

Item 1 Cover Page

Form ADV Part 2A: Firm Brochure

March 31, 2023

Tetragon Financial Management LP

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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 brochure contains updates to the last firm brochure dated as of March 31, 2022, including updates to improve and clarify the description of Tetragon Financial Management LP's business practices, compliance policies and procedures, and to respond to evolving industry best practices with respect to the disclosure of conflicts of interests and risks.

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Item 4 Advisory Business

Tetragon Financial Management LP, or TFM, serves as the investment manager of Tetragon Financial Group Limited, or Tetragon, a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol “TFG.NA” and on the Specialist Fund Segment of the main market of the London Stock Exchange under the ticker symbols “TFG.LN” and “TFGS.LN”. Tetragon’s investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. Tetragon invests in a broad range of assets, including public and private equities and credit (including distressed securities and structured credit), convertible bonds, real estate, venture capital, infrastructure, bank loans and TFG Asset Management L.P., or TFG Asset Management, a diversified alternative asset management business, which is also separately registered with the SEC as an investment adviser. Where appropriate, through TFG Asset Management, Tetragon seeks to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital.

TFM provides investment supervisory services to Tetragon in accordance with Tetragon’s Memorandum and Articles of Incorporation. TFM has been appointed as the investment manager of Tetragon under an investment management agreement, or the Investment Management Agreement, and collectively with Tetragon’s Memorandum and Article of Incorporation, Tetragon’s Governing Documents. TFM’s general partner, Tetragon Financial Management GP LLC, or Tetragon Financial Management GP, is responsible for all actions of TFM. Tetragon Financial Management GP is ultimately controlled by Reade Griffith, who also controls the holder of Tetragon’s voting shares. Reade Griffith and Paddy Dear are the voting members of TFM’s Investment and Risk Committees. Reade Griffith acts as the authorized representative of Tetragon Financial Management GP and TFM.

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

TFM’s responsibilities with respect to Tetragon include, inter alia:

- investing and reinvesting the assets of Tetragon in securities, derivatives and other financial instruments and other investments of whatever nature and committing the assets of Tetragon in relation to agreements with entities, issuers and counterparties;
- holding cash balances or investing them directly in any short-term investments, and reinvesting any income earned thereon in accordance with Tetragon’s investment strategy;
- purchasing, holding, selling, transferring, exchanging, mortgaging, pledging, hypothecating and otherwise acting to acquire and dispose of and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to investments held or owned by Tetragon, with the objective of the preservation, protection and increase in value thereof;

- exercising any voting or similar rights attaching to investments purchased on behalf of Tetragon;
- borrowing or raising monies from time to time without limit as to amount or manner and time of repayment;
- engaging consultants, attorneys, independent accountants or such other persons as TFM may deem necessary or advisable; and
- entering into any other contracts or agreements in connection with any of the foregoing activities.

Tetragon invests in various funds and other vehicles managed by TFG Asset Management businesses. It also provides financial support to various funds managed by TFG Asset Management businesses (such as a “seeding” arrangement), and provides equity, loans or other financial support to TFG Asset Management and its asset management businesses. TFM is responsible for any decision to invest cash into any fund or other vehicle managed by a TFG Asset Management business (TFM is also responsible for selecting third-party managers who invest in asset classes appropriate for Tetragon) and is also responsible for decisions regarding financial support for TFG Asset Management.

In addition to investments in funds or vehicles managed by third-party asset managers and investments in funds or vehicles managed by TFG Asset Management asset managers, the investments of Tetragon may include investments that are held directly on its “balance sheet” and, as such, are directly managed by TFM.

TFM does not participate in wrap fee programs.

The amount of client net asset value that TFM manages on a discretionary basis is approximately U.S. \$2.8 billion (as of December 31, 2022). TFM does not currently manage any client assets on a non-discretionary basis.

TFG Asset Management is Tetragon’s diversified alternative asset management platform. TFG Asset Management manages, oversees and supervises Tetragon’s private equity investments in asset management companies. TFG Asset Management, as a unified business, seeks to enhance the value of each individual investment and the entity as a whole through a shared strategic direction and operating infrastructure—encompassing critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters—while at the same time giving entrepreneurial independence to the managers of the underlying businesses. In light of the strategy to continue to grow and diversify TFG Asset Management, the combination of a number of relatively uncorrelated businesses across different asset classes and at different stages of development under TFG Asset Management is also intended to create a collectively more robust and diversified business and income stream. At the same time, TFG Asset Management may seek to realize the enhanced value of its individual asset management companies.

TFG Asset Management's subsidiaries include the following entities: Polygon Global Partners (Polygon), LCM (LCM), Hawke's Point (Hawke's Point), Banyan Square (Banyan Square), Contingency Capital (Contingency Capital), Acasta Partners (Acasta), Equitix (Equitix), Tetragon Credit Partners (Tetragon Credit Partners), and TCICM (TCICM). TFG Asset Management also has an investment in BentallGreenOak (BentallGreenOak).

Stephen Prince is the Chief Executive Officer of TFG Asset Management and a member of the Investment Committee and Risk Committee of TFM, and Reade Griffith is the Chief Investment Officer of TFG Asset Management and is responsible for the investment management of TFG Asset Management's private equity investments in asset management companies.

TFG Asset Management is registered as an investment adviser under the U.S. Investment Advisers Act of 1940 and two of its investment management affiliates, TFG Asset Management UK LLP and Equitix Investment Management Limited, are authorized and regulated by the United Kingdom Financial Conduct Authority (FCA).

Management Structure and Governance

As stated earlier, TFM has been appointed the investment manager of Tetragon pursuant to the Investment Management Agreement. TFM's general partner, Tetragon Financial Management GP LLC, is responsible for all actions of TFM. The general partner is ultimately controlled by Reade Griffith and Paddy Dear, who also control the holder of Tetragon's voting shares and are the voting members of TFM's Investment and Risk Committees. Reade Griffith acts as the authorized representative of the general partner and TFM. Pursuant to an agreement between Reade Griffith and Paddy Dear, Reade Griffith is the controller of Tetragon's voting shares and TFM.

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

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

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

Key Provisions of the Investment Management Agreement

The Investment Management Agreement continues in full force and effect unless terminated (i) by TFM at any time upon 60 days' notice or (ii) immediately upon Tetragon giving notice to TFM or the investment manager giving notice to Tetragon in relation to such entity in the event of (a) the party in respect of which notice has been given becoming insolvent or going into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or a receiver being appointed over all or a substantial part or of its assets or it becoming the subject of any petition for the appointment of an

administrator, trustee or similar officer, (b) a party committing a material breach of the Investment Management Agreement which causes a material adverse effect to the non-breaching party and (if such breach shall be capable of remedy) not making good such breach within 30 days of service upon the party in breach of notice requiring the remedy of such breach or (c) fraud or willful misconduct in the performance of a party's duties under the Investment Management Agreement.

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

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

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

TFM and TFG Asset Management's Responsibilities in Connection with the Acquisition of an Asset Management Business using Tetragon's Cash

In connection with the acquisition of an asset management business using Tetragon's cash, TFM is responsible for, *inter alia*, the related financial and tax analysis, legal and financial due diligence, negotiation of definitive documentation, obtaining of any financing for the acquisition and other activities prior to the closing of the transaction. However, particularly in circumstances of an asset management business without any operating infrastructure (such as LCM prior to its acquisition in 2009) or of a joint venture or partnership arrangement with asset management professionals, where infrastructure is an important aspect of the anticipated transaction (such as the GreenOak joint venture in 2010 and Contingency Capital in 2020), TFG Asset Management (given its other potential opportunities and considerations) in some instances is also responsible for aspects of the decision to acquire a given asset management business to the extent it would be providing infrastructure and other services to support that asset management business.

TFM's responsibilities in Connection with the Growth and Oversight of Asset Management Businesses within TFG Asset Management

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

Considerations with Respect to the Establishment and Continuance of TFG Asset Management Businesses which Receive Significant (>25%)¹ "financial support (such as a "seeding" arrangement) from Tetragon

There is an expectation with respect to newly-launched funds or strategies managed by a TFG Asset Management business that the business will initially not be profitable until third-party assets under management grow and both management and performance fees accrue. Although, as noted above, TFM is responsible for any decision to invest cash into any fund, or other vehicle managed by a TFG Asset Management business, and is also responsible for decisions regarding financial support for TFG Asset Management, TFG Asset Management is responsible for any decision to launch the fund or strategy, and any decision to continue to maintain the business given TFG Asset Management's other potential opportunities and considerations. In that regard, TFG Asset Management seeks to measure the anticipated costs of launching a new fund, or strategy managed

¹ Under a no-action letter issued by the U.S. Securities and Exchange Commission clarifying its position regarding the treatment of private funds as principal accounts for purposes of Section 206(3) of the U.S. Investment Advisers Act of 1940, private funds will not be viewed as a principal account of an adviser where the adviser and its control persons own, in the aggregate, 25% or less of a fund.

by a TFG Asset Management business (including the opportunity cost) and compares these to the expected value creation in the medium term (including any synergies or other potential revenue streams). For funds or strategies managed by a TFG Asset Management business where Tetragon has invested more than 25% of the assets under management, TFG Asset Management annually reassesses whether that business should continue to manage the relevant fund or strategy.

Item 5 Fees and Compensation

Management Fees

As compensation for investment supervisory services rendered to Tetragon, TFM is entitled to receive management fees calculated as the net asset value of Tetragon payable monthly in advance prior to the deduction of any accrued incentive fees. The precise amount of, and the manner and calculation of, the management fees for Tetragon are set forth in Tetragon's Governing Documents.

Where TFM receives management fees in advance and its services are terminated prior to the end of the billing period, TFM 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.

TFM's compensation is subject to waiver or reduction in its discretion. TFM, its affiliates and certain of its professionals can invest in investment vehicles advised by TFM (as of the date of this brochure, TFM's only client is Tetragon). Certain of TFM's principals and employees are subject to reduced or no management fees and/or incentive fees on their direct or indirect investment in Tetragon.

TFM Expenses

To the extent provided in the Governing Documents and except as described herein as an expense of Tetragon, TFM will bear certain expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment, the compensation and expenses of certain of its partners, officers and employees and other normal and routine administrative expenses relating to the services and facilities provided by TFM to Tetragon.

Tetragon Fees and Expenses

Consistent with the Governing Documents, Tetragon generally bears its own expenses, including, without limitation, (i) the charges and expenses of all legal advisers, auditors, accountants (including out-sourced accounting) and other professional expenses; (ii) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes' chargeable in connection with any securities transactions; (iii) all taxes and corporate fees payable to governments or agencies; (iv) directors' fees (if any) and expenses; (v) interest on debt financings of Tetragon, including borrowings from any prime broker; (vi) such expenses as may be reasonably incurred in connection with any offering or sale of shares or interests or debt instruments in the public or private markets; (vii) communication expenses with respect to investor services and all expenses of meetings of shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents; (viii) the cost of insurance (if any) for

the benefit of the directors, TFM or its affiliates; (ix) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business; (x) custodial fees (if any); (xi) bank service fees; (xii) research expenses; (xiii) marketing and investor relations costs, including production and distribution of investor relations materials and travel and other incidental expenses; (xiv) travel expenses related to investments of Tetragon whether consummated or not; (xv) other expenses related to the potential or actual acquisition or disposition of assets of Tetragon; (xvi) all other organizational and operating expenses; (xvii) the management fee; and (xviii) expenses associated with Tetragon, and other similar fees and expenses, as well as any other fees or expenses incurred by TFM or Tetragon in connection with Tetragon's operations that are not specifically set forth above as being paid by TFM.

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

Brokerage Fees

When a broker is used in connection with an investment by Tetragon, Tetragon will incur brokerage and other transaction costs. For more information on brokerage transactions and costs, please see *Item 12 Brokerage Practices*.

Incentive Fees

Please see Item 6 below regarding incentive fees that Tetragon pays.

Allocation of Expenses

Pursuant to a services agreement with TFG Asset Management, TFM relies on TFG Asset Management for a broad range of services to support its activities that include, but are not limited to, infrastructure services such as operations, financial control, trading, marketing and investor relations, legal, compliance, office administration, payroll and employee benefits, services relating to the dealing in and management of certain investments, arrangement of deals and advising on certain investments and other services.

These service arrangements present potential conflicts of interest because the costs associated with providing services for the benefit of TFM, to the extent they are not borne by TFM, would be borne by TFG Asset Management and therefore Tetragon, as the owner of TFG Asset Management.

From time to time TFM and its affiliates (including TFG Asset Management) will be required to decide whether certain fees, costs and expenses should be borne by TFM, its affiliates (including TFG Asset Management), Other Funds (as defined below), a portfolio investment of Tetragon or an Other Fund, co-investors and/or a third party (each, an Allocable Party) and if so, how such fees, costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by

such Allocable Party, or fees, costs and expenses may be allocated among multiple Allocable Parties. TFM and its affiliates allocate fees, costs and expenses to Tetragon in accordance with Tetragon's Governing Documents and the services agreement. To the extent not addressed in Tetragon's Governing Documents and the services agreement, TFM and its affiliates will make allocation determinations among Allocable Parties in a fair and reasonable manner using their good faith judgment, notwithstanding their interest (if any) in the allocation. These determinations may include pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, allocation of professionals' time, or such other equitable method as determined by TFM and its affiliates in their sole discretion. The particular methodology used to allocate such amounts where services are provided are expected to vary depending on the types of services provided and could, in certain circumstances, change from one period to another. TFM and its affiliates will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to Tetragon for a particular service may not reflect the relative benefit derived by Tetragon from that service in any particular instance and Tetragon will bear more or less of a particular expense based on the methodology used. Any methodology chosen by TFM and its affiliates involves inherent conflicts of interest and could result in a greater expense to Tetragon than would be the case if such services were provided by third parties.

Certain affiliates of TFM, as well as Tetragon indirectly by virtue of its ownership interest in such affiliates, also bear their allocable portion (as determined by TFM and its affiliates in their good faith discretion) of the compensation (including, without limitation, salary, bonus, payroll taxes, pension, benefits (including vacation time and sick leave)), expenses and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces) attributable to certain employees, partners, members, or officers of TFM and its affiliates including for activities that include, but are not limited to, infrastructure services such as operations, financial control, trading, marketing and investor relations, legal, compliance, office administration, payroll and employee benefits, services relating to the dealing in and management of certain investments, arrangement of deals and advising on certain investments and other services. It is expected that the services provided by TFM employees and those of its affiliates will expand over time.

The allocation of such compensation and expenses between TFM, its affiliates, Tetragon and Other Funds require judgments as to methodology that TFM and its affiliates makes in good faith but in their sole discretion. These allocation methodologies include requiring personnel to periodically record and allocate their time (which is commonly expressed as Full Time Equivalents (FTEs)) with respect to Tetragon and TFM's affiliates. On a monthly basis, employees, directly or via their team head, provides a breakdown of the approximate percentage of time spent supporting Tetragon or TFM's affiliates for the previous month (this excludes certain functions such as office management and technology that are charged to business users on a standard basis (e.g., space used or global headcount) which removes any need on the part of those teams to allocate their FTEs). Once allocated percentages are determined and agreed, an FTE is derived, subject to adjustments for items determined by contractual arrangements. Core personnel costs, including salary, bonus, pension and healthcare, are charged on an actual employee cost basis to each business line based on the FTE allocation described above. In addition to FTE costs, there are a number of other costs that reflect the use of resources by TFM personnel or those of its affiliates on behalf of Tetragon and TFM's affiliates, including real property costs, technology, travel and

entertainment and market data. A standard cost methodology is used to allocate these costs to Tetragon and TFM's affiliates. The setting of standard costs is designed to reflect what those costs would be on an arm's-length basis. The methodology is designed to create consistency in order to provide a fair allocation of resource costs to all businesses. TFM and its affiliates may also utilize any other methodology determined by them to be appropriate under the circumstances. The particular methodology used to allocate such amounts where services are provided are expected to vary depending on the types of services provided and could, in certain circumstances, change from one period to another. Any methodology chosen by TFM and its affiliates involves inherent conflicts of interest and could result in a greater expense to Tetragon and the Firm's affiliates than would be the case if such services were provided by third parties.

TFG Asset Management's cost allocation methodology is documented and updated annually by TFG Asset Management's finance group in consultation with its Legal, Regulatory and Compliance team and is approved each year by TFG Asset Management's Executive Committee.

TFG Asset Management's auditors, reporting directly to Tetragon's Audit Committee, are currently engaged to periodically test that the costs allocated to (and therefore recovered from) TFM have been properly calculated in accordance with the approved cost allocation methodology. Tetragon's Board of Directors has adopted procedures for related-party transactions that require approval of a majority of disinterested directors. Accordingly, Tetragon's independent directors are required to approve the methodology for allocating costs and in their sole discretion the application of that methodology as part of their oversight processes. The annual cost allocation methodology update and the actual annual cost allocations that result based on these cost methodology policies and procedures are separately approved by the independent directors.

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

With respect to Tetragon, subject to the Governing Documents, TFM receives an incentive fee calculated as a percentage increase in the net asset value for each calculation period.

Item 7 Types of Clients

TFM currently provides investment supervisory services to Tetragon. Investment advice is provided directly to Tetragon and not individually to Tetragon's shareholders.

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

Below is a general summary of TFM's investment strategies, methods of analysis and material risks. More information on each of the below can be found on the Tetragon website (www.tetragoninv.com).

Methods of Analysis and Investment Strategies

Tetragon's investment objective is to generate distributable income and capital appreciation.

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

- To identify attractive asset classes and investment strategies.
- To identify asset managers it believes to be superior.
- To use TFM's market experience to negotiate favorable terms for Tetragon's investments.
- To own, where appropriate, all, or a portion of, asset management companies with which Tetragon invests in order to enhance the returns achieved on its capital.

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

As part of this investment strategy, TFM may employ hedging strategies and leverage in seeking to provide attractive returns while managing risk.

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

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

Certain considerations when evaluating the viability of a potential asset manager typically include performance track records, reputation, regulatory requirements, infrastructure needs and asset gathering capacity. Potential profitability and scalability of the asset management business are also important considerations. Additionally, the core capabilities, investment focus and strategy of any new business should seek to offer a complementary operating income stream to TFG Asset Management's existing businesses. TFM looks to mitigate potential correlated risks across TFG Asset Management's investment managers by diversifying its exposure across asset classes, investment vehicles, durations and investor types, among other factors.

Risks Relating to Investment Strategies

Investing in securities involves a substantial degree of risk. Tetragon may lose all or a substantial portion of its investments, and investors must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by Tetragon, include the following:

Risks Relating to Coronavirus and Public Health Emergency

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

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

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

TFM’s key vendors and service providers, such as providers of outsourced accounting services, consultants and external counsel, are also subject to these risks.

LIBOR Replacement and Other Reference Rates Risk

Payment obligations, financing terms and investments in many financial instruments (including debt securities and derivatives) may be tied to floating rates, such as the London Interbank Offered Rate, or LIBOR. In 2017, the United Kingdom FCA announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark

Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies (e.g., the Secured Overnight Financing Rate for U.S. dollar LIBOR and the Sterling Overnight Interbank Average Rate for GBP LIBOR). Various financial industry groups have been planning for the transition away from LIBOR and markets are developing in response to these new rates, but questions around the liquidity of the new rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on funds. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could result in losses. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur at any time.

TFM is unlikely to be in a position to make individualized determinations regarding replacement benchmark rates based on the particular impact to each affected investment.

Russian Invasion of Ukraine

On February 24, 2021, the Russian military commenced a full-scale invasion of Russia's forces into Ukraine and the conflict is currently ongoing. In response, the United States, United Kingdom, the European Union and other countries imposed sanctions designed to target the Russian financial system. Further sanctions may be forthcoming, and the United States and allied countries have announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally and therefore could adversely affect the performance of Tetragon's investments. Furthermore, given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to Tetragon and the performance of its investments or operations, and the ability of Tetragon to achieve its investment objectives.

Custody and Banking Risks

Tetragon will maintain funds with one or more banks or other depository institutions (banking institutions), which may include US and non-US banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom Tetragon and/or TFM transact may inhibit the ability of Tetragon to access depository accounts or lines of credit at all or in a timely manner. In such cases, Tetragon may be forced to delay or forgo investments resulting in lower performance for Tetragon. In the event of such a failure of a banking institution where Tetragon

holds depository accounts access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, Tetragon may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to Tetragon. In addition, TFM may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

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

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

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

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

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

Cybersecurity Risk

TFM, Tetragon's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Tetragon and its investors, despite the efforts of TFM and Tetragon's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to Tetragon and its shareholders. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to these systems of TFM, Tetragon's service providers and counterparties, as well as the data stored by these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of TFM's systems to disclose sensitive information in order to gain access to TFM's data or that of Tetragon's shareholders. A successful penetration or circumvention of the security of TFM's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause Tetragon, TFM or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, TFM may incur substantial costs related to investigation of the origin and scope of a cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks.

Similar types of operational and technology risks are also present for the companies in which Tetragon invests (including TFG Asset Management), which could have material adverse consequences for such companies, and may cause Tetragon's investments to lose value.

Possibility of Fraud and Other Misconduct of Employees and Service Providers.

Misconduct by employees of TFM, service providers to TFM or Tetragon and/or their respective affiliates could cause significant losses to Tetragon. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of Tetragon and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to Tetragon. TFM has controls and procedures through which they seek to minimize the risk of such misconduct

occurring. However, no assurances can be given that TFM will be able to identify or prevent such misconduct.

Environmental, Social and Governance Matters

While environmental, social or governance (ESG) is only one of the many factors TFM will consider in making an investment, there is no guarantee that TFM will successfully implement and make investments in companies that create positive ESG impact while enhancing long-term shareholder value and achieving financial returns. To the extent that TFM engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of TFM will depend on TFM's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on TFM's view of certain ESG-related and other factors, and carries the risk that TFM may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by TFM.

Consideration of ESG factors may affect TFM's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact TFM's performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by TFM or any judgment exercised by TFM will reflect the beliefs or values of any particular investor. In evaluating a company, TFM is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause TFM to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or TFM's assessment of such practices may change over time.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and TFM's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. TFM's ESG policies could become subject to additional regulation in the future, and TFM cannot guarantee that its current approach will meet future regulatory requirements.

Climate Change

Tetragon may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on Tetragon's business and operations. Physical impacts of climate change may include increased storm intensity

and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, Tetragon may be vulnerable to the following: risks of property damage to Tetragon's investments; indirect financial and operational impacts from disruptions to the operations of Tetragon's investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of Tetragon's investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which Tetragon's business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

Risks Relating to Tetragon's Investment Portfolio

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

Risks Relating to TFG Asset Management

TFG Asset Management, as one of Tetragon's investments, has risks particular to private equity investments in asset management businesses. These include but are not limited to:

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 Asset Management 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 its competitive risks:

- A number of its competitors in some of its businesses have greater financial, technical, marketing and other resources and more personnel than it does.
- Some of its funds may not perform as well as competitors' funds or other available investment products.

- Several of its competitors have significant amounts of capital, and many of them have similar investment objectives to TFG Asset Management, 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 TFG Asset Management, which may create competitive disadvantages for it with respect to investment opportunities.
- Some of its 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 it can and/or bear less compliance expense than it does.
- Some of its competitors may have more flexibility than TFG Asset Management in raising certain types of investment funds under the investment management contracts they have negotiated with their investors.
- Some of its 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 TFG Asset Management for investments that it 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 TFG Asset Management'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 its competitors may have, or be regarded by investors as having, better expertise in a specific asset class or geographic region than it does.
- Its 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.

TFG Asset Management may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors. Alternatively, it may experience decreased rates of return and increased risks of loss if it does match investment prices, structures and terms offered by competitors. Moreover, if it is forced to compete with other alternative asset managers on the basis of price, it may not be able to maintain its current fund fee and carried interest terms. TFG Asset Management has also confronted, and expects to continue to confront, requests from a variety of investors and groups representing investors to decrease fees.

The performance of TFG Asset Management may be negatively influenced by various factors, including the performance of managed funds and vehicles and its ability to raise capital from third-party clients.

In the event that any TFG Asset Management investment funds and vehicles were to perform poorly, TFG Asset Management's revenue, income and cash flow would decline because the value of its assets under management would decrease, which would result in a reduction in management fees, and its investment returns would decrease, resulting in a reduction in incentive fees earned.

Poor performance of TFG Asset Management investment funds and vehicles could make it more difficult 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 TFG Asset Management funds continually assess the investment funds' performance, and TFG Asset Management's ability to raise capital for existing and future investment funds and avoid excessive redemption levels which depend on its investment funds' and vehicles' continued satisfactory performance. Accordingly, poor fund performance may deter future investment in TFG Asset Management funds and thereby decrease the capital invested in such funds and ultimately, 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 revenue. A significant number of fund sponsors have decreased the amount of fees they charged investors for managing existing or successor funds as a direct result of poor fund performance. TFG Asset Management's ability to raise capital from third-party investors also depends on factors that are outside its 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 TFG Asset Management investment funds or the asset classes in which TFG Asset Management investment funds and vehicles invest.

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

Certain of TFG Asset Management's businesses have a limited or no operating history and the performance of the various TFG Asset Management businesses otherwise may be negatively influenced by factors specific to those businesses.

The performance of TFG Asset Management may be negatively influenced by its ability to retain key personnel.

TFG Asset Management is highly dependent on its investment professionals for the management of its investment funds and vehicles and on other employees for supervision of its asset management businesses. If and when such persons ceased for any reason to participate in the management of TFG Asset Management or its investment funds and vehicles, the consequence could be material and adverse.

TFG Asset Management's private equity investments in asset management companies and joint ventures with third party involvement may result in additional risks and uncertainties.

Tetragon has invested and may in the future invest in third-party asset managers or grow TFG Asset Management through joint ventures, partnerships and other similar entities. Such investments may give rise to risks not present in investments where a third party is not involved, including the possibility that: (i) TFG Asset Management and such third-party partner or partners may reach an impasse on major decisions that require the approval of all parties; (ii) the third-party partner or partners may have economic or business interests or goals that are inconsistent with those of TFG Asset Management; (iii) the third party partner or partners may encounter liquidity or insolvency issues or may become bankrupt; (iv) the third-party partners or partners may be able to cause the exit of one or more of the partners or TFG Asset Management from the joint venture, partnership or other similar entity; and (v) the third-party partner or partners otherwise may be in a position to take action contrary to TFG Asset Management's interests. In the case of joint ventures and minority investments, TFG Asset Management would be subject to additional risks and uncertainties relating to governance and controls, in that TFG Asset Management may be dependent upon, and subject to, liability, losses or reputational damage relating to personnel, controls and systems that are not fully under their control. In the event Tetragon makes further strategic investments or acquisitions, TFG Asset Management will be presented with financial, managerial and operational challenges, including the difficulty of integrating personnel, financial, accounting, technology and other systems and management controls. It may also be more difficult for TFG Asset Management to realize a liquidity event with respect to its interest in any such joint venture, partnership or similar entity than to dispose of other types of investments. As a result of these risks, Tetragon may be unable to fully realize its expected return on any such investments.

Tetragon's investment in TFG Asset Management and TFG Asset Management's private equity investments in asset management businesses are illiquid and Tetragon's and TFG Asset Management's ability to realize their respective investments in these businesses may be limited.

Tetragon's investment in TFG Asset Management and TFG Asset Management's private equity investments in asset management businesses constitute investments in the shares or other ownership interests of privately-held entities for which there is no active trading market. Certain investments are also subject to restrictions on transfer that limit Tetragon's and TFG Asset Management's ability to transfer their respective interests in such asset managers. As part of its current investment strategy, Tetragon aims to grow TFG Asset Management with a view to a possible initial public offering and listing of its shares. Prior to a liquidity event such as a public offering in respect of TFG Asset Management or any of its private equity investments in asset management businesses, Tetragon's and TFG Asset Management's ability to realize their respective investments in these businesses may be limited. Tetragon and TFG Asset Management may be unable to realize these investments at a time that is desirable or advantageous and, if such investments are required to be liquidated quickly, Tetragon and TFG Asset Management may realize less for such investments than their recorded value.

Factors that could affect Tetragon's ability to realize a public offering or other liquidity event with respect to TFG Asset Management or, through TFG Asset Management, of its asset management businesses include, among other things: economic conditions, asset conditions, political and

regulatory considerations, listing eligibility and index inclusion requirements, corporate governance concerns and public opinion. In addition, TFG Asset Management is currently at a substantially smaller scale than large, listed multi-strategy alternative asset managers. Three key elements for the further growth of TFG Asset Management to enable a successful initial public offering (IPO) are (1) assets under management, (2) earnings before interest, taxes, depreciation and amortization (EBITDA) (in each case, amount, sustainability, diversification, growth, etc.), and (3) the relative stages of development of the various businesses on the platform—*i.e.*, having multiple, stable income streams. Although certain of TFG Asset Management’s platforms are more mature businesses, other platforms are still relatively early in their development. Therefore, at this point in its development, these three elements have not yet been satisfied for TFG Asset Management. Furthermore, unanticipated developments, including possible delays in obtaining various tax rulings, regulatory approvals or clearances, uncertainty of the financial markets and challenges in establishing infrastructure or processes, could delay or prevent any proposed public offering or liquidity event or cause the proposed offering or event to occur on terms or conditions that are less favorable and/or different than expected. In particular, there can be no assurance that TFG Asset Management will achieve the size necessary for a successful public offering or that the ownership structure or corporate governance of Tetragon and TFG Asset Management will not impede the marketability TFG Asset Management. In addition, even if such offering or liquidity event were to be achieved, Tetragon may not realize some or all of the anticipated benefits from such event. Achieving such a public offering or other liquidity event could result in, among other things, higher expenses than anticipated, a distraction of management’s attention from Tetragon’s or TFG Asset Management’s businesses, loss of control over the divested or partially divested businesses, or other adverse financial and accounting effects.

The asset management business is subject to extensive regulation.

Asset management and financial advisory businesses are subject to extensive regulation, which affects TFG Asset Management’s activities and creates the potential for significant liabilities and penalties. The possibility of increased regulatory focus could result in additional burdens on TFG Asset Management’s business. Legislative and regulatory changes in the United States, such as the Dodd-Frank Act, or more recently the proposed private fund rules, and the European Union, such as the Alternative Investment Fund Managers Directive, the second Markets in Financial Instruments Directive (MiFID II) and the European Market Infrastructure Regulation, could adversely affect TFG Asset Management’s business.

Misconduct of TFG Asset Management employees or by those at its asset management companies could harm TFG Asset Management by impairing its ability to attract and retain clients and subjecting it to significant legal liability and reputational harm.

There is a risk that TFG Asset Management employees could engage, or be accused of engaging, in misconduct that adversely affects TFG Asset Management’s business. TFG Asset Management is subject to a number of obligations and standards arising from its business and its authority over the assets it manages. The violation of these obligations and standards by any of its employees would adversely affect its clients and TFG Asset Management. TFG Asset Management may also be adversely affected if there is misconduct by personnel of its asset management businesses, even though it may be unable to control or mitigate such misconduct. TFG Asset Management’s business often requires that it deal with confidential matters of significance to companies in which

it may invest. If its employees were improperly to use or disclose confidential information, TFG Asset Management could suffer serious harm to its 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 precautions TFG Asset Management takes to detect and prevent this activity may not be effective in all cases. If any TFG Asset Management employees were to engage in misconduct or were to be accused of such misconduct, TFG Asset Management's business and its reputation could be adversely affected.

Failure by TFG Asset Management to deal appropriately with conflicts of interest in its investment business could damage its reputation and adversely affect its businesses.

As TFG Asset Management has expanded and as it continues to expand the number and scope of businesses in which it invests, it increasingly confronts potential conflicts of interest relating to its activities. Certain of its funds or vehicles have overlapping investment objectives, including funds that have different fee structures, and potential conflicts will arise with respect to decisions regarding how to allocate investment opportunities among those funds or vehicles. To the extent TFG Asset Management fails to appropriately deal with any such conflicts, it could negatively impact its reputation and ability to raise additional funds or result in potential litigation or regulatory action against it.

Risks Relating to Other Tetragon Portfolio Investments

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

- bank loans, generally through subordinated, residual tranches of CLOs;
- real estate, generally through private equity-style funds managed by BentallGreenOak;
- public and private equity securities, particularly in event-driven strategies, generally through investment vehicles managed by Polygon;
- convertible securities, mainly in the form of debt securities that can be exchanged for equity interests, including through investment vehicles managed by Acasta;
- credit securities (including distressed securities and structured credit), including through Tetragon Credit Partners;
- private equity and venture capital through direct investments and fund investments, including through Banyan Square Partners;
- infrastructure projects through Equitix;
- legal assets through Contingency Capital;
- quantitative strategies; and
- mining-industry related equity securities and instruments, including through Hawke's Point and Acasta.

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

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

Investments in bank loans through subordinated, residual tranches of CLOs are otherwise subject to numerous risks.

A portion of Tetragon's current investment portfolio consists of subordinated, residual tranches of collateralized loan obligation (CLO) products, either directly or through Tetragon Credit Partners. CLOs 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 tranches,

incurring first losses and are paid last out of the proceeds received by CLOs from their underlying assets.

These investments are specifically subject to various risks, including the following risks.

- These highly subordinated securities 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. Changes in the market value or fair value of such underlying assets could result in defaults under the terms of the CLO that may in turn reduce or halt the distribution of funds to residual tranche holders or trigger a liquidation of such CLO. 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 Tetragon'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. In addition, these 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 CLO 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 Tetragon's CLO 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 Tetragon's CLOs and cash flows received. 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, the value of the anticipated return from the investment will be reduced. The more deeply subordinated the tranche of securities in which Tetragon invests, such as investments in CLO 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 Tetragon's CLO investments and will reduce the cash flows that Tetragon receives from these investments.
- The underlying assets of CLOs, 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 Tetragon's CLO portfolio.

- Many of Tetragon's investments in CLOs 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 Tetragon to sell these holdings.
- The performance of many of Tetragon's CLO investments depends to a significant extent upon the performance of its CLO asset managers. In addition, concentration of a significant number of Tetragon's investments with one or a few asset managers (including, asset managers affiliated with Tetragon), whether having resulted from industry consolidation or otherwise, could affect Tetragon adversely in the event that the asset manager fails to fulfill its function effectively or at all.
- Many of Tetragon's CLO investments and the related underlying assets are subject to prepayment rights, which could result in Tetragon achieving a lower than expected rate of return on its CLO investments.
- In the event of a bankruptcy or insolvency of an issuer or borrower of underlying assets in which Tetragon invests, a court or other governmental entity may determine that the claims of the relevant CLO are not valid or not entitled to the treatment Tetragon expected when making its initial investment decision.
- Various laws enacted for the protection of creditors may apply to the underlying assets in Tetragon's CLO and bank loan investment portfolio which may result in a partial or total loss of value in that underlying asset.
- In order for Tetragon to hold a majority of the residual tranches in any CLO in which it may invest, Tetragon may be required to make larger investments in individual CLOs. This may increase the concentration risk associated with Tetragon's CLO portfolio. The risk that payments on Tetragon'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 company, investment, CLO, industry, jurisdiction, region, asset class or asset manager will increase to the extent that Tetragon's CLO investments are concentrated in that company, investment, CLO, industry, jurisdiction, region, asset class or asset manager.
- The fair value of certain of Tetragon's CLO investments may be significantly affected by changes in interest rates. The company's investments in leveraged loans through CLOs generate returns that are sensitive to interest rate levels and volatility. 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 Tetragon's cash flow, fair value of its assets and operating results adversely. In the event Tetragon's interest expense were to increase relative to income, or sufficient financing became unavailable to Tetragon, Tetragon's return on investments and cash available for distribution to Tetragon's shareholders would be reduced. In addition, future investments in different types of instruments may carry a greater exposure to interest rate risk.

- The ability of CLOs in which Tetragon invests to sell assets and reinvest the proceeds may be restricted, which may reduce the yield from Tetragon's investment in those CLOs. As part of the ordinary management of its portfolio, a CLO 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 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 Tetragon and may have a negative effect on the fair value of Tetragon's CLO assets.

Risks related to asset valuations.

There is no actively traded market for many of the investments owned by Tetragon. In determining the net asset value of Tetragon, TFM will determine a fair value of such investments by applying a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval with an aim to ensuring that portfolio investments are fairly valued. In addition, for all investments other than the "equity" or residual tranches of U.S. collateralized loan obligations (CLO Equity) that do not have an actively traded market, TFM has engaged an independent third party to provide reasonable assurance of fair valuation on an ongoing basis. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and will differ from the prices at which such securities are ultimately sold. Third-party pricing information may at times not be available regarding certain of a fund's assets.

With respect to CLO Equity, TFM uses investment modeling software to model expected cash flows of CLO investments. These modeled cash flows are then used to calculate the IRR and, using an appropriate discount rate, the fair value of each CLO investment. The modeled cash flows are determined using 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. These modeled cash flows and assumptions, including discount rates, may prove to be inaccurate and require adjustment. Where TFM believes that there are a range of appropriate values for a given assumption, TFM selects the model input for such assumption from the range in good faith, using its best judgment as to the appropriate value within the range based on the facts and circumstances. 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) used 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 interest rate and foreign exchange volatility. Determining the appropriate discount rate is a subjective process and relies upon market data from a variety of third-party sources, which may not be available on a consistent basis. 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 TFM's investment portfolio updates and valuation procedures.

With respect to Tetragon, the exercise of discretion in valuation by TFM gives rise to conflicts of interest, as the management fee and performance fee or carried interest in certain funds is calculated based, in part, on these valuations. Accordingly, TFM is generally incentivized to maximize fair valuations. As discussed above, with respect to all fair valued assets other than CLO Equity, TFM has sought to mitigate this conflict of interest by engaging an independent third party to annually review the appropriateness of the model applied and the reasonableness of the assumptions used in the model. Additionally, both a valuation committee and the audit committee of the board of directors reviews and approves the valuations.

Investments in real estate assets are subject to numerous risks.

Through BentallGreenOak, Tetragon 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 Tetragon'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 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 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 BentallGreenOak 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 Tetragon) and to make distributions to Tetragon could be adversely affected.

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

The real estate investments made, and to be made, by BentallGreenOak 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. BentallGreenOak may be unable to achieve 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 real estate co-investments, may limit Tetragon's control over particular investments.

If Tetragon co-invests in real estate assets with BentallGreenOak, the ability of Tetragon or its investment manager to exercise control over these investments is limited. As part of these co-investment relationships Tetragon relies 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 Tetragon and any persons with which it co-invests may conflict with the interests of Tetragon. There can be no assurance that any such conflict would be resolved in favor of Tetragon 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.

Tetragon invests a portion of its capital, directly and indirectly, in certain equity securities, particularly in event-driven strategies, generally through the Polygon European Equity Opportunity Fund. Such investments are subject to various risks, many of which are beyond Tetragon'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.

Tetragon 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. Such investments are subject to various risks, many of which are beyond Tetragon'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 securities are subject to numerous risks.

Tetragon invests a portion of its capital, directly and indirectly, in certain distressed securities and instruments. Such investments are subject to various risks, many of which are beyond Tetragon's control. Risks or events which could negatively affect distressed 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 private equity are subject to various risks.

Tetragon invests a portion of its capital, directly and indirectly, through certain private equity funds, including Banyan Square, and direct balance sheet investments. Such investments are subject to various risks, many of which are beyond Tetragon's control. Risks or events which could negatively affect private equity investments include, but are not limited to:

- Nature of Investment: Such investments often require a long-term commitment with no certainty of return and may not generate current income. Therefore, the return of capital and the realization of gains, if any, from such investments generally will occur upon the partial or complete realization or disposition of such investment, which may not occur (if at all) for an extended term.
- Liquidity risk: The illiquidity of private equity partnership interests and investments exposes investors to asset liquidity risk associated with selling in the secondary market at a discount on the reported NAV. Tetragon will generally not be able to sell the securities of such direct private investments publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases Tetragon may be prohibited by contract or regulatory reasons from selling certain securities for a period of time. There can be no assurances that private purchasers of such investments will be found.
- Uncertain exit strategies: Due to the illiquid nature of the investments which Tetragon makes and expects to make, there can be no assurances as to what, if any, exit strategy will

ultimately be available for any given investment position. Exit strategies which appear to be viable when an investment is initiated may be precluded when the investment is deemed to be ready for realization due to economic, legal, political or other factors. The larger the transaction, the greater the risk to Tetragon's total returns and success if there is uncertainty around the exit strategy.

- Available opportunities and competitive marketplace: The success of private equity investments generally depends on the availability of appropriate investment opportunities and the ability of the investment manager to identify, select, close and exit those investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities for Tetragon in respect of private investments and partnership interests. Tetragon will be competing with private equity funds, as well as institutional investors and strategic investors, for investments in such private equity transactions. As a result, there can be no assurance that Tetragon will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, or achieve its targeted rate of return.
- Market and capital risk: The fluctuation of the market has an impact on the value of the investments held in the portfolio. The realization value of private equity investments can be affected by numerous factors, including (but not limited to) the quality of the fund manager, equity market exposure, interest rates and foreign exchange.

Investments in infrastructure projects are subject to various risks.

Tetragon may invest or intends to invest a portion of its capital, directly or indirectly, in infrastructure projects. 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.

Tetragon may invest a portion of its capital, directly or indirectly, mining-industry related equity securities and instruments. Such investments are subject to various risks, many of which are beyond Tetragon'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:

- Hazards (e.g., fire, explosion, floods, structural collapses, etc.) 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.
- 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. 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.
- 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. There can be no assurance that resource issuers in which invested will be able to obtain all necessary licenses and permits or obtain them in a timely manner.
- 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.
- 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 exploration. 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 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.
- 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.

- Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure and equipment. 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.
- 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.
- Mining operations are subject to various laws and regulations governing the protection of the environment, waste disposal, safety and other matters. A breach of such legislation may result in the imposition of fines and penalties.
- Mining companies often operate in foreign countries, where there are added risks and uncertainties due to the different economic, cultural and political environments.

Investments in litigation finance are subject to numerous risks.

Tetragon may invest a portion of its capital, directly or indirectly, in assets that primarily derive their value from the performance or outcome of an underlying legal claim or series of legal claims, or other legal, tax or regulatory process. Such investments are subject to various risks, many of which are beyond Tetragon's control. In addition to the risks discussed above associated with investments generally, risks or events which could negatively affect investments in legal, tax and regulatory assets include, but are not limited to:

- The value of investments will primarily be dependent on the outcome of a legal, tax or regulatory process. There can be no guarantee that the assessment of the merits of a legal, tax or regulatory process will be correct. Certain of the investments will be subject to a binary outcome relating to the applicable legal, tax or regulatory process, and the investment may experience a complete loss with respect to one or more such investments.
- Law and professional regulation in the area of funding, acquiring or otherwise taking a financial position with respect to litigation and arbitration is complex and can be uncertain. Additional risks may arise from general restrictions on or impediments to the enforceability of contracts, such as those entered into in the period prior to insolvency, administration or other financial re-organization, or, more generally, where the claimant has been successful. In addition, U.S. federal and state courts have broad equitable powers and may limit the rights of a financing party in the interests of justice, as determined by such courts.

- Litigation finance investments are subject to the risk of borrower default and fraud. In evaluating potential investments, the accuracy and completeness of representations, warranties and covenants made by the borrowers is relied upon and subject to the risk of material misrepresentation or omission on the part of the borrowers or breach of covenant by the borrowers. Such inaccuracy or incompleteness or failure to meet a covenant may adversely affect the valuation of the collateral underlying an investment or may adversely affect the ability to perfect or effectuate a lien on the collateral securing an investment or to realize such investment. Under certain circumstances, payments may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.
- In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively referred to as lender liability). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain investments in the litigation finance space, such investments could be subject to allegations of lender liability.
- Transactions entered into could, if challenged in a court or other tribunal or by a regulatory or governmental authority or agency, be determined to be an insurance contract. This may have adverse consequences, including (but not limited to) rendering the governing terms of the contract voidable or otherwise making it unenforceable, loss of any or all of the value due to the investment under the relevant contract, and the levying of fines or other financial penalties against the investment vehicle. This may result in significant losses.
- The success of transactions depends in part on the skill and diligence of the lawyers and other advisers engaged in connection with the legal, tax or regulatory process to which the transactions relate. There can be no assurance that the outcome of a case will be in line with the assessment of the case by the acting lawyers or by the investment manager. An investment is subject to the risk that the lawyers and/or law firms engaged in connection with the legal, tax or regulatory process may commit fraud or other bad acts that could have a material adverse impact on the investments and the likelihood of success or a claim and/or the ability to recover an investment in the event of a successful claim.
- Litigation can be subject to delay resulting in increases in the time until transactions generate returns. Transactions involving supranational or multi-jurisdictional litigation may be more complex, time-consuming and expensive to launch, navigate and conclude, when compared to ordinary litigation or arbitration claims in national or sub-national courts or tribunals.
- Investments may relate to proceedings or claims in which the parties have reached a settlement or other agreement regarding the disposition of the matter which must be approved by a court or other body prior to becoming effective. In the event that the settlement or disposition is not so approved or is modified or conditioned in a material way

as part of the approval process, this could result in substantial or total losses with respect to such investment.

Financing Risks

The use of leverage will expose Tetragon to additional levels of risk.

In addition to the embedded leverage in a CLO, Tetragon may apply leverage to the investments in its portfolio. There are no restrictions on the amount of leverage it may apply for its investments. Tetragon borrows funds from brokerage firms, banks, other institutions and affiliates of the voting non-voting shareholder in order to increase the amount of capital available for investment. Some of this debt financing is secured against some of Tetragon's assets. In addition, Tetragon in effect borrows funds through entering into repurchase and similar agreements, and "leverages" its investment return with options, futures contracts, swaps, forward contracts and other derivative instruments. Tetragon has entered into certain repurchase agreements to obtain debt financing and may be adversely affected by the termination of any such repurchase agreements. Tetragon 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 Tetragon's repurchase agreements significantly decline in value, Tetragon could be subject to a "margin call" pursuant to which Tetragon 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 Tetragon 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 Tetragon can borrow in particular will affect the operating results of Tetragon. Tetragon's return on investments and cash available for distribution to non-voting 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 Tetragon'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 non-voting shareholder returns if Tetragon earns a greater return on leveraged investments than Tetragon's cost of such leverage, the use of leverage exposes Tetragon to additional levels of risk. Where an investment fails to earn a return that equals or exceeds Tetragon's cost of leverage related to such investments, Tetragon's ability to generate cash flow and pay dividends would be adversely affected.

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

Tetragon 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 Tetragon breach the financial or other covenants contained in any loan, repurchase or other financing agreement, Tetragon may be required

immediately to repay such borrowings in whole or in part, together with any attendant costs. If Tetragon 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 Tetragon'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 Tetragon. Moreover, any failure to repay such borrowings or, in certain circumstances, other breaches of covenants under Tetragon's loan or repurchase agreements could result in Tetragon being required to suspend payment of its dividends.

In addition, Tetragon'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 Tetragon.

Item 9 Disciplinary Information

Item 9 is not applicable to TFM.

Item 10 Other Financial Industry Activities and Affiliations

TFM is affiliated with TFG Asset Management which is separately registered as an investment adviser with the Securities and Exchange Commission (see SEC File number 801-74150; CRD number 156040). Tetragon may from time to time participate in transactions alongside clients of TFG Asset Management. For a description of material conflicts of interest created by the relationship among TFM and TFG Asset Management, as well as a description of how such conflicts are addressed, please see Item 11 below.

Pooled Investment Vehicles and Regulated Subsidiaries and Sponsors of Limited Partnerships

TFG Asset Management and certain of its respective affiliates serve as sponsors or syndicators of a number of limited partnerships, including those related to Polygon Global Partners, LCM, Hawke's Point, Banyan Square, Contingency Capital, Acasta Partners, Equitix, and Tetragon Credit Partners funds. In addition, TFG Asset Management and its affiliates, serve as investment advisers of investment vehicles and accounts (e.g., Equitix and Tetragon Credit Partners funds) that are, for the most part, pooled investment vehicles. While primarily unregulated, certain such pooled investment vehicles may be registered with regulatory authorities in their home jurisdiction such as the Cayman Islands or in jurisdictions in which interests in such pooled investment vehicles are marketed, such as Denmark, Sweden or Switzerland. As discussed more fully in Item 11, Tetragon and clients of TFG Asset Management may engage in transactions with or alongside each other that have and may in the future give rise to material conflicts of interest. As discussed in Item 11, TFM has adopted policies and procedures designed to address conflicts of interest arising between TFM and its affiliates.

Services Agreements between TFM and Certain Subsidiaries of TFG Asset Management

Since the 2015 inception of the Tetragon Credit Partners business as part of TFG Asset Management, TFM has provided certain services to the general partners of the Tetragon Credit

Partners vehicles. These services are limited to the participation by the TFM Principals (Reade Griffith and Paddy Dear) in the Investment & Management Committees and Risk Committees of such general partners. TFM does not charge any fees for such services. Personnel who provide services to Tetragon Credit Partners vehicles will have a conflict in allocating their time and services. See Item 11 *Management of Tetragon* for additional information.

*Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser
Registration Status*

As a result of providing investment advisory services to certain clients that invest in commodity futures and other commodity interests, TFM and certain affiliated and related entities may from time to time constitute commodity trading advisors and/or commodity pool operators for the purpose of the rules and regulations issued by the U.S. Commodity Futures Trading Commission (CFTC) under the U.S. Commodity Exchange Act (Commodity Exchange Act) and as such, will rely on certain exemptions from registration with the CFTC under the Commodity Exchange Act or, in the event that such exemptions cease to apply, register under the applicable regulatory regime. TFM and its management persons are not registered, and do not have any application to register as a futures commission merchant or associated persons of futures commission merchant. TFM and its management persons are not registered, and do not have any application to register as a commodity pool operator with the CFTC.

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

Code of Ethics

TFM has adopted a written Code of Ethics (the Code) that is applicable to all employees of TFM and any other persons who are subject to its supervision and control, or collectively, TFM Personnel. The Code, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 as amended, (the Advisers Act), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Under certain limited circumstances, subject to the terms of the Code, TFM Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for the Clients. Under the Code, TFM Personnel are also required to file certain periodic reports with TFM's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code helps TFM detect and prevent potential conflicts of interest.

TFM Personnel who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. TFM Personnel are also required to promptly report any violation of the Code of which they become aware. TFM Personnel are required to annually certify compliance with the Code.

A copy of the Code will be provided to clients and their existing or prospective investors upon request. To request a copy, please email TFM's Legal, Regulatory and Compliance team at legal@tetragoninv.com.

Participation or Interest in Client Transactions

TFM and certain employees and affiliates of TFM are shareholders of Tetragon. TFM is authorized to enter into transactions on behalf of Tetragon with persons who are affiliates of TFM, provided that in connection with any such transaction that exceeds \$5 million of aggregate investment, TFM obtains either (i) the approval of a majority of the members of the Board Directors of Tetragon that do not have a material interest in such transaction (whether as part of a Board of Directors resolution or otherwise) or (ii) an opinion from a recognized investment bank, auditing firm or other appropriate professional firm substantively to the effect that the financial terms of the transaction are fair to Tetragon from a financial point of view. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “*Conflicts of Interest*” immediately below.

Due in part to the fact that potential investors in Tetragon may ask different questions and request different information, TFM in certain circumstances provides certain information to one or more prospective investors that it does not provide to all of the prospective investors or shareholders.

Conflicts of Interest

TFM and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of Tetragon will, from time to time, conflict with the interests of TFM, Other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how TFM addresses such conflicts of interest, can be found below.

The material conflicts of interest encountered by Tetragon include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by Tetragon. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts. For the purposes of the conflicts of interest described below TFM Personnel shall also include members of Tetragon’s Board of Directors.

Resolution of Conflicts

In the case of all conflicts of interest, TFM’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using TFM’s best judgment, but in its sole discretion. In resolving conflicts, TFM considers various factors, including the interests of Tetragon with respect to the immediate issue and/or with respect to its longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) TFM will consider the appropriateness of an investment from the viewpoint of Tetragon;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in Tetragon’s Governing Documents;

- (3) On any issue involving actual conflicts of interest, TFM will be guided by its good faith discretion;
- (4) Where TFM deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- (5) TFM has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- (6) Tetragon's shareholders receive information relating to significant potential conflicts of interest arising from the proposed activities of Tetragon; and
- (7) TFM and certain of its affiliates have adopted written policies establishing information "walls" designed to limit communication between certain business units investing in equity securities and debt securities of companies. These policies restrict the transfer of confidential information between these business units, subject to certain exceptions provided in the policies. These policies also establish procedures for communications among employees of different business units to guard against unlawful and inappropriate disclosure of material, nonpublic information.

While TFM endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. There can be no assurance that TFM will identify or resolve all conflicts in a manner that is favorable to Tetragon and Tetragon's shareholders may not be entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

Allocation of Investment Opportunities

In connection with its investment activities, TFM may encounter situations in which it must determine how to allocate investment opportunities (including follow-on investments) among various clients and other persons, which may include, but are not limited to, the following:

- Tetragon;
- Funds and accounts that are managed by related advisers of Tetragon, including those of TFG Asset Management and its affiliates, as well as proprietary accounts of TFM and its affiliates (collectively, the Other Funds);
- Any co-investors or co-investment vehicles that have been formed to invest side-by-side with Tetragon in all or particular transactions entered into by Tetragon (the co-investors or investors in such co-investment vehicles which may include employees, business associates and other "friends and family" of TFM, its affiliates or their personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, TFM Related Parties) and/or individuals and entities that are not shareholders of Tetragon (Third Parties));

- TFM Related Parties and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- TFM Related Parties and/or Third Parties acting as “co-sponsors” with TFM with respect to a particular transaction.

TFM makes allocation determinations consistent with Tetragon’s Governing Documents and the organizational or offering documents of any applicable Other Funds, advisory agreements and/or side letter agreements negotiated with investors in the applicable Other Fund (such documents collectively, an Other Fund’s Organizational Documents) and in accordance with its written policies and procedures.

Tetragon and the Other Funds are generally subject to investment allocation requirements (collectively, Investment Allocation Requirements). Investment Allocation Requirements are generally set forth in Tetragon’s Governing Documents or the Other Fund’s Organizational Documents. To the extent the Investment Allocation Requirements of Tetragon or an Other Fund do not include specific allocation procedures and/or allow TFM discretion in making allocation decisions among Tetragon and the Other Funds, TFM will follow the process set forth below.

TFM must first determine if Tetragon and/or the Other Funds and/or other parties are eligible to participate in an investment opportunity. TFM assesses whether an investment opportunity is appropriate for Tetragon or a particular Other Fund(s), based on Tetragon’s or the Other Fund’s investment objectives, strategies and structure, which are typically reflected in Tetragon’s Governing Documents or such Other Fund’s Organizational Documents. Prior to making any allocation to Tetragon or an Other Fund of an investment opportunity, TFM determines what additional factors may restrict or limit the offering of an investment opportunity to Tetragon or an Other Fund. Possible restrictions include, but are not limited to:

- **Obligation to Offer:** TFM may be required to offer an investment opportunity to Tetragon or to one or more Other Funds.
- **Related Investments:** TFM may offer an investment opportunity related to an investment previously made by Tetragon or an Other Fund(s) to Tetragon or such Other Fund(s) to the exclusion of, or resulting in a limited offering to, Tetragon or other Other Funds.
- **Legal and Regulatory Exclusions:** TFM may determine that Tetragon or certain Other Funds or investors in such Other Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once TFM identifies that Tetragon and/or an Other Fund or Other Funds are eligible to participate in a particular investment, TFM, in its discretion, decides how to allocate such investment opportunity among Tetragon and/or the identified Other Funds. In allocating such investment opportunity, TFM may consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- the potential for the proposed investment to create an imbalance in Tetragon's or an Other Fund's portfolio;
- cash balances, liquidity requirements of Tetragon or Other Funds or anticipated cash flows (including as a result of subscriptions and redemptions or withdrawals, as applicable);
- any need to re-size risk in Tetragon's or an Other Fund's portfolios;
- investment strategy or objective;
- the respective investment programs;
- account size and gross portfolio size;
- available capital;
- relative exposure to short-term and long-term market trends;
- existing portfolio positions;
- existing portfolio liquidity;
- other factors known to the relevant portfolio manager that may affect Tetragon's or an Other Fund's trading ability;
- current or prospective tax burdens or other tax considerations;
- regulatory or accounting rules or treatment;
- other regulatory restrictions that would or could limit Tetragon's or an Other Fund's ability to participate in the proposed investment opportunity;
- hedging needs;
- risk tolerance and risk capacity;
- general current financial market liquidity;
- regulatory and tax status;
- concentration of investments;
- applicable investment restrictions;
- available transaction terms;
- available financing;

- execution costs;
- anticipated capital outflows or inflows due to upcoming quarter end or month end redemptions or commitments;
- requested order size;
- real time net asset value and/or commitment amounts;
- percentage of assets under management (AUM) that the particular investment represents and percentage of AUM that the particular investment represents as compared to Tetragon or an Other Fund, using the most current AUM information as may be practicably obtained;
- minimum allocation criteria;
- round lots;
- requested allocation or trade amount, or other relevant investment criteria or investment limitations as determined by the applicable portfolio manager or any of TFM's senior management committees; or
- any other investment factors TFM believes in its sole discretion to be relevant.

TFM typically expects to allocate investment opportunities among Tetragon and the Other Funds sharing overlapping investment strategies on a model pro rata allocation or other method deemed appropriate by the portfolio manager responsible for the investment strategy, provided the method is designed to achieve a fair and equitable allocation of investment opportunities among the clients. Tetragon and/or the Other Funds are subject to a pro rata allocation pursuant to which investments generally will be allocated among participating clients proportionate to requested order size, real time net asset value and/or commitment amounts, percentage of AUM that the particular investment represents and percentage of AUM that the particular investment represents as compared to other clients, using the most current AUM information as may be practicably obtained, or relevant investment criteria or investment limitations as determined by Tetragon and/or the Other Fund and/or the portfolio manager or other method deemed appropriate (including any priority or defined allocation rights to investment opportunities that may have been granted to clients, as well as other relevant factors, such as minimum allocation amount) and any other relevant issues discussed by any of TFM's senior management committees, which includes TFM's Allocation Committee (the Allocation Committee), Trade Management Supervisory and Compliance Committee (TMSCC) and Executive Committee(s). Investments for which an order is not completely filled will generally be allocated based on the allocation process used to determine the original allocation.

Since TFM generally allocates trades on a portfolio manager's requested trade amounts, which are determined in their discretion taking into consideration the factors noted above, if a single portfolio manager serves in such capacity to two or more client accounts, a conflict of interest may arise with respect to allocations because such portfolio manager may have an incentive to favor one client account at the expense of another client account. TFM manages this potential conflict of

interest by requiring that the Allocation Committee, which includes members of TFM's Legal, Regulatory and Compliance Department, approve any allocations of investments across multiple client accounts.

For purposes of investment allocations and in order to maintain the integrity of the investment strategy and track record of any seed investment by TFM, seed investments are not considered proprietary entities for purposes of TFM's allocation policies, and are instead allocated investments consistent with client allocations. Accordingly, a client may receive a lesser allocation of an investment as a result of a seed investment. For example, prior to its closure in 2018, the Polygon Distressed Opportunities Fund which was seeded with Tetragon capital in September 2013, for allocation purposes was viewed the same as other Polygon funds despite the majority of its capital being the Firm seed capital, as it was raising third-party capital and building its track record, and was not viewed as a "proprietary" vehicle.

However, the application of the Investment Allocation Requirements and factors set forth above may result in allocation on a non-pro rata basis and there can be no assurance that Tetragon or the Other Funds will participate in all investment opportunities that fall within its investment objectives. TFM makes allocation determinations based solely on TFM's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for Tetragon or another Other Fund in hindsight.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Tetragon or an Other Fund with differing fee, expense and compensation structures, TFM has an incentive to allocate investment opportunities to Tetragon or the Other Funds from which TFM or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, TFM will not allocate investment opportunities among Tetragon or the Other Funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by Tetragon or an Other Fund or (ii) the profitability of Tetragon or an Other Fund. While TFM determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that TFM's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which TFM is subject, discussed herein, did not exist.

In addition, if a single portfolio manager acts on behalf of Tetragon and an Other Fund, a conflict of interest may arise with respect to allocations because such portfolio manager may have an incentive to favor one client account at the expense of another client account. TFM and its affiliates manage this potential conflict of interest by requiring that the Allocation Committee approve allocations of limited investment opportunities across Tetragon and the Other Funds.

Conflicts Related to Purchases and Sales

Tetragon from time to time invests in conjunction with an investment being made by Other Funds, or in a transaction where an Other Fund has already made an investment. Conflicts may arise in connection with such investments.

Investment opportunities are from time to time appropriate for Tetragon and/or an Other Fund at the same, different or overlapping levels of an issuer's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single issuer. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest, and TFM may be incentivized to choose a course of action that benefits an Other Fund to the detriment of Tetragon.

In the event that Tetragon or an Other Fund has a controlling or significantly influential position in an issuer, it will have the ability to elect some or all of the board of directors of such issuer, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such issuer. Such management and operational decisions may, at times, be in direct conflict with Tetragon and/or Other Funds that have invested in the same issuer that do not have the same level of control or influence over issuer.

Tetragon and the Other Funds may invest in bank debt and securities of issuers in which other clients hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to an issuer. In the event that such investments are made by Tetragon and an Other Fund, the interests of Tetragon will at times conflict with the interest of the Other Fund, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of Tetragon or the Other Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm Tetragon's or the Other Fund's equity investment in the issuer. The involvement of Tetragon and an Other Fund at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Tetragon may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties of a portfolio investment, or to finance growth or other opportunities, Tetragon or an Other Fund may or may not provide such additional capital, and, if provided, Tetragon or an Other Fund will supply such additional capital in such amounts, if any, as determined by TFM. In the event Tetragon or an Other Fund is unable to fund its share of additional capital (e.g., in the event Tetragon or such Other Fund does not have sufficient available funds), Tetragon or an Other Fund may be obligated to fund more than its share of such amount. In such event, Tetragon or an Other Fund will gain greater exposure to such investment than may have been intended and Tetragon or an Other Fund will be diluted in such investment. The returns of Tetragon may be negatively impacted as a result of the foregoing. Investments by Tetragon and more than one Other Fund in a portfolio investment also raise the risk of using assets of Tetragon to support positions taken by an Other Fund, or that Tetragon may remain passive in a situation in which it is entitled to vote.

There may be differences in timing of entry into, or exit from, a portfolio investment for reasons such as differences in strategy, existing portfolio or liquidity needs. In addition, where Tetragon and an Other Fund invest in the same portfolio investment, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, Tetragon and such Other Fund may realize different returns as compared to the same investment held by an Other Fund. These variations in timing may be detrimental to Tetragon. At the same time, if TFM determines it is advisable for Tetragon to exit an investment at the same time as an Other Fund, which may be a closed-end fund and the term of which may expire, Tetragon may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments. In addition, investors may receive different consideration (for instance, shareholders in Tetragon may receive cash whereas investors in an Other Fund may be provided the opportunity to receive distributions in-kind) which may impact the realized return ultimately received by Tetragon.

Finally, in certain circumstances, if Tetragon and an Other Fund is participating in an investment, Tetragon and/or an Other Fund may bear more than its pro rata share of expenses relating to such investment if the Other Fund does not have the resources to bear such expenses (including, for instance, as a result of insufficient reserves and/or the inability to call capital to cover such expenses).

In such circumstances described above, TFM could take steps to reduce the potential conflicts of interest between Tetragon and the Other Funds, including causing Tetragon to take certain actions that, in the absence of such conflict, it would not take. Any such steps could have the effect of benefiting an Other Fund at the expense of Tetragon.

The application of Tetragon's Governing Documents and the Other Funds' Organizational Documents and TFM's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by Tetragon and one or more Other Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a principal transaction), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with TFM's management of Tetragon, TFM and its affiliates from time to time engage in principal transactions. TFM has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to Tetragon regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Cross Transactions

Subject to certain terms and conditions and to the extent permitted by law and as deemed advisable by TFM, TFM may affect rebalancing or internal cross transactions among Tetragon and the Other Funds. Cross trades involve the transfer, purchase or sale of assets from one client to another client without the use of a broker-dealer. Subject to the Governing Documents, TFM 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. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, Tetragon may not receive the best price otherwise possible, or TFM might have an incentive to improve the performance of Tetragon or an Other Fund by selling underperforming assets to Tetragon or an Other Fund in order, for example, to earn fees. Additionally, in connection with such transactions, TFM, its affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in Tetragon or the Other Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). TFM and its affiliates generally receive management or other fees in connection with their management of Tetragon and the relevant Other Funds involved in such a transaction, and generally are entitled to share in the investment profits of Tetragon and the relevant Other Funds.

In addition, Tetragon's Governing Documents impose restrictions or requirements relating to TFM's ability to conduct such transactions. For example, Tetragon can acquire investments from unrelated sellers and may re-offer a portion of such investments to affiliated investment vehicles. Although these transactions with related parties are expected to expand the universe of opportunities that are available to Tetragon, Tetragon 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, TFM can undertake a transaction between Tetragon and/or an Other Fund in efforts to realign the weightings of two or more client portfolios to be more consistent with their respective investment objectives.

Depending on the transaction structure, these transactions may disproportionately benefit Tetragon or the purchasing, selling, or merging Other Fund (or TFM as a result of its interests in Tetragon or a particular Other Fund), and Tetragon may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, TFM may be incentivized to support a less successful portfolio investment of an older Other Fund by causing Tetragon to purchase a part or all of such portfolio investment in order to provide TFM additional time to potentially manage it to a successful exit. Conversely, TFM may be incentivized to sell an attractive investment in Tetragon to a newer Other Fund to increase the amount of fees received by TFM or an affiliate with respect to such an investment. Determining the valuation or other terms of such transactions may also create a conflict of interest due to TFM's consideration of the particular terms (including the fee terms) of Tetragon and the Other Funds and TFM's interest in Tetragon and such Other Funds. Such acquisition or merger may result in the acquiring entity purchasing Tetragon's portfolio investment at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third-party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, TFM may wish to reduce the investment of Tetragon or an Other Fund in an investment and increase the investment of Tetragon or an Other Fund in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between Tetragon and such Other Funds or through any other transaction structure. Any costs and expenses associated with any such transaction will be borne by Tetragon and such Other Funds in accordance with Tetragon's Governing Documents and such Other Funds' Organizational Documents and to the extent not addressed in Tetragon's Governing Documents or such Other Funds Organizational Documents, on an allocation that TFM deems in good faith to be fair and reasonable.

To address these conflicts of interest, in connection with effecting such transactions, TFM will follow the Investment Allocation Requirements of Tetragon and the relevant Other Funds (e.g., Tetragon's Governing Documents and/or the Organizational Documents of Other Funds may provide for the rebalancing of investments at certain times and at a cost set forth in Tetragon's Governing Documents or an Other Fund's Organizational Documents. In accordance with TFM's internal policies and procedures, any cross trade is also approved by senior members of TFM's Legal and Compliance Department and any other senior investment professionals deemed necessary to assess the potential cross transaction and executed cross trades will be reviewed by the TMSCC. See below for more detailed information regarding the TMSCC.

Management of Tetragon and the Other Funds

TFM and its affiliates manage a number of Other Funds that have investment objectives similar to Tetragon and each other. TFM expects that it, its affiliates or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of Tetragon. TFM and its affiliates may give advice or take actions with respect to the investments of one or more Other Funds that may not be given or taken with respect to Tetragon and/or Other Funds with similar investment programs, objectives or strategies. As a result, Tetragon and Other Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, Tetragon generally may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as an Other Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that TFM Personnel responsible for managing Tetragon will have responsibilities with respect to Other Funds managed by TFM and its affiliates, including funds raised in the future or to proprietary investments made by TFM and/or its principals of the type made by Tetragon. Conflicts of interest arise in allocating time, services or functions of these TFM Personnel.

TFM may consider, and reject an investment opportunity on behalf of Tetragon and, TFM or an affiliate of TFM may subsequently determine to have an Other Fund make an investment in the same company. A conflict of interest arises because the Other Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by TFM on behalf of Tetragon considering the investment. In such circumstances, the benefitting fund or funds will not be required to reimburse Tetragon for expenses incurred in connection with researching such investment.

In addition, TFM and its affiliates receives and generates various kinds of portfolio investment data and other information, including related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, ESG and other metrics, financial information, commercial and transactional information, user data, cost data and related data or information, some of which is sometimes referred to as “big data.” This information may, in certain instances, include confidential and/or sensitive information received or generated in connection with efforts on behalf of Tetragon’s investment (or prospective investment) in a portfolio investment. As a result, TFM is better able to anticipate macroeconomic and other trends and financial opportunities, enhance and improve operations of portfolio investments and otherwise develop investment strategies or identify specific investment or business opportunities. TFM also intends to utilize such data for purposes of identifying new investments opportunities for Tetragon. Information from a portfolio investment owned by Tetragon may enable TFM to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for TFM and Tetragon and/or Other Funds that do not own an interest in such portfolio investment, without compensation or benefit to Tetragon or its portfolio investments. Further, data is expected to be aggregated across Tetragon and the Other Funds and their respective portfolio investments and, in connection therewith, TFM is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. TFM may also share data from a portfolio investment of Tetragon with a portfolio entity of an Other Fund, which may increase a competitive disadvantage for, and indirectly harm, such portfolio investment. Portfolio investments may incur incremental expenses in collecting and organizing information requested or required to be furnished to TFM (which expenses are indirectly borne by Tetragon). TFM has in the past entered into and is likely in the future to enter into information sharing and confidentiality arrangements with portfolio investments and other sources of information that may limit the internal distribution and use of such data. TFM has already used and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to TFM, its affiliates, or to certain Other Funds without compensating or otherwise benefitting Tetragon from where such information was obtained. In addition, TFM may have an incentive to pursue investments in portfolio investments based on the data and information expected to be received or generated. Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information or otherwise limit the scope and purpose of its use or distribution, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, TFM is generally free to use data and information from a Tetragon’s activities in its sole discretion for the benefit of TFM and Tetragon. The sharing and use of “big data” and other information present potential conflicts of interest. TFM has in the past utilized and is likely in the future to utilize such information to benefit TFM, its affiliates and/or certain Other Funds.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by an Other Fund in a portfolio investment in which Tetragon has previously invested.

Furthermore, a conflict of interest also arises because an Other Fund that participates in a follow-on investment in a portfolio investment held by Tetragon will benefit from the initial evaluation, investigation and due diligence undertaken by TFM on behalf of Tetragon and from operational or other information about such portfolio investment acquired from Tetragon's ownership of interests in the portfolio investment. In such circumstances, such benefitting Other Fund will not be required to reimburse Tetragon for expenses incurred in connection with researching such investment. An investment by Tetragon in a portfolio investment in which an Other Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio investment by Tetragon and an investment by one or more Other Funds in any such portfolio investment may dilute Tetragon's interest in such portfolio investment and vice versa.

Conflicts Related to TFM

TFM engages in business with other investment advisers with which TFM or its affiliates or a member of their personnel has a relationship or from which TFM or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that TFM makes with respect to Tetragon.

TFM Personnel and other related persons of TFM and its affiliates have made and may make capital investments in or alongside Tetragon. These investments may be at different times or in non-pro rata amounts, or in different classes or levels of the capital structure. Such persons therefore have additional conflicting interests in connection with these investments.

By reason of their responsibilities in connection with other activities of TFM and its affiliates, certain TFM Personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Tetragon will not be free to act upon any such information. Due to these restrictions, Tetragon may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

TFM, its affiliates, and partners, officers, principals and employees of TFM and its affiliates may buy or sell securities or other instruments that TFM has recommended to Tetragon. TFM Personnel may also buy securities in transactions offered to but rejected by Tetragon. A conflict of interest may arise because such investing TFM Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by TFM on behalf of Tetragon. In such circumstances, the investing TFM Personnel will not share or reimburse Tetragon and/or TFM for any expenses incurred in connection with the investment opportunity

In addition, TFM Personnel also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, venture capital funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of Tetragon

and/or which may invest in similar industries and sectors as Tetragon (including investments for purposes of sourcing future investment opportunities). Such TFM Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio investments as Tetragon, and there may be situations in which such investment vehicle purchases securities from, or sells securities to, Tetragon. The investment policies, fee arrangements and other circumstances of these investments may vary from those of Tetragon. In the event TFM Personnel make an investment with the intent to source future investments for Tetragon, there is a greater likelihood that Tetragon will make investments in the same portfolio investments in which TFM Personnel hold an interest as described above. Such personnel may be incentivized to cause Tetragon to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

The transactions described above are subject to the policies and procedures set forth in TFM's Code, and shareholders will not benefit from any such investments.

TFM Personnel have family members that are actively involved in industries and sectors in which Tetragon invests or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of Tetragon or other counterparties of Tetragon and the portfolio investments. Moreover, in certain instances, Tetragon or the portfolio investments may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. The fees for services provided by such service providers may or may not be at the same rate charged by other third party service providers and TFM is not required to select service providers who may have lower rates (or to engage in any benchmarking of such fees). In most such circumstances, Tetragon's Governing Documents will not preclude Tetragon from undertaking any of these investment activities or transactions.

From time to time, TFM Personnel may invest in funds or other entities managed by Tetragon shareholders, which could incentivize such TFM Personnel to afford the shareholder preferential or favored treatment and could create conflicts of interest to the extent such other funds compete with Tetragon for investment opportunities or invest in competing portfolio investments.

Fee Structure

The management fee payable to TFM creates an incentive for TFM to make investments, defer realizations and take other actions that increase or maintain Tetragon's net asset value over the near term even though other investments or actions may be more favorable.

In addition to receiving a management fee, TFM also receives an incentive fee from Tetragon based upon the appreciation, if any, in the net assets of Tetragon. TFM has 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 Tetragon's assets and the market value of its 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.

Diverse Membership

Tetragon shareholders are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such shareholders often have conflicting investment, tax and other interests with respect to their investments in Tetragon. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by Tetragon, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by TFM or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for Tetragon, TFM and its affiliates will consider the investment and tax objectives of Tetragon, not the investment, tax or other objectives of any investor individually.

Service Providers

Services required by Tetragon and its affiliates (including some services historically provided by TFM or its affiliates to Tetragon) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of TFM or its affiliates. This can create a conflict of interest because TFM and its affiliates have an incentive to outsource such services at the expense of Tetragon to, among other things, leverage the use of TFM personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, trading, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. The decision by TFM and its affiliates to initially perform a service for Tetragon in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future, and TFM has no obligation to inform Tetragon or shareholders of such a change. Such services may also supplement or be performed alongside services performed by TFM and its affiliates. In addition, certain internal service providers (such as internal accountants)

may “shadow” or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by Tetragon.

If a service provider provides services to Tetragon on the property of TFM, Tetragon may also be responsible for any overhead, rent or other fees, costs and expenses charged by TFM in connection with an on-site arrangement.

TFM generally does in its discretion, contract directly with, or recommend to Tetragon (in response to a solicitation for a recommendation or otherwise) that it contract for services with, a related person of TFM or an affiliate (including but not limited to a portfolio investment of Tetragon). When making such a recommendation, TFM, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Additionally, former TFM employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to TFM or Tetragon. While employed by TFM, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by TFM unless Tetragon’s Governing Documents permit certain allocations of internal expenses to Tetragon. If a former TFM employee becomes an employee or consultant of a third party that also provides services to Tetragon, such former TFM employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former TFM employee working on Tetragon will be borne entirely by Tetragon.

Additionally, TFM Personnel, and/or their family members or relatives may have ownership, employment, or other economic or other interests in certain service providers. These relationships can influence TFM in determining whether to select or recommend such service provider to perform services for Tetragon and there is a possibility that TFM, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain other service providers to TFM or Tetragon, or affiliates of such service providers, also provide goods or services to or have business, personal, financial or other relationships with TFM, and its affiliates. Such service providers (or their employees) may also source investment opportunities, be co-investors or commercial counterparties or entities in which TFM and/or Tetragon have an investment, and payments by Tetragon may indirectly benefit TFM.

Tetragon has in the past and may from time to time in the future pay a fee to an investment bank with respect to a particular transaction which fee may, in whole or in part, reflect a payment to the investment bank for finding deals for TFM, Tetragon and Other Funds in the future. As a result, Tetragon paying the fee to the investment bank may not receive the benefit of the future deals sourced by the investment bank and any Other Funds to which a deal is allocated will not be required to reimburse Tetragon for such fee.

Investors have in the past and may from time to time in the future be introduced to TFM, or may be brought in a Tetragon, by a third-party consultant from which TFM or a related person

purchases products and to which TFM or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

In addition, service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by TFM or its affiliates differ from those required by Tetragon, TFM and its affiliates will pay different rates and fees than those paid by Tetragon.

TFM and Tetragon will generally engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest (e.g., cross transactions and other affiliated transactions). Members of the law firms engaged to represent Tetragon may be shareholders of Tetragon and may also represent one or more portfolio investments or shareholders of Tetragon. In the event of a significant dispute or divergence of interest between Tetragon, TFM and/or its affiliates, the parties may engage separate counsel in the sole discretion of TFM and its affiliates, and in litigation and other circumstances, separate representation may be required.

Positions with Portfolio Investments

TFM Personnel may serve as directors of, or observers on boards with respect to, certain portfolio investments. While conflicts of interest may arise in the event that such TFM Personnel's fiduciary duties as a director conflicts with those of Tetragon, it is expected that generally the interests will be aligned. For instance, such positions could impair the ability of Tetragon to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on Tetragon. Furthermore, a TFM Personnel serving as a director to a portfolio investment owes a fiduciary duty to the portfolio investment, on the one hand, and Tetragon, on the other hand, and such TFM Personnel may be in a position where they must make a decision that is either not in the best interest of Tetragon, or is not in the best interest of the portfolio investment. TFM Personnel serving as directors may make decisions for a portfolio investment that negatively impact returns received by Tetragon investing in the portfolio investment. In addition, to the extent a TFM Personnel serves as a director on the board of more than one portfolio investment, such TFM Personnel's fiduciaries duties among the two portfolio investments may create a conflict of interest. Certain decisions made by a director may subject TFM, its affiliate or Tetragon to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, Tetragon will indemnify TFM and TFM Personnel from such claims. TFM Personnel serving in a director or observer role are required to remit any remuneration they may receive as directors to Tetragon. In addition, TFM Personnel may leave the employment of TFM or its affiliates and become an officer or employee of a portfolio investment, which may shift the burden of compensating such persons from TFM to the applicable portfolio investments.

TFM Personnel are prohibited from receiving consulting, management or other fees personally from portfolio investments.

From time to time TFM Personnel may also be asked to serve as directors of, or observers with respect to, certain entities in which Tetragon has fully exited its ownership interest and/or following the termination of such person's employment with TFM. In such circumstances, any compensation or fees received with respect to such exited investment and/or by such former employee are not shared with Tetragon and/or shareholders.

Other Potential Conflicts

Tetragon's Governing Documents establish complex arrangements among Tetragon, TFM, Other Funds and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Governing Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While TFM will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to Tetragon.

TFM and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Tetragon, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Tetragon expenses may result in "miles" or "points" or credit in loyalty/status programs to TFM and/or its personnel, and such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit TFM and/or such personnel even though the cost of the underlying service is being borne by Tetragon, its shareholders and/or the portfolio investments. Any such benefits, rewards and/or amounts will not be shared with Tetragon, shareholders and/or the portfolio investments. In addition, airline travel incurred as a Tetragon expense for TFM personnel travelling for appropriate Tetragon-related purposes (including, without limitation, travel related to a portfolio investment, a prospective portfolio investment or other Tetragon-related matter) may benefit such TFM personnel to the extent the trip also serves a personal purpose.

TFM has in the past and may, from time to time in the future, cause Tetragon to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure Tetragon, the applicable general partner, TFM and/or TFM Personnel and their respective agents, representatives, and other indemnified parties, against liability in connection with the activities of Tetragon. This may include a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by TFM that cover Tetragon and/or Other Funds and/or TFM (including TFM Personnel and their respective agents, representatives, members of the advisory committee and other indemnified parties). TFM will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among Tetragon and/or one or more Other Funds, and/or TFM on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in Tetragon bearing less (or more) premiums, fees, costs and expenses for insurance policies.

TFM may, from time to time, require, cause or invite Tetragon and/or a portfolio investment to make contributions to charitable initiatives, or other non-profit organizations that TFM believes could, directly or indirectly, enhance the value of Tetragon's investments, assist in completing an acquisition of a portfolio investment or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Funds or their portfolio investment. Such contributions could be designed to benefit employees of a portfolio investment, the community in which a portfolio investment operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio investment. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of TFM, portfolio investment management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with TFM, Tetragon or the portfolio investments. These relationships could influence TFM's decision whether to require, cause or invite Tetragon or the portfolio investments to make charitable contributions. Further, from time to time, such charitable contributions by Tetragon or the portfolio investments could supplement or replace charitable contributions that TFM would have otherwise made. Also, in certain instances, TFM may, from time to time, select a service provider or other counterparty to Tetragon or its investments based, in part, on the charitable initiatives of such person where TFM believes such charitable initiatives could, directly or indirectly, enhance the value of Tetragon's investments or otherwise be beneficial to the portfolio investments.

Tetragon may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, TFM or its related persons. In such a case, Tetragon shareholders will bear not only the direct management fees and other expenses associated with their investment in Tetragon, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to TFM or its related persons. Additionally, the interests of Tetragon, as an investor, may conflict with the interests of the underlying pooled investment vehicle or TFM or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for TFM.

TFM may represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. From time to time, TFM may serve as advisor to creditor or equity committees. This involvement, for which TFM may be compensated, may limit or preclude the flexibility that Tetragon may otherwise have to make investments.

If Tetragon purchases in the secondary market at a discount debt securities of a company in which Tetragon has, for example, a substantial equity interest, (a) a court might require Tetragon to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities, or (b) Tetragon might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

Certain Other Funds for which Tetragon Credit Partners acts as general partner are expected from time to time to make investments in CLOs, and will be entitled to receive payments from, or be charged discounted management fees by, LCM and other collateral managers, and are expected to purchase CLO securities at a discount, as a result of such vehicles also making equity investments in CLOs of such collateral managers. However, to the extent that any such vehicle makes

investments on the secondary markets in residual tranches or debt securities of CLOs (including CLOs managed by LCM), the vehicle may not be able to obtain discounts regarding management fees or otherwise. In addition, TFM or its affiliates may receive an interest in CLO managers who manage CLOs in which such vehicles have invested or will invest whether or not such entities are entitled to receive payments from, or be charged discounted management fees by, such collateral managers, and other members of the Tetragon group will be involved in such transactions and receive consideration in respect thereof.

Please see the discussion above under the sub-heading “*Resolution of Conflicts*” for a description of the means by which TFM and its related persons may seek to alleviate conflicts of interest among Tetragon or other persons.

Item 12 Brokerage Practices

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

TFM is responsible for choosing the brokers, dealers and counterparties (each for purposes of this section, a broker) used to execute securities transactions on behalf of TFM’s clients, subject to TFM’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 TFM believes that the transaction represents the best execution for the client. In making such determination, TFM may weigh a combination of the following factors, which include, but are not limited to:

- financial stability and capital adequacy (*e.g.*, satisfaction of Financial Industry Regulatory Authority’s (FINRA) minimum net capital requirements, etc.);
- whether the broker is a wholly owned subsidiary of a larger financial institution and/or whether its trades are cleared through a stronger third party (*i.e.*, a party with significant financial backing);
- regulatory and disciplinary history (*e.g.*, FINRA’s Central Registration Depository Disclosure Reporting Page, monetary fines or settlements);
- execution capability (*e.g.*, speed of execution, history of securing best price and competitive transaction charges);
- the broker’s operational efficiency including its ability to complete the transaction satisfactorily through to clearance, confirmation and delivery;
- the value of the research provided and other research assistance first calls and providing useful ideas and market color;
- access to underwritten offerings and secondary markets;
- responsiveness and qualifications, professionalism and diligence of personnel (*e.g.*, responsiveness to TFM);
- direct telephone lines from TFM to broker-dealers;
- institutional references from senior traders;

- trading experience (*e.g.*, the broker's expertise in effecting difficult trades in less liquid, smaller capitalized and more closely held issues);
- a broker's willingness to enter into difficult transactions, including transactions in which the broker's capital is put at risk;
- providing access to issuers;
- whether the broker possesses special abilities that have been demonstrated to add value to Tetragon's portfolios (*e.g.*, broker-dealer provides anonymity and has a reputation for integrity when handling transactions and maintaining confidentiality); and
- the facilities that the broker makes available (including trading networks, access to multiple floor brokers and markets and significant resources for positioning as principals).

TFM will seek competitive commissions and spreads; however, it does not necessarily obtain the lowest possible per transaction rate. TFM will only consider factors relevant to a specific transaction in determining best execution. Broker commissions are monitored on an ongoing basis by portfolio managers, TFM's Finance Group and the TMSCC.

Prime Brokers

TFM engages the services of certain prime brokers. The services provided by prime brokers to TFM include custody, execution, stock borrowing, clearing, financing, settlement, banking, foreign exchange, reporting and other related services. TFM 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 TFM 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 Tetragon) 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 Tetragon 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, TFM 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 TFM'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. TFM 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.

Trade Management Supervisory and Compliance Committee (TMSCC)

In addition to the continuous supervision of assigned portfolios and accounts by relevant persons, TFM has also established a TMSCC to provide additional supervision and monitoring of trading activities. The TMSCC generally meets quarterly and is comprised of representatives from the following groups: investment professionals, operations, legal, compliance, risk and finance.

The TMSCC has the following responsibilities:

- establish and maintain TFM's list of approved traders;
- approve broker-dealers through which TFM's traders may execute client trades, authorizing the removal of brokers from the list of approved brokers (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 approve any soft dollar arrangements;
- review proxy voting;
- review trade errors and determine 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;
- review of research usage;
- review of relevant legal, regulatory and compliance matters; and
- ensure adequate internal controls are maintained over TFM's trades and trading activities and general compliance infrastructure.

Research and other "Soft Dollars"

An 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 an investment adviser 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. An investment adviser benefits from these arrangements because it does not have to produce or pay for the research, products or services received. The investment adviser 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 an investment adviser'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 an investment adviser'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 a 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 a 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.

TFM does not currently enter into "soft dollar" arrangements with its broker-dealers, including for mixed-use products and services. To the extent TFM considers use of "soft dollar" arrangements TFM would amend its policies to ensure compliance with the applicable rules and regulations pertaining to these arrangements, and will only enter into arrangements within the Section 28(e) safe harbor requirements.

Aggregation of Orders

From time to time, TFM and/or its affiliates may purchase or sell the same security for several clients at approximately the same time. On such occasions, TFM can (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. When a bunched order is only partially filled, the securities purchased are allocated on a pro rata basis to each client participating in the bunched order based upon the initial amount requested for the client, subject to certain exceptions, and each participating client participates at the average share price for the bunched order on the same day.

Furthermore, TFM and its affiliates 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. Additionally, in bunching orders, TFM will act in a manner it believes is equitable for clients.

Item 13 Review of Accounts

TFM's Investment Committee is responsible for the investment management of Tetragon's portfolio. The investment committee currently sets forth the investment strategy and approves

each significant investment by Tetragon. The Investment Committee meets periodically and has an extended meeting monthly.

TFM's Risk Committee is currently responsible for the risk management of the portfolio and the business and performs active and regular oversight and risk monitoring. The Risk Committee meets periodically and has an extended meeting monthly.

Tetragon's portfolio is reviewed on a regular basis by our investment and risk committee, as discussed above, and the Chief Financial Officer and the Chief Compliance Officer, among others who also review the portfolio on a regular basis. 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 as country, sector, industry or firm level risk factors.

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

Item 14 Client Referrals and Other Compensation

For details regarding economic benefits provided to TFM by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

Although currently there are no such arrangements in place, TFM may in the future engage one or more persons to act as a placement agent for Tetragon in connection with the offer and sale of interests to certain potential investors.

Item 15 Custody

Item 15 is not applicable to TFM.

Item 16 Investment Discretion

TFM has discretionary authority to manage Tetragon based on the Governing Documents. TFM has the authority to determine the investment strategy to be pursued in furtherance of the investment objective, which strategy may be changed from time to time by TFM in its discretion.

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 TFM may be deemed to have authority to vote proxies relating to the companies in which it may invest on behalf of our clients, it has adopted a set of policies and procedures in compliance with such rules. To the extent that TFM exercises or is 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, or collectively proxies, is exercised in a manner that seeks to serve the best interest of TFM's clients.

From time to time, conflicts may arise between the interests of a client, on the one hand, and TFM's (or of its affiliates') interests, on the other hand. If TFM determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, it 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. TFM, in its sole discretion, may elect not to vote a proxy if unduly burdensome. The TMSCC reviews all proxies relating to client accounts as a part of its evaluation and meeting process.

Records relating to proxy voting and copies of TFM's proxy voting policies are available to investors upon request. To request a copy, please email the Legal, Regulatory and Compliance team at legal@tetragoninv.com.

Item 18 Financial Information

Item 18 is not applicable to TFM.

Item 19 Requirements for State-Registered Advisers

Item 19 is not applicable to TFM.