG, the purchase by the Firm of investments currently held by affiliates of the Voting Shareholder, the investment by the Firm in Securitization Vehicles managed by Polygon (an affiliate of the Firm) or by the Investment Manager, the

reinvestment of returns generated by investments and the appointment of outside advisors and services providers. There can be no assurance that any such conflict would be resolved in favor of the Firm and the Shareholders and this may negatively affect the market value of the Shares.

TFG's arrangements and the arrangements of the TFG Master Fund with the Investment Manager, and the Investment Manager's arrangements with the Services Providers, were negotiated in the context of an affiliated relationship and may contain terms that are less favorable than those which otherwise might have been obtained from unrelated parties in an arm's-length negotiation.

The terms of the Investment Management Agreement and the Firm's investment objective were established by persons who were, at the relevant time, affiliates of the Investment Manager and one another. The terms of the Services Agreement between the Investment Manager and Polygon Global Partners LP and Polygon Global Partners LLP (together, the "Services Providers") were similarly established in a related party context prior to the acquisition by the Firm of the Services Providers. Because these arrangements were negotiated between related parties, their terms, including terms relating to compensation, contractual or fiduciary duties, conflicts of interest, termination rights and the Investment Manager's ability to engage in outside activities, including activities that compete with TFG, TFG's activities and the activities of the TFG Master Fund, and limitations on liability and indemnification, may be less favorable than otherwise might have resulted if the negotiations had involved unrelated parties. Persons who acquire Shares will be deemed to have agreed that none of those arrangements constitutes a breach of any duty that may be owed to them under TFG's articles of incorporation or any duty stated or implied by law or equity.

The Shares do not carry any voting rights other than limited voting rights in respect of variation of their class rights. The Voting Shareholder controls the composition of the Board of Directors and exercises extensive influence over TFG's and the TFG Master Fund's business and affairs.

Under TFG's articles of incorporation, holders of the Shares are not entitled to vote on any matters relating to TFG or to participate in the management or control of its business and affairs. In particular, the Shareholders do not have the right to cause a new Investment Manager to be appointed, elect or remove Directors, prevent a change of control of TFG or propose changes to or otherwise approve its investment objective or strategies. In addition, the Shareholders do not have the right to cause the Investment Manager to withdraw from the management of the TFG Master Fund. As a result, the Shareholders will not be able to influence the direction of the Firm's business and affairs, including the Firm's investment objective, or to cause a change in its management, even if they are unsatisfied with the performance of the Investment Manager or the value of the Shares.

The Voting Shareholder, an affiliate of the Investment Manager, holds all of the Voting Shares. As a result of its ownership and the degree of control that it exercises, the Voting Shareholder controls the appointment and removal of TFG's Directors. The Voting Shareholder is controlled by Reade Griffith, Alexander Jackson, and Paddy Dear. These individuals also control the Investment Manager and, accordingly, control the Firm's business and affairs. Under TFG's articles of incorporation, a majority of TFG's Directors are required to be independent (the "Independent Directors"), satisfying in all material respects the U.K. Combined 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 one or more Directors who are affiliated with the Voting Shareholder. The Voting Shares have the right to amend TFG's articles of incorporation to change these provisions regarding Independent Directors. As a result of these provisions, the Independent Directors are limited in their ability to exercise influence over TFG's and the TFG Master Fund's business and affairs.

The activities of Polygon may create conflicts of interest.

Certain inherent conflicts of interest may arise from the fact that Polygon, an indirect subsidiary of TFG since October 2012 (when TFG acquired Polygon) and other affiliates, currently provide investment management services to other investment funds and may, in the future, carry on investment activities for other clients, including other investment funds, Securitization Vehicles, client accounts and proprietary accounts in which the Firm will have no interest and whose respective investment programs may or may not be substantially similar. Participation in specific investment opportunities may be appropriate at times for both the Firm and such other investment programs. In particular, the investment program of such other investment funds allow investments in Securitization Vehicles and other instruments in which the Firm may invest, which may lead the Investment Manager to pursue investment opportunities other than in the way most advantageous to the Firm or may result in such investment opportunities not being allocated to the Firm. In addition, the portfolio strategies employed for other investment programs could conflict with the transactions and strategies employed in managing the Firm's portfolio and affect the prices and availability of the securities and instruments in which the Firm invests and the market value of the Shares.

The Investment Manager may devote time and commitment to other activities.

The Investment Manager and its affiliates, partners, members, officers, principals and employees devote as much of their time to the activities of the Firm as the Investment Manager deems necessary and appropriate. The Investment Manager and its affiliates are not restricted from forming additional investment funds, forming or sponsoring CLO or CDO products and other

Securitization Vehicles, serving as collateral or asset manager for CLO or CDO products and other Securitization Vehicles, entering into other investment management relationships or engaging in other business activities, even though such activities may be in competition with the Firm and/or may involve substantial time and resources of the Investment Manager and its affiliates. The existence of activities that compete for the time and commitment of the Investment Manager may result in the Firm's investment performance being less favorable than it would have been had resources and personnel been devoted exclusively to the Firm. This may have a negative impact on the results of operations of the Firm and the market value of the Shares. Pursuant to the Polygon acquisition, any new Polygon businesses will be grown within and for the benefit of the Firm.

Financing Risks

The use of leverage will expose the Firm to additional levels of risk.

In addition to the embedded leverage in a Securitization Vehicle, the Firm may apply leverage to the investments in its portfolio. There are no restrictions on the amount of leverage it may apply for its investments. The Firm may borrow funds from brokerage firms, banks, other institutions and affiliates of the Voting Shareholder in order to increase the amount of capital available for investment. This debt financing may be secured against some or all of the Firm's assets. In addition, the Firm may in effect borrow funds through entering into repurchase and similar agreements, and may "leverage" its investment return with options, futures contracts, swaps, forward contracts and other derivative instruments. The Firm has entered into certain repurchase agreements to obtain debt financing and may be adversely affected by the termination of any such repurchase agreements. The Firm may not be successful in obtaining alternate sources of financing on commercially acceptable terms under such circumstances. Should the securities pledged to brokers to secure the Firm's repurchase agreements significantly decline in value, the Firm could be subject to a "margin call" pursuant to which the Firm will be required to either deposit additional funds with the lender or suffer mandatory liquidation of the pledged securities to compensate for the decline in the securities' value, including at prices less than fair value.

The amount of debt financing that the Firm may have outstanding at any time may be large in relation to its capital. Consequently, the level of interest rates generally and the rates at which the Firm can borrow in particular will affect the operating results of TFG. The Firm's return on investments and cash available for distribution to Shareholders would be reduced to the extent that its interest expense increases relative to income, such as may occur in the event of a general rise in interest rates, or in the event of losses arising from the sale of assets. Interest rates are highly sensitive to factors beyond the Firm's control, including, among other things, governmental monetary and tax policies and domestic and international economic and political

conditions. Leverage also has the effect of magnifying both profits and losses compared with unleveraged positions.

Although the use of leverage may increase Shareholder returns if the Firm earns a greater return on leveraged investments than the Firm's cost of such leverage, the use of leverage exposes the Firm to additional levels of risk. Where an investment fails to earn a return that equals or exceeds the Firm's cost of leverage related to such investments, TFG's ability to generate cash flow and pay dividends would be adversely affected.

If the Firm breaches the covenants under its financing agreements it could be forced to sell assets at price less than fair value.

The Firm is or may become party to various loan, repurchase and other financing agreements which are likely to contain financial and other covenants that could, among other things, require it to maintain certain financial ratios. Should the Firm breach the financial or other covenants contained in any loan, repurchase or other financing agreement, the Firm may be required immediately to repay such borrowings in whole or in part, together with any attendant costs. If the Firm does not have sufficient cash resources or other credit facilities available to make such repayments, it may be forced to sell some or all of the assets constituting its investment portfolio. To the extent that the Firm's borrowings are secured against all or a portion of its assets, a lender may be able to sell those assets. Sales of assets in such circumstances may be at prices less than fair value, realizing insufficient funds to repay in full any outstanding borrowings and therefore not yield excess value for the Firm. Moreover, any failure to repay such borrowings or, in certain circumstances, other breaches of covenants under the Firm's loan or repurchase agreements could result in TFG being required to suspend payment of its dividends.

In addition, the Firm's financing arrangements may contain cross default provisions such that a default under one particular financing arrangement could automatically trigger defaults under other financing arrangements. Such cross default provisions could therefore magnify the effect of an individual default, and, if such a provision were exercised, result in a substantial loss for the Firm.

Item 9 Disciplinary Information

There are no disciplinary events that are material to our clients' or prospective client's evaluation of our firm or of the integrity of our management.

Item 10 Other Financial Industry Activities and Affiliations

TFG AM is a related person and is an investment adviser that is registered with the SEC. For further information regarding TFG AM, please refer to TFG AM's Form ADV which is available on the SEC's website at www.adviserinfo.sec.gov.

Certain inherent conflicts of interest arise from the fact TFG AM provides investment management services to, carries on investment activities for, and maintains voting control over, other clients, including, without limitation, other investment funds, separately managed accounts and co-investment opportunities (for clients which may or may not be current investors in other clients) and proprietary accounts in which TFG may or may not have an interest and whose respective investment programs may or may not be the same or substantially similar to TFG's investment program. The Investment Manager addresses any conflicts of interest in accordance with applicable law, firm policies and procedures, and pursuant to applicable agreements with its clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Tetragon has adopted a series of compliance policies and procedures, including a Compliance Manual (the “Compliance Manual”) and a separate Code of Ethics (the “Code”) in order to address actual and apparent conflicts of interest and as required under Rule 204A-1 of the Advisers Act.

Code of Ethics

All Professionals of Tetragon, and any other persons who are subject to the Firm’s supervision and control, (including members of the Professionals’ household such as spouses and dependent children and certain other family members (collectively, “Related Persons”) must abide by the Code as adopted. The Code sets forth standards of ethical conduct and ensures that the firm fulfills its role as a fiduciary to its Clients. The Code covers the following topics, among others: (i) guidelines and standards for business conduct, including obligations to address and mitigate apparent and actual conflicts of interest and to comply with the provisions of the Adviser’s Act and other U.S. federal securities laws; (ii) personal trading procedures, including pre-clearance and reporting obligations (the “Personal Investment Policy”); (iii) limitations on, and reporting of, gifts and entertainment; and (iv) limitations on, pre-clearance and reporting of political contributions. On an annual basis, the firm requires all Professionals to certify that they have read and are in compliance with the Code, including as it applies to their related persons, where relevant.

A copy of the Code will be provided to any Clients and their existing or prospective investors upon request. To request a copy, please email the Investment Manager’s Compliance Group at compliance@polygoninv.com.

Personal Investment Policy

The Personal Investment Policy requires Professionals to disclose to the Compliance Group any brokerage or other personal securities accounts which may hold non-exempt securities (as defined in the Code) and which are held in the Professional’s or their Related Person’s name or over which the Professional or their Related Person has any direct or indirect beneficial ownership, including accounts over which the Professional or their Related Persons exercise investment discretion either directly or indirectly. Professionals are required to provide duplicate copies of trade confirmations, statements and other information concerning such accounts by notifying their brokerage firm to directly provide such documents and information to the firm’s Compliance Group or otherwise making arrangements for such duplicate account statements to be provided to Compliance. The Firm requires pre-clearance prior to effecting any transaction in non-exempt securities or personal private fund investment holdings. Professionals and their Related Persons generally may not trade any non-exempt security that (i) is being considered by a portfolio manager for purchase or sale for the benefit of any client; (ii) is currently held by a

Client; and/or (iii) was sold on behalf of any Client within 90 days of the date of the request to trade such security. Any exceptions to the Code's Personal Investment Policy require review and approval by the CCO or the CCO's designee.

Other Conflicts – Gifts/Gratuities/Entertainment; Outside Business Activities; Political Contributions

The Code also restricts Professionals' ability to conduct activities outside the firm that may conflict with the interests of the firm's Clients. To help mitigate the potential for conflicts of interest surrounding these practices firm Professionals are prohibited from offering, providing or receiving business gifts or entertainment that are excessive or inappropriate or otherwise intended to inappropriately influence the involved parties (*i.e.*, vendors, broker-dealers, consultants, officials, etc.) Additionally, the firm's policies and procedures also specifically restrict and monitor the offering, giving, and receiving of gifts and entertainment to or from U.S. and non-U.S. government officials and U.S. representatives of labor organizations. In general, subject to firm policy and applicable law, firm Professionals are permitted to provide limited business gifts and entertainment. The Investment Manager monitors the offering, giving and receiving of such gifts and entertainment and limits the amount (both as to value and frequency) of gifts and business entertainment that may be exchanged between a firm Professional and their immediate family members and these parties, and requires Professionals to obtain pre-approval from the Compliance Group for the offering, gifting or receiving of certain items as well as more generally items above certain value or frequency thresholds. The Investment Manager specifically monitors for any potential conflicts of interest with respect to individual instances of gifts or entertainment, as well as patterns of the same over time, to prevent the interests of the Firm and its Professionals from being placed ahead of the interests of our Clients.

Additionally, the Code includes policies and procedures regarding firm Professionals' engagement in outside business activities such as service on boards of directors for third parties (including non-profit and other charitable organizations), executorships, trusteeships or other powers of attorney (except with respect to family members) and serving on creditors' committees (except in relation to a Professional's obligations to the Firm). In general, any such activities that pose a conflict of interest with the firm or the firm's Clients are prohibited and pre-approval by the Compliance Group is required for accepting any such position. The Investment Manager monitors such activities for any specific conflicts of interest as well as proper pre-approval procedures.

As part of its Code, Tetragon also maintains policies and procedures that set forth specific prohibitions and pre-clearance requirements for political contributions and other related activity by Professionals and their Related Persons. All Professionals are prohibited from making political contributions to candidates for U.S. state or local office or current U.S. state or local office holders. Additionally, all Professionals must obtain approval from the Compliance Group prior to engaging in coordinating or soliciting contributions, or any other fundraising activities.

Lastly, the firm requests that Professionals disclose to the Compliance Group contributions to U.S. federal office holders or candidates for U.S. federal office. These prohibitions and pre-clearance approval requirements for personal contributions, coordination and solicitation of contributions and fundraising also apply to Professionals' spouses and dependent children. The Compliance Group monitors all such activities for any such contributions that could affect the awarding of public business related to the management of assets.

Material Non-Public Information / Insider Trading

The Investment Manager has implemented the Confidential Information Barrier Policies & Procedures which outlines certain information barriers within the Firm (the "Confidential Information Policies"), that are reasonably designed to prevent the misuse by the firm and its Professionals of material information regarding issuers of securities that has not been publicly disseminated (material non-public information). Such policies are designed in accordance with the requirements of the Advisers Act and other federal securities laws. In general, under the Confidential Information Policies and applicable law, when the firm is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither the firm nor its Professionals are permitted to trade or recommend a trade in the securities of such issuer until such time as the firm is no longer deemed to be in possession of material non-public information. Additionally, the firm's Professionals are prohibited from disclosing material non-public information to any person, including, but not limited to, other firm Professionals (except on a need to know basis) and family members.

The firm's Compliance Group receives and reviews trading and other reports and certifications submitted by firm Professionals pursuant to the Compliance Manual and the Code to monitor Professionals' activities subject to Compliance oversight, including but not limited to personal trading activities and political contributions, for consistency with and adherence to the requirements and restrictions set forth in the Code and applicable law and any other indication of improper behavior.

The Investment Manager is firmly committed to making its Professionals and investors (both current and prospective) aware of the firm's Compliance requirements, including the firm's Compliance Manual and Code. All of the Investment Manager's professionals are provided with a copy of the firm's Compliance Manual at the time of hire and annually thereafter, and each professional must periodically affirm that they have received a copy of the Compliance Manual and Code, and that they have read and understood its provisions. Additionally, the firm conducts periodic compliance training that addresses the requirements of the Compliance Manual and the other policies and procedures described in this Item 11.

Client Transactions in Securities where Adviser has Material Financial Interest

The Investment Manager may participate in transactions in which the firm or its affiliates and their respective principals and employees are directly or indirectly interested. In connection with such transactions, such Clients, on the one hand, and the Investment Manager or its affiliates and their respective principals and employees, on the other hand, may have conflicting interests.

From time to time, the firm or our affiliates may engage in principal transactions with its clients (either buying securities from or selling securities to its clients). In accordance with the requirements of the Advisers Act, any principal transaction is subject to the prior written consent of the relevant Client.

Principal Transactions

Generally, principal transactions are when an adviser, acting as principal for its own account, makes a securities transaction (purchase or sale) with a client account.

For example, a Client of Tetragon may, from time to time, invest in, purchase or receive assets from, sell or otherwise transfer assets to, other investment Funds or accounts for which Tetragon or its affiliates or their officers, employees, principals or affiliates or a joint venture in which any of the foregoing have an interest, serve as investment manager, general partner, service provider or other similar capacity.

From time to time, the firm or our affiliates may engage in principal transactions with Clients (either buying securities from or selling securities to Clients). In accordance with the requirements of the Advisers Act, and the Firm's internal compliance policies and procedures, any principal transaction is subject to prior disclosure to and written consent from the relevant Client(s).

Cross Transactions

Cross trades involve the transfer, purchase or sale of assets from one Client to another Client without the use of a broker-dealer. The firm can engage in cross trades where permissible if it determines that such action would be favorable to both Clients and that such transaction is in compliance with the policies and procedures it has adopted to mitigate such conflicts. In addition, some governing documents of Investment Manager or other Client Accounts may impose restrictions or requirements relating to the firm's ability to conduct such transactions. For example, a Fund can acquire investments from unrelated sellers and may re-offer a portion of such investments to affiliated investment vehicles. While these transactions with related parties are expected to expand the universe of opportunities that are available to applicable Funds and other Clients of Tetragon and certain of its affiliated managers, Funds will not necessarily derive a benefit from each such transaction, and the parties to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions.

For example, from time to time, the firm can undertake a transaction between Client Accounts in efforts to realign the weightings of two or more Client portfolios to be more consistent with their respective investment objectives. In accordance with the firm's internal policies and procedures, any cross trade is approved by senior members of legal, compliance and any other senior Professionals deemed necessary to assess the potential cross transaction and determine that it is in the relevant Clients' best interests. Executed cross trades will be reviewed by the TMSC (as defined in Item 12).

Item 12 Brokerage Practices

Tetragon is responsible for choosing the Brokers, dealers and counterparties (each, a "Broker" and collectively, "Brokers") used to execute securities transactions on behalf of the Investment Manager's Clients, subject to the Investment Manager's obligation to obtain the best commission price and execution on any particular transaction. In selecting Brokers, the determinative factor is not always the lowest possible price or commission, but whether the firm believes that the transaction represents the best execution for the Client. In making such determination, the Investment Manager may weigh a combination of the following factors: qualitative and quantitative execution (including, but not limited to explicit and implicit price and costs of execution, speed of execution, likelihood of execution and likelihood of settlement and size and nature of the order), capabilities with respect to different types of orders and securities (*i.e.*, the Broker's full ranges of services), commissions charged by the Broker, the Broker's financial stability and the quality of service (including availability of margin or leverage, etc.), clearing capabilities, nature and frequency of sales coverage, the Broker's reputation and responsiveness to the Investment Manager's requests for trade data and other financial information, depth of services provided (including economic or political coverage), arbitrage and option operations, back office and processing capabilities and other factors that assist the Investment Manager in determining best execution. The firm will seek competitive commissions and spreads; however, it may not necessarily obtain the lowest possible per transaction rate. The firm will only consider factors relevant to a specific transaction in determining best execution. Broker commissions are monitored on an ongoing basis by portfolio managers and the firm's Finance Group.

The Investment Manager engages the services of certain prime brokers (collectively, the "Prime Brokers"). The services provided by Prime Brokers to the Investment Manager include custody, execution, stock borrowing, clearing, financing, settlement, banking, foreign exchange, reporting and other related services. The Investment Manager reserves the right to change the prime brokerage and custodian arrangements and/or, in its discretion, to appoint additional or alternative Prime Brokers from time to time.

As a custodian, a Prime Broker is responsible for the safekeeping of all investments and other assets of the Adviser (referred to as “Custodied Assets”) that are delivered to it in accordance with applicable rules and regulations and the terms of its respective prime brokerage agreement. Custodied Assets are held in a manner such that they can be identified at any time by the Prime Broker as belonging to the Client Fund(s)/Account(s) and as separate from such Prime Broker’s own assets. Custodied Assets held as collateral or on margin are generally not segregated from the Prime Broker’s own assets and in the event of the Prime Broker’s insolvency may not be recoverable in full. Cash held for the Investment Manager’s Client Fund(s)/Account(s) by a Prime Broker generally will not be treated as Client money and will not be segregated from the cash of the Prime Broker. As a consequence, the Investment Manager ranks as a general creditor of such Prime Broker in the event of its insolvency with respect to such cash. Furthermore, in the event that any of the Custodied Assets are registered in the name of a Prime Broker where, due to the nature of the law or market practice of that jurisdiction, it is in the Investment Manager’s best interests to do so or it is not feasible to do otherwise, such Custodied Assets will also not be segregated from the Prime Broker’s own securities and in the event of the Prime Broker’s default may not be as well protected. The Investment Manager may agree to indemnify each of the Prime Brokers against any expenses, costs, losses, damages and liabilities which a Prime Broker may sustain in providing these services, except where the same are incurred as a direct result of the fraud, willful default, negligence of, or breach of the relevant prime brokerage agreement by the Prime Broker.

In addition to the continuous supervision of assigned portfolios and accounts by relevant persons, the Firm has also established a Trade Management Supervisory Committee (“TMSC”) to provide additional supervision and monitoring of the firm’s trading activities. The TMSC generally meets quarterly and is comprised of representatives from the following groups: investment professionals, operations, legal, compliance and finance.

The TMSC has the following responsibilities:

- establish and maintaining TFG Asset Management’s Approved Trader List;
- approve broker-dealers through which the Firm’s Traders may execute Client trades, authorizing the removal of brokers from the Approved Broker List and maintain the current Approved Broker List;
- evaluate the performance of broker dealers on the Approved Broker List including commission rates, execution services, reliability and coverage;
- review brokerage allocation;
- review and approving soft dollar arrangements;

- review of proxy voting;
- review trade errors and determining whether any remedial actions are required;
- review allocation of investment opportunities and aggregation of Client trades;
- review securities regulations, or changes and amendments thereto, related to trading;
- review trade errors, trade breaks and failed trades; and
- ensure adequate internal controls are maintained over the Firm's trades and trading activities.

Research and other "Soft Dollars"

The Investment Adviser or its related persons may receive products and services in addition to brokerage services from a broker-dealer only in a manner consistent with (i) the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended, and (ii) the Firm's duty to seek best execution for its Clients. Services that the Investment Manager may receive from such broker-dealers may include research, general market commentary, economic information, trading advice, industry and company commentary, technical data, recommendations, general reports, quotations and other market data or information and the arrangement of meetings with the management of issuers. The Investment Manager benefits from these arrangements because it does not have to produce or pay for the research, products or services received. The Investment Manager may have an incentive to select or recommend a broker-dealer based on its interest in receiving soft dollar benefits rather than on Clients' interest in receiving most favorable execution. As a result of the Investment Manager's soft dollar practices, Clients may be required to pay higher commissions than those charged by other broker-dealers in return for soft dollars. The services received from broker-dealers and paid for by a Client may be used by the Investment Manager's related persons, including in servicing other Clients. Research and other soft dollar benefits may not always be utilized for the specific Client that generated the soft dollar benefits, or in direct proportion to the value paid by each Client. Additionally, it may not be possible to place a dollar value on the quality of executions or the soft dollar benefits that the firm receives from broker-dealers effecting Client transactions. Accordingly, broker-dealers selected by the firm may be paid commissions for effecting portfolio transactions for Client Accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions, if the firm determines in good faith that such amounts are reasonable in relation to the value of the soft dollar benefits provided by those broker-dealers, viewed either in terms of a particular transaction or the firm's overall duty to discretionary accounts.

Subject to the firm's policies and procedures, the Investment Manager will only take into account permissible research and other soft dollar benefits provided by a broker-dealer as long as

such consideration is not inconsistent with the objective of seeking best execution for Client transactions. The Investment Manager follows procedures that it believes are reasonably designed to ensure that soft dollars it receives are used in a manner that is consistent with seeking best execution, and that it identifies which services are within or outside the safe harbor. Additionally, research and other soft dollar benefits received by the firm should typically balance over time because such research and soft dollar benefits aid the firm in making better investment decisions and executing trades more efficiently. Therefore, the firm believes that, in the aggregate, the research and other services or soft dollar benefits that it receives benefit all of its Clients and assists the firm in fulfilling its overall fiduciary duties to its Clients.

The Investment Manager has not acquired any products or services with soft dollars during the past year.

Trade Errors

The firm's Compliance Manual contains policies and procedures for identifying and correcting trade errors. These policies and procedures require that errors effecting Client Accounts be resolved promptly and fairly and aim to restore the effected Client Accounts to the appropriate financial position given all relevant circumstances. The firm generally will not correct a trade error that effects a Client by causing another Client to buy or sell securities. The Firm generally will not reimburse losses suffered by Clients resulting from trade errors, unless the firm has breached its standard of care as established by the relevant Clients document(s).

Aggregation of Orders

From time to time, the firm may purchase or sell the same security for several Clients at approximately the same time. On such occasions, the firm may (but is not obligated to) combine or "bunch" such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. When a bunched order is completely filled, each participating account will generally participate at the average price paid or received on that day for the bunched order, and share in any associated transaction costs, based upon the initial amount requested for the account.

The firm may bunch such trades to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for its Clients. However, the firm may direct transactions to brokers based on both the broker's ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to the firm. As a result, Clients may not always pay the lowest available commission rates where their trades are affected in this manner, so long as the firm believes that they are nonetheless obtaining best price and execution under the circumstances and considering the soft dollar benefits provided. Furthermore, the firm will bunch orders in a manner designed to ensure that no particular Client or account is favored and that participating Clients are treated in a fair and equitable manner over time. The firm may not allocate profitable trades at each day's end so as

to disproportionately favor certain Clients without appropriate disclosure. Additionally, in bunching orders, the firm will act in a manner it believes is equitable for Clients.

Item 13 Review of Accounts

The investment committee is responsible for the investment management of the portfolio and the business. The investment committee currently sets forth the investment strategy and approves each significant investment by the TFG Master Fund.

The risk committee is currently responsible for the risk management of the portfolio and the business and performs active and regular oversight and risk monitoring.

TFG Master Fund's portfolio is reviewed on a regular basis by our investment and risk committee, the Chief Financial Officer and the Chief Compliance Officer, among others. These reviews are designed to, among other things, monitor and analyze transactions, positions, investment levels and portfolio risk. The firm's investment professionals meet regularly to review, among other things, global market conditions, potential risks in the capital markets as well country, sector, industry or firm level risk factors.

Investors in TFG are furnished with annual financial statements examined by independent auditors. The firm also generally furnishes such investors (via a press release) with written monthly and quarterly reports describing TFG's performance.

Item 14 Client Referrals and Other Compensation

Currently there are no placement or "finders" arrangements for referrals of client funds. To the extent that any such arrangements are entered into in the future, such arrangements will be disclosed in applicable offering documents.

If engaged, third-party solicitors in the U.S. will be registered as broker-dealers with the SEC, and third-party solicitors outside of the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

Item 15 Custody

Due to the Investment Manager's access to client funds and authority to deduct fees and other expenses from a client's account and services by our affiliates, the firm is deemed under Rule 206(4)-2 of the Advisers Act to have custody of its clients' funds.

The firm utilizes the services of a bank or other qualified custodian (as defined under Rule 206(4)-2) to hold all assets of any of its clients. The Investment Manager also ensures that the qualified custodian maintains these funds in accounts that contain only clients' funds and securities, under the firm's name as agent or trustee for the clients.

The firm also maintains custody of uncertificated securities acquired directly from the issuers in private placements and deposits other funds and securities with its qualified custodian. The Investment Manager gives its clients notice in writing of the name and address of the qualified custodian(s) used and the manner in which the assets are maintained, promptly upon the opening of the account and after any change in the information. These clients receive account statements directly from their qualified custodians. The firm urges our clients to carefully review the statements they receive from their qualified custodians and compare them with the periodic reports the firm publishes.

While Rule 206(4)-2 generally requires an investment adviser to ensure that a qualified custodian sends account statements to clients at least quarterly, the firm is generally not subject to this requirement because its fund clients are subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Firm Accounting Oversight Board. In these cases, the firm distributes audited financial statements to investors within 120 days of the end of the fiscal year.

Item 16 Investment Discretion

The firm accepts discretionary authority to manage its client portfolios. Despite this broad authority, the Investment Manager is committed to adhering to the investment strategy, investment guidelines and other limitations of each investment program set forth in each of the offering documents or other applicable agreements. Before accepting the discretionary authority inherent in managing its clients, the Investment Manager carefully reviews the investment strategies and limitations of its investment programs set out in the relevant offering documents.

Item 17 Voting Client Securities

Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because the Investment Manager may be deemed to have authority to vote proxies relating to the companies in which it may invest on behalf of our clients, the firm has adopted a set of policies and procedures in compliance with such rules. To the extent that the firm exercises or are deemed to be exercising voting authority over its clients' securities, the policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, "proxies") is exercised in a manner that seeks to serve the best interest of the firm's clients.

From time to time, conflicts may arise between the interests of a client, on the one hand, the firm's interest (or of our affiliates), on the other hand. If the firm determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, the firm will seek to address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. The

Investment Manager, in its sole discretion, may elect not to vote a proxy if unduly burdensome.

The policy is available to investors upon request. To request a copy, please email the firm's Compliance Department at compliance@polygoninv.com.

Item 18 Financial Information

The firm has never been the subject of a bankruptcy petition and the firm does not believe any financial condition exists that is reasonably likely to impair its ability to meet contractual commitments to its clients.

Item 19 Requirements for State-Registered Advisers

Not applicable.