TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

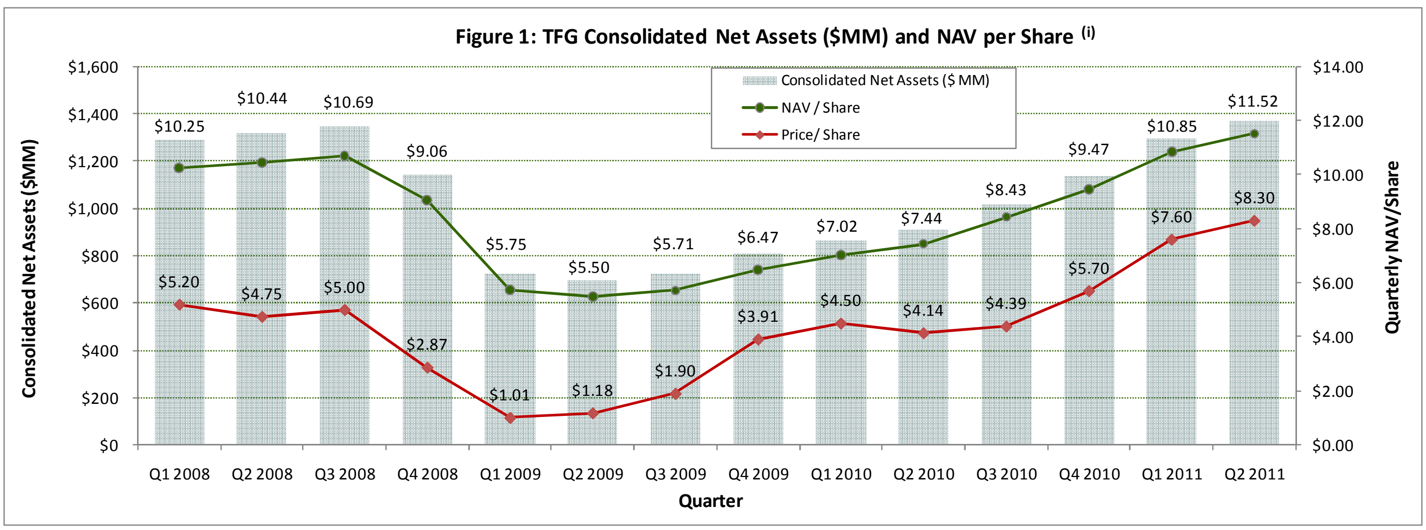
August 1, 2011

Tetragon Financial Group Limited (TFG) is a Guernsey closed-ended investment company traded on Euronext Amsterdam by NYSE Euronext under the ticker symbol "TFG." (1) In this report we provide an update on TFG's results of operations for the period ending June 30, 2011.(2)

❖ **Executive Summary**:

Corporate-Level Results

- Operating Results: TFG's investment portfolio continued to perform well in the second quarter of 2011. The company produced EPS of $0.74 (Q1 2011: $1.46) and consolidated net income of $88.1 million (Q1 2011: $174.7 million). Please see the Statement of Operations on page 17 for further detail. Consolidated net assets grew to $1,368.3 million or $11.52 per share (Q1 2011: $1,298.0 million or $10.85 per share). These results were driven mainly by continued improvements in the credit quality and structural strength of TFG's CLO investments, as well as nominal spread increases and a growing share of LIBOR floors within the U.S. CLO portfolio. Please refer to Figure 1 below for a historical summary of TFG's Consolidated Net Assets, NAV per share and share price.



(i) Source: NAV per share based on TFG's financial statements as of the relevant quarter-end date; TFG's closing share price data as per Bloomberg as of the last trading day of each quarter. Please note that the NAV per share reported as of each quarter-end date excludes any shares held in treasury as of that date.

- Cash Receipts and Balances: TFG's CLO investments continued to generate meaningful cash flows in the quarter. In Q2 2011, the CLO portfolio produced $102.4 million of gross cash from investments (Q1 2011: $90.9 million). The ending cash balance for the second quarter was $67.7 million, down from $147.0 million as of the end of the prior quarter, although as of June 30, 2011 the Company had $53.9 million of pending receivables from the sales of certain direct loans, all of which had been received as of July 31, 2011. In addition, as of the end of Q2 2011, TFG held approximately $96.7 million in market value of liquid U.S. leveraged loans, down from $103.2 million at the end of Q1 2011.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

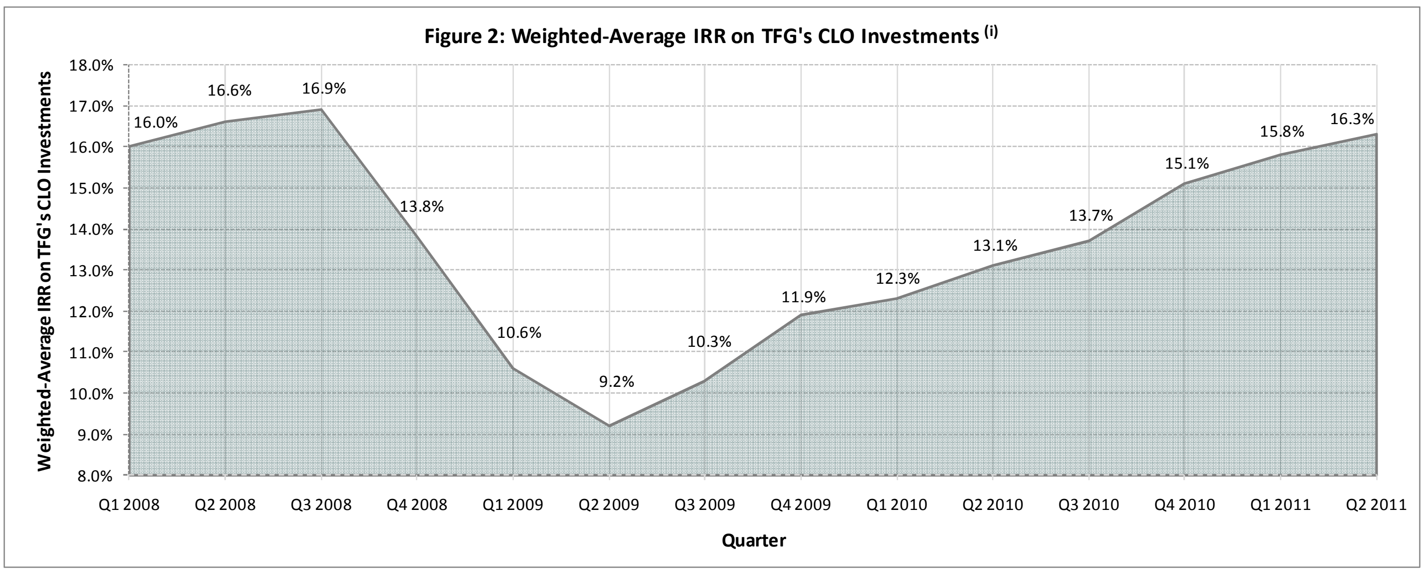
PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

❖ **Executive Summary (continued):**

Investment Portfolio Performance Highlights

- CLO Collateral Performance: In the context of improving fundamental credit conditions, TFG's CLO portfolio's underlying loan defaults and CCC-asset holdings continued to outperform market-wide averages.

- CLO IRRs: The weighted-average IRR of TFG's CLO portfolio ended Q2 2011 at 16.3%, up from 15.8% at the end of the previous quarter. This reflected, among other factors, continued gains in the credit quality and increased excess interest availability among certain of TFG's CLO investments. Please refer to *Figure 2* below for a historical summary of the weighted-average IRR on TFG's CLO investments.



(i) Source: TFG as of the outlined quarter-end date.

- New CLO Investments: During Q2 2011, the company invested approximately $32.7 million in a majority equity stake of a new issue CLO, LCM IX. The deal is managed by LCM Asset Management LLC ("LCM") and closed at the end of June 2011.

- Direct Loan Investments: TFG's direct holdings of bank loans decreased to a fair value of approximately $96.7 million as of the end of Q2 2011, down from $103.2 million as of the end of the prior quarter. The reduction in fair value was primarily the result of principal pay downs. The direct loan portfolio continued to perform well during this period, experiencing no defaults or downgrades.

TETRAGON FINANCIAL GROUP LIMITED (TFG)
PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

❖ **Executive Summary (continued):**

Asset Management Platform

- LCM: LCM performance was strong during Q2 2011, with all LCM Cash Flow CLOs continuing to pay senior and subordinated management fees.(3) As of the end of the second quarter, total loan assets under management were approximately $3.5 billion, up from $2.9 billion at the end of Q1 2011. This increase was driven by the issuance of LCM IX, which added approximately $650.0 million in managed assets. The increase in assets under management resulting from the issuance of LCM IX was partially offset by the continued amortization of LCM I, which is currently past its reinvestment period.
- GreenOak: GreenOak continues to build its team and execute on its business growth strategy.

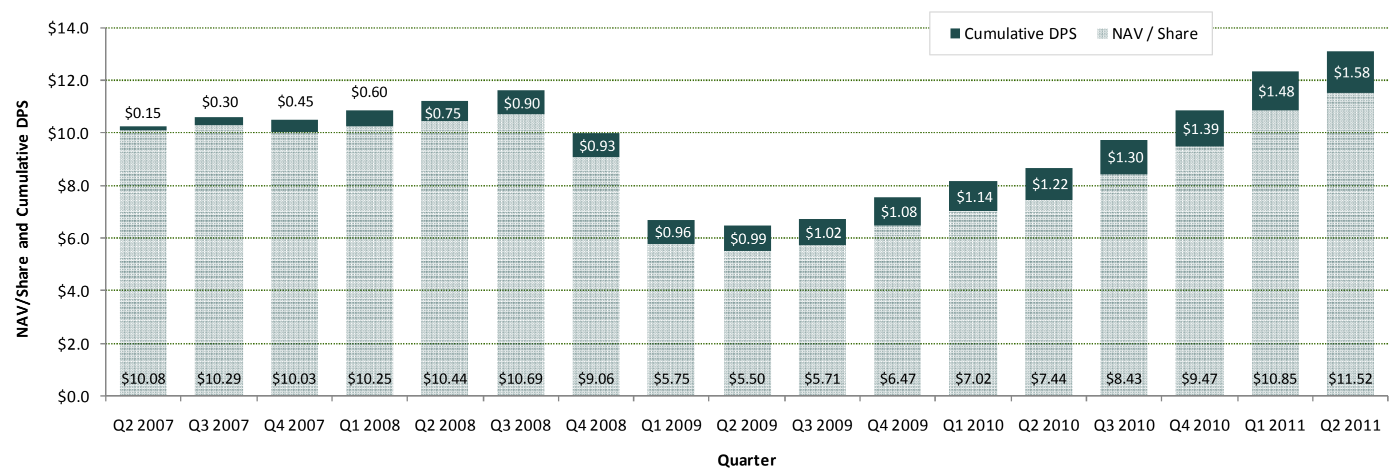
Performance Fee

A performance fee of $26.2 million was accrued in Q2 2011 in accordance with TFG's investment management agreement and based on a "Reference NAV" with respect to Q1 2011. The hurdle rate for the Q3 2011 incentive fee has been reset at 2.8936% (Q2 2011: 2.9489%) as per the process outlined in TFG's 2010 Audited Financial Statements and in accordance with TFG's investment management agreement.(4)

❖ **Corporate-Level Performance Details:**

- **Capital Distributions:** TFG's Board approved a dividend of $0.10 per share with respect to Q2 2011. Since its public listing, TFG has distributed approximately $1.58 per share via quarterly dividends.(5) In addition, TFG's NAV per share, as reported each quarter, among other things, reflects value created for shareholders via the repurchase of shares below NAV. Through the first six months of 2011, the Company repurchased a total of 1,948,814 shares at an aggregate cost of approximately $14.9 million. Please refer to *Figure 3* and *Figure 4* below for a historical summary of TFG's NAV per share, dividend distributions, and share buy-back program.

Figure 3: Quarterly TFG NAV per Share and Cumulative Dividends per Share (DPS) ($) (i)



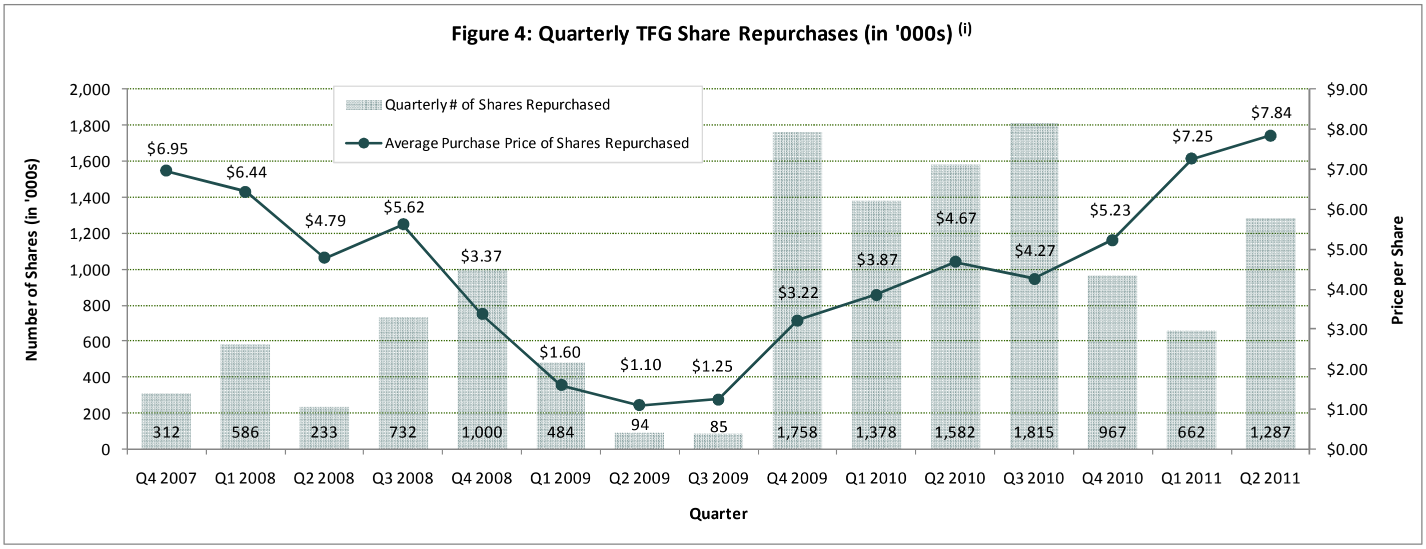
TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

(i) Source: NAV per share and Cumulative DPS as per TFG's financial disclosures for each relevant quarter-end date. The cumulative dividends per share reflect dividends announced but not necessarily paid with respect to each relevant quarter (as well as prior quarters). Please note that the NAV per share reported as of each quarter-end date excludes any shares held in treasury as of that date.

❖ **Corporate-Level Performance Details (continued):**

- **Capital Distributions (continued):**



(i) The Average Purchase Price of Shares Repurchased is a weighted-average using the number of shares repurchased each quarter and including commissions.

❖ **Investment Portfolio Performance Details:**

- **CLO Portfolio Size:** As of the end of Q2 2011, the estimated total fair value of TFG's CLO investment portfolio was approximately $1,149.7 million, up from approximately $1,098.5 million as of the end of the prior quarter. TFG's total indirect leveraged loan exposure through its CLO portfolio was approximately $18.4 billion as of the end of Q2 2011.(6)

- **CLO Portfolio Composition:** With the addition of one primary U.S. CLO equity investment, LCM IX, the CLO portfolio increased to 75 transactions during Q2 2011, up from 74 as of the end of Q1 2011. The total number of deals in the portfolio increased to 67 (up from 66 as of Q1 2011), while the number of external CLO managers declined to 27 as a result of further manager consolidation.(7)

- **CLO Collateral Performance:** As of the end of Q2 2011, approximately 98% of TFG's CLO investments were passing their junior-most O/C tests, weighted by fair value.(8) Similarly, 64, or approximately 96%, were passing when weighted by the number of deals. As a comparison, at the end of Q1 2011, 98% of TFG's CLO investments were passing their junior-most O/C tests by fair value, and 63, or approximately 95%, were passing based on the number of deals. The increase in the percentage of transactions passing their junior-most O/C tests based on the number of deals reflected the acquisition of LCM IX CLO at the end of Q2 2011.

  The performance of TFG's U.S. CLOs continued to be strong, with 100% of U.S. CLOs by fair value and by number passing their junior-most O/C tests (note that U.S. CLOs represented approximately 87% of the total fair value of TFG's CLO investment portfolio as of June 30, 2011).(9)(10) In comparison, the market-wide average of U.S. CLOs estimated to be passing their junior O/C tests as of the end of

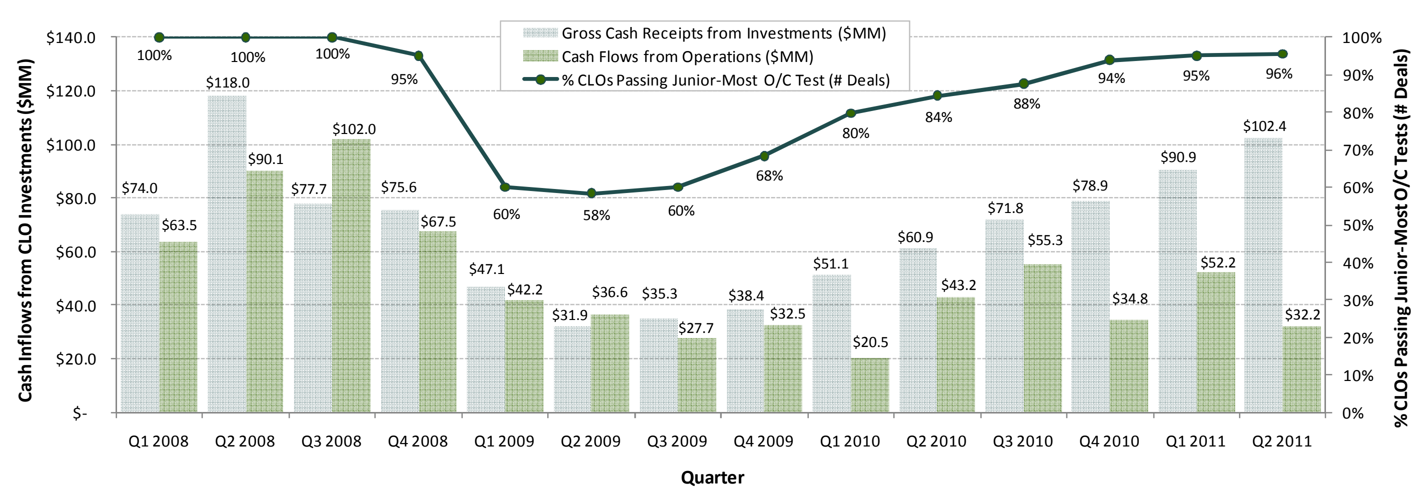
TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

Q2 2011 was approximately 94.0% (when measured on a percentage of deals basis).[11] Please refer to *Figure 5* below for a historical summary of TFG's investments' junior O/C test performance.

❖ **Investment Portfolio Performance Details (continued):**

Figure 5: TFG's Gross Investment and Operating Cash Flows ($MM) vs. % of CLOs Passing Junior-Most O/C Tests [(i)(ii)]



(i) The percentage of TFG's CLOs passing their junior-most O/C tests has been calculated as the ratio of the number of deals passing their junior O/C tests to the total number of CLO deals held by TFG as of the applicable quarter-end date.

(ii) Gross Cash Receipts from Investments refer to the actual cash receipts collected during each quarter from TFG's CLO investments. Cash Flows from Operations refer to cash inflows from investments less expenses and net cash settlements on FX and credit hedges.

- **CLO Portfolio Credit Quality:** As of June 30, 2011, the weighted-average percentage of corporate obligors rated Caa1/CCC+ or below in TFG's 75 CLO transactions was 7.2% compared to an approximate 7.8% weighted-average maximum level permitted under the terms of the investments.[12] By comparison, the market-wide median CCC asset holdings of U.S. CLOs was estimated to be approximately 7.5% as of the end of Q2 2011.[13] TFG's weighted-average WARF stood at approximately 2,642 as of the end of Q2 2011. Each of these foregoing statistics represents a weighted-average summary of all of our 75 CLO transactions.[14] Each individual investment's metrics will differ from this average and vary across the portfolio.

TFG Investment Weighted-Average Summary

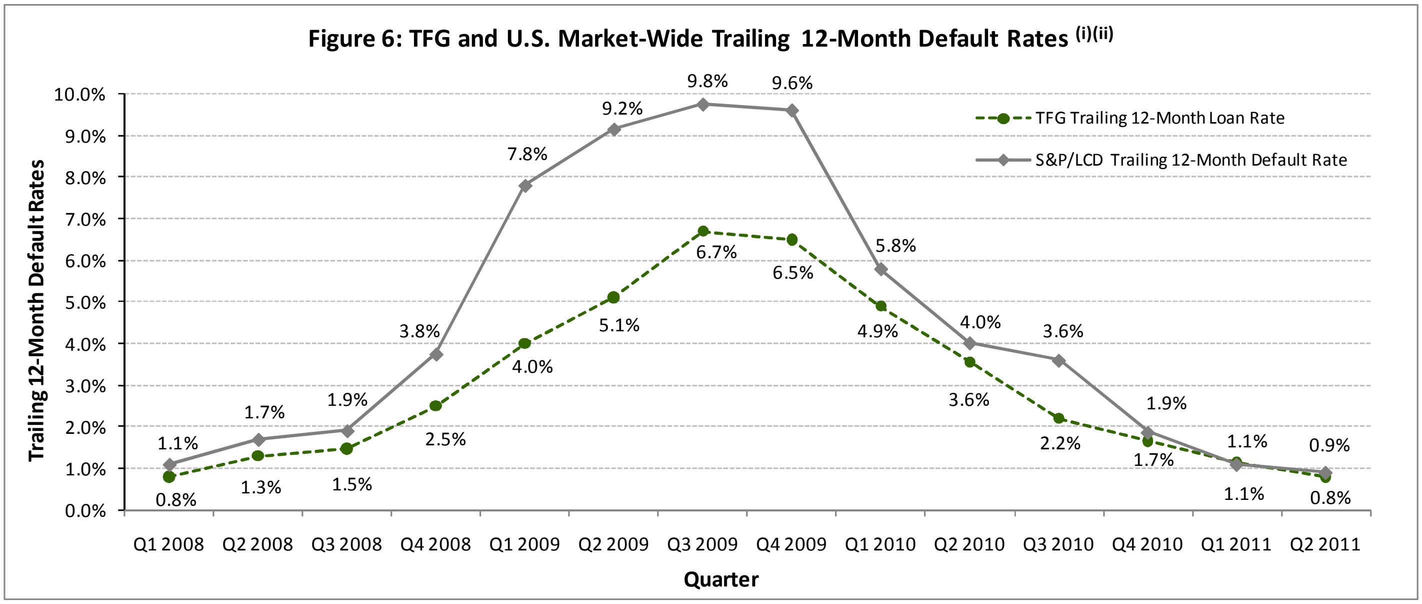
	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Caa1/CCC+ or Below Obligors:	7.2%	7.6%	8.3%	9.6%	10.5%	11.1%	12.0%	12.6%	11.6%	11.4%	7.6%	4.9%	4.4%
WARF:	2,642	2,664	2,671	2,658	2,706	2,762	2,809	2,813	2,800	2,758	2,577	2,490	2,472

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

❖ **Investment Portfolio Performance Details (continued):**

- **TFG and Market Default Rates:** TFG's lagging 12-month corporate loan default rate fell to 0.8% at the end of Q2 2011 from 1.1% as of the end of Q1 2011.[(15)] The lagging 12-month U.S. institutional loan default rate, by comparison, declined to 0.91% by principal amount as of June 30, 2011.[(16)] Please refer to *Figure 6* below for a historical summary of TFG's CLO investments' default performance.



(i) Source: TFG as of the outlined quarter-end date. The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a "Selective Default" rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's investment portfolio includes approximately 13% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.

(ii) Source: S&P/LCD Quarterly Review as of the outlined quarter-end date.

- **Direct Loan Investments:** As of June 30, 2011, TFG owned liquid U.S. bank loans with an aggregate par amount of approximately \$98.4 million and total fair value of \$96.7 million. This portfolio continued to perform well during the quarter, benefiting from improvements in credit quality as well as strong technical loan market conditions. No defaults or downgrades were registered in the portfolio during the period. From inception through the end of Q2 2011, the portfolio generated approximately \$1.7 million of net realized gains. In addition, the portfolio earned \$5.7 million of interest income and discount premium over the same time period.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

Asset Management Platform Details:

- **LCM Developments**: LCM's operating results and financial performance remained strong throughout Q2 2011, with all senior and subordinated CLO management fees on LCM Cash Flow CLOs current as of June 30, 2011. (17) The team was also able to successfully close the LCM IX CLO, which was upsized from $410.0 million to $666.25 million on the heels of strong investor demand. Taking into account all LCM-managed vehicles, the gross income for Q2 2011 for LCM totaled $3.9 million, compared to an average quarterly income in 2010 of approximately $3.2 million. Pre-tax profit for the entire LCM business, of which TFG owns 75%, was approximately $1.9 million as of the same period (2010 quarterly average of $1.4 million). TFG continues to leverage and benefit from the LCM team's expertise in the ongoing management of the company's direct loan investment portfolio.

LCM Asset Management Performance Snapshot						
	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Gross Fee Income ($MM)	$3.9	$3.8	$3.4	$3.0	$2.9	$3.3
Pre-tax Income ($MM)	$1.9	$1.9	$1.1	$1.4	$1.4	$1.9

- **GORE Developments:** GreenOak continues to build its team and execute on its business growth strategy, including the first closing for its U.S. investment program, the launch of a Japanese investment program, and advisory work. TFG has recently funded a relatively small portion of its capital commitments to the U.S. fund in Q2 2011 and more recently an acquisition of a Japanese asset in July 2011.

❖ **Loan and CLO Market Developments:**

- **U.S. leveraged loan default rate continues to decline:** The U.S. lagged 12-month loan default rate fell to 0.91% by principal amount as of June 30, 2011, down from 1.1% as of Q1 2011, a level well-below the historical average of 3.62%.(18) This continued decline in the volume of defaults can be attributed to, among other things, strong EBITDA growth among certain leveraged loan borrowers, the successful execution of de-leveraging and restructuring programs to mitigate near-term default catalysts, as well as the fact that the weakest companies have already defaulted in the midst of the recent recession and credit crisis (so called "survivor bias"). While we believe that the aforementioned decline in defaults is mainly grounded in solid fundamental underpinnings, such as earnings growth and strong corporate balance sheets, many market participants remain cautious in their mid-term default outlook given the sluggish pace of economic recovery in the United States, presence of significant macroeconomic and geopolitical downside risks, and dependence of leveraged loan borrowers on continued access to well-functioning capital markets.

- **U.S. loan prepayments remain strong:** During Q2 2011, the U.S. S&P/LSTA Leveraged Loan Index quarterly prepayment rate declined to 10.6% from 17.7% the prior quarter.(19) Whilst this level remains above historical average levels, the quarter-on-quarter reduction in repayment rate primarily reflects a slower pace of refinancing activity during Q2 2011 versus the first quarter.

❖ Loan and CLO Market Developments (continued):

- **Secondary loan market prices retreat:** Secondary loan prices declined at the end of Q2 2011, reflecting broader negative market trends in the context of the Greek sovereign debt crisis and disappointing U.S. economic indicator readings. The average price of the U.S. S&P/LSTA Leveraged Loan Index declined approximately $1.3 to $96.8 from the end of Q1 2011.[20] Nonetheless, year-to-date returns for the S&P/LSTA U.S. Leveraged Loan Index were positive, reaching 2.66% as of June 30, 2011.[21] Similarly, the S&P European Leveraged Loan Index (ELLI), lost 1.51% for the month of June, while remaining in positive territory for the year with a total year-to-date return of 2.83%. [22]

- **"Maturity cliff" erosion continues:** During Q2 2011, corporate borrowers continued to reduce the size of the so-called "maturity cliff" via a mix of amendments, pay downs and high-yield bond take-outs. During Q2 2011, issuers paid down or extended approximately $49.3 billion of S&P/LSTA Index loan maturities due by year-end 2014, up from $39.6 billion during Q1 2011, bringing the total reduction to approximately $89.9 billion for the year.[23] As the high yield markets cooled during the second quarter, maturity reductions were accomplished primarily via amendments as well as traditional, "straight repayments" from companies' existing cash reserves, as opposed to bond-for-loan take-outs, reflecting the strong cash flows profiles of these borrowers.[24]

- **Primary loan issuance volumes decline in the U.S. but rise in Europe:** Q2 2011 U.S. institutional loan issuance totaled $76.5 billion, down approximately 26% from the end of Q1 2011.[25] This quarter-on-quarter deceleration reflected a notable decline in re-pricing activity during Q2 2011, which became less attractive and feasible as secondary loan prices and new issue clearing levels widened.[26] Nonetheless, excluding re-pricings, arrangers launched $61.8 billion of new issue loans, which is the highest level recorded since Lehman's bankruptcy.[27] Similarly, the volume of U.S. M&A-related issuance rose to $35.0 billion, the highest total since the final three months of 2007.[28] European primary loan issuance volumes, where re-pricing activity never reached the pace of the United States, also rose to €16.0 billion during Q2 2011, up from approximately €11.8 billion in Q1 2011.[29]

- **U.S. loan re-pricing activity slows:** The elevated fundamental uncertainty and financial market volatility which characterized the second quarter translated to a marked reduction in the Q2 2011 volume of institutional loan re-pricings in the United States, as loan issuers reduced spreads on only $14.8 billion of loans during the quarter versus approximately $61.1 billion during Q1 2011.[30] Amend-to-extend activity, however, picked-up with maturities pushed-out on $23.4 billion of U.S. loans during Q2 2011.[31] With the supply of loans exceeding demand, overall market conditions became more favorable to loan investors during this quarter and many market participants anticipate that the tone of the market will remain more balanced in the near-term. [32]

- **O/C ratios improve in both the U.S. and Europe:** During Q2 2011, O/C ratios of U.S. CLOs strengthened on average. According to Morgan Stanley, the median junior O/C test cushion for U.S. CLOs increased to 3.47% as of June 30, 2011, up from 3.25% as of the end of the prior quarter.[33][34] The median junior O/C test cushion for European CLOs also increased, ending Q2 2011 at 1.68%, up from 1.32% as of the end of Q1 2011.[35][36]

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

❖ **Loan and CLO Market Developments (continued):**

- **CLO new issuance market gains momentum:** U.S. arbitrage-driven CLO issuance reached $5.7 billion as of the end of Q2 2011 as twelve transactions were priced during the quarter, including four in June alone.(37) In addition to this growth in issuance volumes, AAA-rated new issue liability spreads continued to tighten throughout the quarter (to LIBOR+ 120-125 bps) providing further evidence of increased investor appetite for CLO credit risk.(38) The combination of tighter senior liability pricing, widening asset spreads, rating agency methodology changes, and increased mezzanine demand has allowed for greater CLO leverage, and thereby potentially improving expected CLO equity economics. Market participants continue to expect that 2011 arbitrage-driven CLO volumes are on track to reach $10-15 billion.(39)

- **CLO secondary price rally cools amidst greater volatility:** Despite continued improvements in the structural and credit quality of U.S. and European CLOs, evidenced by improving O/C ratios and declining CCC-asset holdings, CLO debt spreads widened at the end of Q2 21011 in the context of poor macroeconomic news, the Greek sovereign debt crisis and elevated financial market volatility. Originally AAA-rated CLO tranches lost approximately one point in the last month of the quarter, while mezzanine tranches declined by approximately $2-$5 points. (40) BWIC ("Bid Wanted in Comp") volume, however, remained substantial, with approximately $15.0 billion trading year-to-date versus $10.0 billion over the same period in 2010.(41)

- **Moody's new CLO rating methodology:** In June 2011, Moody's finalized changes to its modeling framework for global CLOs. According to Moody's, the key changes were: (1) the removal of a temporary 30% macro stress to default probabilities, (2) higher liability stress factors, and (3) an increase in assumed first-lien loan recovery rates.(42) Following the publication of the revised methodology, Moody's placed on review for possible upgrade 4,220 tranches then rated Aa1 or below, with an outstanding balance totaling $237.0 billion, representing 782 separate transactions or approximately 80% of all outstanding cash-flow CLO tranches.(43) Moody's estimates that these changes will result in upgrades to "nearly all of these tranches," ranging from 1-3 notches on the senior tranches and 1-5 notches on the mezzanine tranches. (44) The review process is expected to be completed within the next six months.(45)

  Based on a preliminary analysis, RBS estimates that Moody's upgrades may permit approximately 42% of outstanding CLOs to continue to reinvest prepayments post their reinvestment periods by turning-off the so called "restricted trading conditions" triggered by prior downgrades.(46) While "restricted trading condition" provisions vary across CLOs, they typically require that senior tranches maintain their original ratings and mezzanine tranches remain within 1-2 notches of original ratings, by Moody's and/or S&P. CLOs with Moody's-only based rating requirements and those with the greatest permitted rating differentials between original and current ratings will benefit the most from Moody's upgrades. As noted in our Q1 2011 report, we continue to believe that Moody's upgrade actions may have a positive effect on TFG's CLO investments, by allowing certain of our CLO managers to continue to reinvest unscheduled repayments post their reinvestment periods, thus slowing the process of de-leveraging and potentially extending the benefit of historically tight liabilities in the context of wide asset spreads and LIBOR floors.

❖ Loan and CLO Market Developments (continued):

- **Securitization regulatory changes:** In the U.S., the Notice of Proposed Rulemaking ("NPR") period during which regulations are expected to clarify risk-retention requirements applicable to CLOs pursuant to the Dodd-Frank Act is expected to conclude in August 2011.[47] As noted in our Q1 2011 report, European risk retention rules Article 122a of the Capital Requirements Directive have been effective for new securitizations since January 2011, but are in early stages of implementation. Market participants believe that the current regulatory uncertainty may have a dampening effect on the new issue CLO market, permitting only large, well-capitalized CLO managers to issue new transactions and providing impetus for further CLO manager consolidation.

❖ Fair Value Determination for TFG's CLO Investments:

- In accordance with the company's valuation policies as set forth on the company's website, the values of TFG's CLO investments are determined using a third-party cash flow modeling tool. The model contains certain assumption inputs that are reviewed and adjusted as appropriate to factor in historic, current and potential market developments on the performance of TFG's CLO investments. Since this involves modeling, among other things, forward projections over multiple years, this is not an exercise in recalibrating future assumptions to the latest quarter's historical data.

- Subject to the foregoing, when determining the U.S. GAAP-compliant fair value of TFG's portfolio, the company seeks to derive a value at which market participants could transact in an orderly market and also seeks to benchmark our inputs and resulting outputs to observable market data when available and appropriate. Fundamentally, the valuation process involves two stages. In stage one, future cash flows for each transaction in the CLO portfolio are modeled, using our base case assumptions. In stage two, a discount rate reflecting the perceived level of risk is applied to those future cash flows to generate a fair value for each transaction. Prior to the financial crisis, with TFG's CLO portfolio performing well in a generally benign credit environment, the IRRs on TFG's CLO investments were considered to adequately reflect the relative risk to their applicable cash flows and therefore, amortized cost reflected fair value. Due to elevated market risk premia over the last couple of years, among other factors, this effective discount rate used to derive fair value has typically been higher than each transaction's IRR since the financial crisis and therefore, in such instances, has resulted in a fair value which is lower than the transaction's amortized cost. The difference between these two figures, on an aggregate basis across the CLO portfolio, has been characterized as the "ALR Fair Value Adjustment" or "ALR."

❖ Forward-looking Cash Flow Modeling Assumptions Unchanged vs. Q1 2011

- The Investment Manager reviews, and adjusts in consultation with the Company's audit committee, as appropriate the CLO investment portfolio's modeling assumptions to factor in historic, current and potential market developments on the performance of TFG's CLO investments. At the end of Q4 2010, certain assumptions were recalibrated, focusing in particular on improvements in near-term projections for default rates. As we have moved through Q2 2011, rating agency and investment bank research reports, as well as observable market data continued to indicate that the default environment for U.S. loans would remain benign.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

Forward-looking Cash Flow Modeling Assumptions Unchanged vs. Q1 2011

- Although these data points suggest that TFG's near-term assumptions may potentially be viewed to be at the conservative end of the range, we have continued to hold the assumptions unchanged vs. Q4 2010. The key assumption variables have been summarized on the following page and are discussed below the assumptions table.

Variable	Year	Assumptions as of June 30, 2011
CADR		
	2011	1.0x WARF-implied default rate (2.2%)
	2012-2014	1.5x WARF-implied default rate (3.2%)
	Thereafter	1.0x WARF-implied default rate (2.2%)
Recovery Rate		
	Until deal maturity	71%
Prepayment Rate		
	Until deal maturity	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price		
	2011	99%
	Thereafter	100%

- **Constant Annual Default Rate ("CADR"):** The CADR for 2011 is equivalent to 1.0x the WARF-implied default rate or approximately 2.2%. Consensus market expectations continue to be that defaults will remain significantly below their long-term average over the remainder of the year. That has continued to be the experience during Q2 2011, with the U.S. lagged 12-month loan default rate falling to 0.91% as of June 30, 2011.[48] Beyond 2011, the default assumption remains elevated at 1.5x the WARF-implied default rate for 2012-2014, followed by 1.0x the WARF-implied default rate thereafter, reflecting, among other things, heightened risks in the mid-term as a result of macro-economic uncertainty and the so-called "maturity cliff." As mentioned earlier in the report, progress is being made in tackling near and mid-term maturities and we will continue to monitor our medium-term assumptions in light of these developments.

- **Recovery Rate:** We retain our long-term assumption of an average recovery rate of approximately 71% for the life of each CLO transaction.

- **Prepayment Rate:** Observable loan prepayment rates remained above average historical levels in the second quarter of 2011, as detailed earlier in the report. However, mindful of the fact that prepayment rates can experience significant volatility, we have maintained our long-term prepayment rate assumption of 20% p.a. on loans and 0% p.a. on bonds, throughout the life of each CLO transaction.

- **Reinvestment Price and Spread:** The reinvestment price assumption is 99% for the remainder of 2011, which generates an effective spread over LIBOR of approximately 289 bps on broadly syndicated U.S. loans, 329 bps on European loans, and 358 bps on middle market loans. From 2012, the reinvestment price assumption remains at 100% of par until the maturity of each of our investments.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

❖ Application of Discount Rate to Projected Cash Flows and ALR

- We have noted in the 2010 TFG Annual Report and other reports that over the course of the second half of 2010 and beginning of 2011, certain observable data and research, covering both CLO equity and more senior tranches (including BB and BBB-rated notes), suggested that the risk premium for CLOs in general and CLO equity in particular has been declining. In response to this evidence TFG's discount rates were reduced at the end of Q1 2011 to 20% for the stronger deals and 25% for the remainder of the portfolio, giving a weighted-average discount rate of approximately 21%, which still represented a significant spread over the aforementioned BB and BBB – rated CLO liability spreads. Although over the course of this last quarter BB and BBB- spreads fluctuated and ended the period slightly wider than at the end of Q1 2011, TFG's discount rate levels were unchanged. We will continue to monitor these as well as other evidence of changes in risk premium as we move forward into Q3 2011.
- In addition to the level of discount rates, the split of transactions between the two discount rate categories can also change in the context of each deal's actual structural strength measured by actual O/C ratios compared to expected O/C ratios for performing transactions. During the course of the quarter, six deals migrated into the stronger deal category, which had the effect of increasing the fair value of the CLO portfolio by approximately $8.4 million. This reflected the continued structural quality improvements referred to in the investment portfolio section.
- Through the valuation process described above, as of the end of Q2 2011, the ALR has been reduced to approximately $133.8 million as compared to $155.7 million at the end of Q1 2011.
- The average carrying value of TFG's U.S. CLOs, which accounted for approximately 86% of the investment portfolio by fair value, was approximately 76% of par as of the end of Q1 2011, up marginally from approximately 75% of par at the end of Q1 2011.
- We believe that TFG has played a leading role in the re-opening of the primary CLO market with the launch of LCM VIII in Q4 2010 and LCM IX in Q2 2011. Such post-crisis CLO transactions differ from pre-crisis transactions in several ways, including, among other features, generally having potentially better quality pools of collateral, shorter non-call periods, shorter maturities and lower leverage. An important relevant observable piece of data when assessing the perceived risk of such new issue transactions is the price of the CLO equity position and resultant IRR at the time of acquisition. Consequently, the IRR is in these cases a more appropriate discount rate to use in discounting the applicable cash flows and therefore, amortised cost reflects fair value. In sum, for post-crisis vintage CLOs, such as LCM VIII and LCM IX, the application of the 20% or 25% discount rates described above is unwarranted. We will continue to monitor observable data on such post-crisis transactions to determine whether the IRR remains the appropriate effective discount rate.
- With no recalibration of the modeling assumptions during Q2 and the effective discount rate broadly unchanged, the key driver in the increase in fair value which forms part of the $65.0 million of quarterly unrealized appreciation in investments and Net Income of $88.1 million per the Statement of Operations, was, therefore, the result of improvements in expected cash flows as deals strengthened, as described earlier in the report.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

❖ **Hedging Activity**

As of June 30, 2011, the Company had no direct credit hedges in place, but employed certain foreign exchange rate and "tail risk" interest rate hedges to seek to mitigate its exposure to Euro-USD foreign exchange risk and a potential significant increase in U.S. inflation and/or nominal interest rates, respectively. Any potential losses on the above-mentioned interest rate hedges would be limited to the loss of premium paid, totaling approximately $17.8 million as of the end of Q2 2011. We review our hedging strategy on an on-going basis as we seek to address identified risks to the extent practicable and in a cost-effective manner. In the future, our hedging strategy may include the use of single name or index credit hedges, foreign exchange rate hedges, and interest rate hedges, among others.

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

❖ **Outlook Summary:**

Q2 2011 witnessed incremental improvements in CLO credit fundamentals and structural strength, realized despite heightened asset price volatility and macroeconomic uncertainty. During this quarter, TFG's CLO and direct loan portfolios continued to generate significant cash flows, benefiting from wide loan spreads, LIBOR floors, and low credit losses and downgrades to Caa1/CCC+ or below. Given the progress achieved to date in shoring up both corporate balance sheets and CLO O/C test cushions, we remain constructive in our near-term outlook for the performance of the company's investments. While we remain concerned about a number of potential negative shocks, including among others, sovereign credit distress, geopolitical unrest, and rising commodity prices, we believe that the headroom achieved by underlying leveraged loan borrowers and the structural cushion built by CLO managers to date, may allow TFG's investments to withstand a greater amount of stress than may have been possible only a few quarters before.

We also believe that ratings upgrades, driven by Moody's methodology changes, improving credit quality, and the structural robustness of CLOs, may create further positive tail-winds for TFG's CLO portfolio by allowing certain of our CLOs to potentially extend the benefits of their historically-tight liabilities beyond their reinvestment periods. Furthermore, Moody's rating upgrades may help broaden the CLO investor base by reducing the regulatory capital holding requirements of these investments for certain investors, thus potentially providing support for CLO debt demand and prices. On the new issue CLO front, we are encouraged by the pick-up in issuance volumes this quarter, as well as the accompanying tightening of AAA-rated liability spreads and the return of structural leverage closer to levels achievable before the credit crisis. We anticipate that these developments bode well for our ability to continue to invest in new issue CLO equity with attractive risk-adjusted returns and structural characteristics, managed by LCM as well as select third-party managers. While uncertainty around the implementation of risk-retention regulations in the U.S. and Europe remains significant, we continue to believe that TFG's strong financial position and permanent capital base, may allow the company to weather any adverse changes more easily than other participants in the CLO market.

As we look toward the remainder of the year, we expect to focus on taking advantage of attractive investment opportunities in varied asset classes, including the CLO and leveraged loan markets, and expanding our burgeoning asset management business. We believe that the successful issuances of LCM VIII and LCM IX demonstrate LCM's ability to attract investment capital. The other component of our asset management platform, GreenOak, also continues to make progress in executing on its business growth strategy. We expect GreenOak to continue to look for attractive real estate investments around the world and we will report on any future developments. Over the long-term, we expect to continue the company's transition to a broadly diversified financial services firm. We believe that doing so will strengthen TFG's income streams and ultimately create value for TFG shareholders.

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

Directors' Statements:

The Directors of TFG confirm that (i) this Performance Report constitutes the TFG management review for the six month period ended 30 June 2011 and contains a fair review of that period and (ii) the financial statements in the accompanying unaudited interim report for the six month period ended 30 June 2011 for TFG have been prepared in accordance with applicable laws and in conformity with accounting principles generally accepted in the United States of America.

❖ **Quarterly Investor Call**

We will host a conference call for investors on August 4, 2011 at 15:00 GMT/16:00 CET/10:00 EDST to discuss Q2 2011 results and to provide a company update.

The conference call may be accessed by dialing +44 (0)20 7162 0025 and +1 (877) 491-0064 (a passcode is not required). Participants may also register for the conference call in advance via the following link:
https://eventreg1.conferencing.com/webportal3/reg.html?Acc=247751&Conf=179214

A replay of the call will be available for 30 days by dialing +44 (0) 20 7031 4064 and +1 954 334 0342, access code 876111 and as an MP3 recording on the TFG website.

For further information, please contact:

TFG:

David Wishnow/Yuko Thomas
Investor Relations
ir@tetragoninv.com

Press Inquiries:

Brunswick Group
Andrew Garfield/Gill Ackers/Pip Green
polygon@brunswickgroup.com

Expected Upcoming Events	Date
Q2 Dividend Record Date	August 03, 2011
Quarterly Investor Call	August 04, 2011
July 2011 Monthly Report	August 18, 2011 (approx)
Q2 Dividend Payment Date	August 26, 2011

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

TETRAGON FINANCIAL GROUP Financial Highlights	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Quarterly Average
Net Income ($MM)	$88.1	$174.7	$132.0	$125.0	$55.6	$72.5	$108.0
EPS ($)	$0.74	$1.46	$1.09	$1.03	$0.45	$0.58	$0.89
CLO Cash Receipts ($MM) [(1)]	$102.4	$90.9	$78.9	$71.8	$60.9	$51.1	$76.0
CLO Cash Receipts per Share ($)	$0.86	$0.76	$0.66	$0.59	$0.50	$0.41	$0.63
Net Cash Balance ($MM)	$67.7	$147.0	$140.6	$187.9	$156.2	$172.6	$145.3
Net Assets ($MM)	$1,368	$1,298	$1,138	$1,019	$909	$867	$1,100
Number of Shares Outstanding (million)	118.8	119.6	120.1	120.8	122.2	123.6	120.9
NAV per Share ($)	$11.52	$10.85	$9.47	$8.43	$7.44	$7.02	$9.12
DPS ($)	$0.10	$0.09	$0.09	$0.08	$0.08	$0.06	$0.08
Weighted Average IRR on Completed Transactions (%)	16.3%	15.8%	15.1%	13.7%	13.1%	12.3%	14.4%
Number of CLO Investments [(2)]	75	74	70	68	68	68	71
ALR Fair Value Adjustment ($MM)	($133.8)	($155.7)	($258.0)	($274.7)	($330.7)	($339.5)	($248.7)

[(1)] Gross cash receipts from CLO portfolio.

[(2)] Excludes CDO-squared and ABS CDO transactions written off in October 2007. TFG continues to hold the economic rights to 3 of these written-off transactions.

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

TETRAGON FINANCIAL GROUP Quarterly Statement of Operations as at 30 June 2011				
Statement of Operations	**Q2 2011 ($MM)**	**Q1 2011 ($MM)**	**Q4 2010 ($MM)**	**Q3 2010 ($MM)**
Interest income	52.0	48.4	46.5	45.8
CLO management fee income	3.9	3.8	3.4	3.0
Other income	1.5	1.5	1.4	0.5
Investment income	**57.4**	**53.7**	**51.3**	**49.3**
Management and performance fees	(31.2)	(59.9)	(45.6)	(42.7)
Admin/ custody and other fees	(4.1)	(5.7)	(3.5)	(2.7)
Total operating expenses	**(35.3)**	**(65.6)**	**(49.1)**	**(45.4)**
Net investment income	**22.1**	**(11.9)**	**2.2**	**3.9**
Net change in unrealised appreciation/(depreciation) in investments	65.0	184.5	128.8	121.3
Realised gain/(loss) on investments	-	0.6	0.5	0.3
Realised and unrealised gains/(losses) from hedging and fx	2.4	2.9	1.2	0.2
Net realised and unrealised gains/(losses) from investments and fx	**67.4**	**188.0**	**130.5**	**121.8**
Income taxes	(1.0)	(1.0)	(0.4)	(0.4)
Noncontrolling interest	(0.4)	(0.5)	(0.3)	(0.3)
Net increase/(decrease) in net assets from operations	**88.1**	**174.7**	**132.0**	**125.0**

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

TETRAGON FINANCIAL GROUP Balance Sheet as at 30 June 2011	Jun-11 $MM
Assets	
Investments in securities, at fair value	1,252.1
Intangible assets - CLO management contracts	0.2
Cash and cash equivalents	67.7
Amounts due from brokers	11.2
Derivative financial assets - interest rate swaptions	18.9
Amounts receivable on sale of investments	53.9
Coupons receivable on CLOs	2.0
Other receivables	2.0
Total Assets	**1,408.0**
Liabilities	
Other payables and accruals	30.7
Amounts payable to Guernsey Feeder	0.5
Amounts payable on Share Options	3.7
Income and deferred tax payable	1.2
Derivative financial assets - forward contracts	1.3
Total Liabilities	**37.4**
Net Assets Before Noncontrolling Interest	**1,370.6**
Noncontrolling interest	2.3
Total Equity Attributable to TFG	**1,368.3**

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

TETRAGON FINANCIAL GROUP Statement of Cash Flows for the Period Ended 30 June 2011	Jun-11 $MM (YTD)
Operating Activities	
Operating cash flows before movements in working capital after dividends paid to Guernsey feeder	83.8
Increase / (decrease) in payables	(1.4)
Cash flows from operating activities	**82.4**
Investment Activities	
Proceeds on sales of investments	
- Proceeds from the sale of bank loans	36.5
Purchase of investments	
- Purchase of CLOs	(46.6)
- Purchase of bank loans	(107.9)
- Purchase derivatives - swaptions	(17.8)
- Other purchases	(0.7)
Maturity and prepayment of investments	20.0
Cash flows from operating and investing activities	**(34.1)**
Amounts due from broker	(6.9)
Net Purchase of shares	(10.4)
Dividends paid to shareholders	(21.5)
Cash flows from financing activities	**(38.8)**
Net decrease in cash and cash equivalents	(72.9)
Cash and cash equivalents at beginning of period	140.6
Cash and cash equivalents at end of period	**67.7**

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

CLO PORTFOLIO DETAILS
AS OF JUNE 30, 2011

Transaction	Deal Type	Original Invest. Cost ($MM USD)(1)	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps) (2)	Wtd Avg Funding Cost (bps) (3)	Current Jr-Most O/C Cushion (4)	Jr-Most O/C Cushion at Close (5)	Annualized (Loss) Gain of Cushion (6)	IRR (7)	ITD Cash Received as % of Cost (8)
Transaction 1	EUR CLO	37.5	2024	2014	290	55	(2.80%)	3.86%	(1.66%)	3.0%	29.6%
Transaction 2	EUR CLO	29.7	2023	2013	326	52	1.76%	3.60%	(0.40%)	9.4%	35.7%
Transaction 3	EUR CLO	22.2	2022	2012	338	58	3.53%	5.14%	(0.29%)	13.2%	76.3%
Transaction 4	EUR CLO	33.0	2023	2013	334	48	4.25%	5.76%	(0.35%)	12.6%	52.5%
Transaction 5	EUR CLO	36.9	2021	2012	314	60	3.45%	5.74%	(0.58%)	8.0%	32.6%
Transaction 6	EUR CLO	33.3	2022	2012	315	51	(3.63%)	4.70%	(1.63%)	2.6%	49.7%
Transaction 7	EUR CLO	38.5	2023	2013	305	46	(3.69%)	3.64%	(1.72%)	3.0%	31.9%
Transaction 8	EUR CLO	26.9	2021	2011	319	53	2.72%	4.98%	(0.38%)	12.7%	73.4%
Transaction 9	EUR CLO	41.3	2023	2013	323	50	1.50%	6.27%	(1.13%)	7.7%	24.1%
Transaction 10	EUR CLO	27.0	2022	2012	322	50	0.93%	4.54%	(0.74%)	8.7%	31.5%
EUR CLO Subtotal:		**326.3**			**317**	**52**	**0.58%**	**4.84%**	**(0.95%)**		**41.4%**
Transaction 11	US CLO	20.5	2018	2012	343	45	5.24%	4.55%	0.14%	19.6%	106.9%
Transaction 12	US CLO	22.8	2019	2013	341	46	5.55%	4.45%	0.24%	19.7%	99.8%
Transaction 13	US CLO	15.2	2018	2012	328	47	6.12%	4.82%	0.26%	19.0%	109.2%
Transaction 14	US CLO	26.0	2021	2014	326	49	4.26%	5.63%	(0.32%)	15.5%	74.5%
Transaction 15	US CLO	28.1	2021	2014	377	52	2.46%	4.21%	(0.44%)	25.4%	114.9%
Transaction 16	US CLO	23.5	2020	2013	392	46	2.74%	4.44%	(0.34%)	19.2%	101.1%
Transaction 17	US CLO	26.0	2021	2014	332	40	3.86%	4.24%	(0.09%)	21.1%	97.4%
Transaction 18	US CLO	16.7	2017	2011	319	45	4.09%	4.77%	(0.12%)	17.8%	124.1%
Transaction 19	US CLO	1.2	2017	2011	319	45	4.09%	4.77%	(0.12%)	21.3%	118.3%
Transaction 20	US CLO	26.6	2020	2012	396	52	3.13%	5.28%	(0.46%)	20.1%	122.5%
Transaction 21	US CLO	20.7	2020	2012	373	53	2.93%	4.76%	(0.37%)	16.5%	98.9%
Transaction 22	US CLO	37.4	2019	2013	405	53	3.48%	5.00%	(0.36%)	18.7%	87.1%
Transaction 23	US CLO	19.9	2021	2013	343	66	3.28%	4.98%	(0.41%)	17.5%	94.7%
Transaction 24	US CLO	16.9	2018	2012	353	46	4.57%	4.17%	0.08%	15.8%	76.7%
Transaction 25	US CLO	20.9	2018	2013	358	46	5.44%	4.13%	0.29%	20.7%	101.0%
Transaction 26	US CLO	27.9	2019	2013	348	43	3.23%	4.05%	(0.19%)	16.6%	75.1%
Transaction 27	US CLO	23.9	2021	2014	412	51	9.03%	6.11%	0.65%	29.9%	142.1%
Transaction 28	US CLO	7.6	2021	2014	412	51	9.03%	6.11%	0.65%	34.8%	55.1%
Transaction 29	US CLO	19.1	2018	2011	447	66	3.62%	4.82%	(0.21%)	19.0%	110.5%
Transaction 30	US CLO	12.4	2018	2012	447	67	2.41%	5.16%	(0.55%)	16.8%	83.8%
Transaction 31	US CLO	9.3	2017	2012	334	52	2.79%	5.02%	(0.37%)	15.2%	116.9%
Transaction 32	US CLO	24.0	2021	2014	307	59	4.03%	5.57%	(0.40%)	17.5%	77.9%
Transaction 33	US CLO	16.2	2020	2012	351	56	4.45%	6.99%	(0.48%)	13.6%	88.6%
Transaction 34	US CLO	22.2	2020	2012	348	50	4.59%	6.66%	(0.45%)	16.1%	87.9%
Transaction 35	US CLO	23.6	2018	2012	423	52	2.55%	5.00%	(0.49%)	19.9%	115.2%
Transaction 36	US CLO	28.4	2021	2013	389	46	2.44%	5.18%	(0.64%)	17.8%	85.8%
Transaction 37	US CLO	9.3	2017	2011	302	50	2.80%	4.34%	(0.27%)	14.5%	102.2%
Transaction 38	US CLO	23.7	2021	2013	311	42	3.65%	5.07%	(0.33%)	24.7%	129.4%
Transaction 39	US CLO	7.8	2017	2011	356	70	1.96%	3.15%	(0.21%)	6.9%	66.0%
Transaction 40	US CLO	13.0	2020	2011	373	39	N/A	N/A	N/A	20.2%	107.1%
Transaction 41	US CLO	22.5	2020	2013	330	48	5.80%	4.71%	0.23%	20.4%	102.2%

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

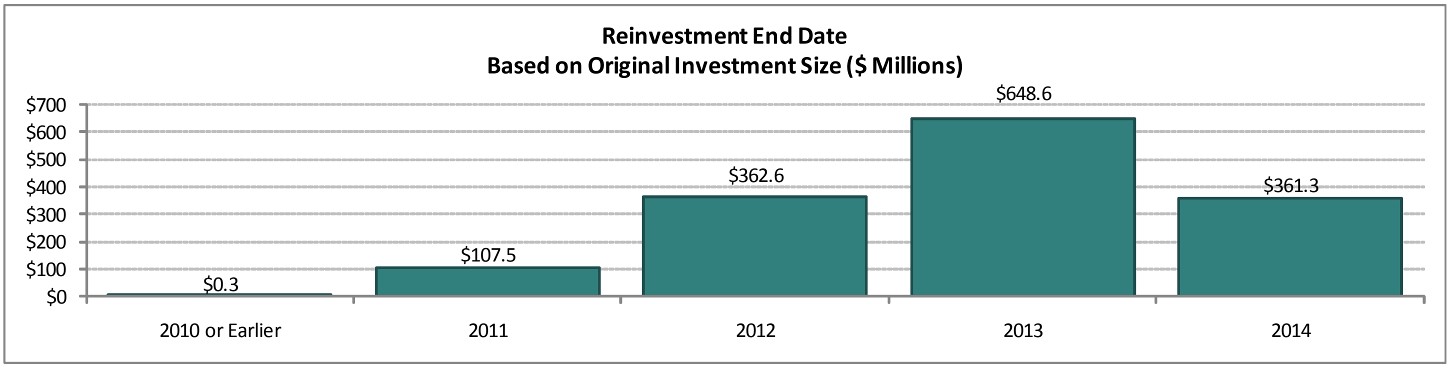
PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

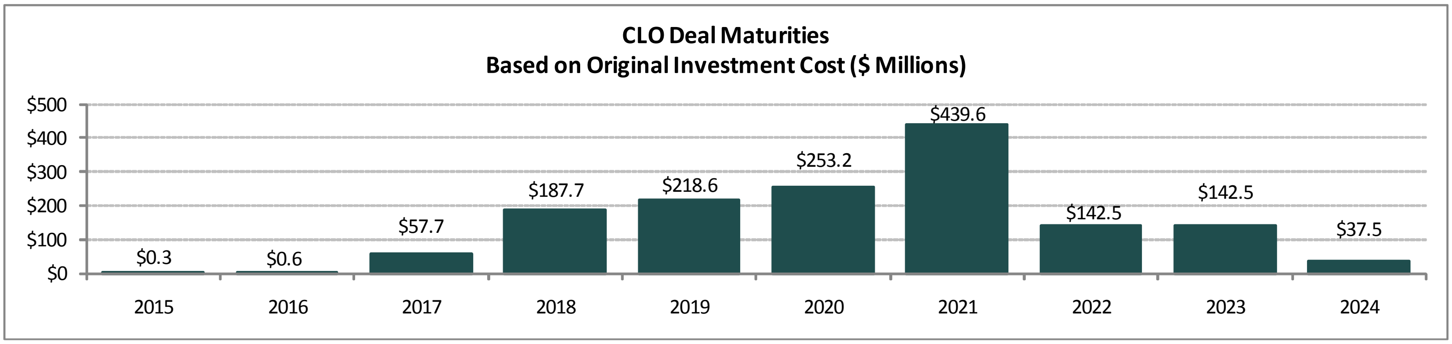
CLO PORTFOLIO DETAILS (CONTINUED)
AS OF JUNE 30, 2011

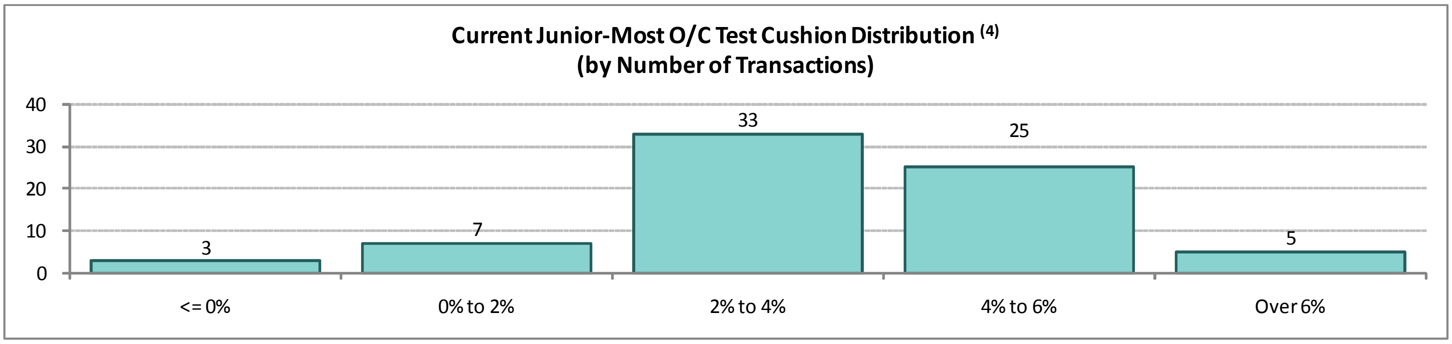
Transaction	Deal Type	Original Invest. Cost ($MM USD)[(1)]	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps) [(2)]	Wtd Avg Funding Cost (bps) [(3)]	Current Jr-Most O/C Cushion [(4)]	Jr-Most O/C Cushion at Close [(5)]	Annualized (Loss) Gain of Cushion [(6)]	IRR [(7)]	ITD Cash Received as % of Cost [(8)]
Transaction 42	US CLO	22.4	2021	2014	338	47	5.76%	3.92%	0.44%	19.3%	81.5%
Transaction 43	US CLO	0.2	2021	2014	340	54	4.44%	3.75%	0.18%	20.6%	13.6%
Transaction 44	US CLO	22.3	2018	2012	312	54	1.96%	4.16%	(0.43%)	10.5%	78.9%
Transaction 45	US CLO	23.0	2018	2012	306	46	2.06%	4.46%	(0.53%)	8.4%	55.6%
Transaction 46	US CLO	21.3	2019	2013	309	51	2.30%	4.33%	(0.50%)	6.4%	39.2%
Transaction 47	US CLO	28.3	2021	2013	316	47	3.39%	4.34%	(0.20%)	19.3%	105.1%
Transaction 48	US CLO	23.0	2019	2013	330	46	2.63%	5.71%	(0.66%)	15.5%	69.6%
Transaction 49	US CLO	12.6	2017	2011	328	40	2.18%	3.94%	(0.31%)	10.9%	69.8%
Transaction 50	US CLO	12.3	2018	2012	332	40	2.00%	4.25%	(0.44%)	11.2%	66.4%
Transaction 51	US CLO	18.0	2020	2013	350	53	3.72%	4.47%	(0.18%)	19.2%	90.9%
Transaction 52	US CLO	0.3	2015	2008	265	93	2.98%	3.20%	(0.03%)	278.6%	635.5%
Transaction 53	US CLO	0.6	2016	2011	292	61	7.61%	4.00%	0.54%	38.5%	177.1%
Transaction 54	US CLO	0.5	2017	2012	327	56	4.46%	3.69%	0.12%	56.7%	383.9%
Transaction 55	US CLO	0.3	2017	2011	320	39	4.08%	3.59%	0.08%	58.5%	334.5%
Transaction 56	US CLO	23.0	2019	2014	345	42	4.48%	4.53%	(0.01%)	21.2%	102.7%
Transaction 57	US CLO	0.6	2019	2014	345	42	4.48%	4.53%	(0.01%)	44.7%	357.7%
Transaction 58	US CLO	21.8	2019	2014	342	49	3.43%	4.04%	(0.15%)	23.2%	103.9%
Transaction 59	US CLO	0.4	2019	2014	342	49	3.43%	4.04%	(0.15%)	47.8%	488.8%
Transaction 60	US CLO	18.8	2021	2014	414	198	4.74%	4.50%	0.39%	11.1%	4.0%
Transaction 61	US CLO	29.1	2021	2014	305	45	2.54%	4.04%	(0.36%)	15.0%	64.5%
Transaction 62	US CLO	25.3	2020	2013	332	42	3.84%	5.20%	(0.32%)	18.7%	96.3%
Transaction 63	US CLO	27.3	2021	2013	324	53	2.65%	4.78%	(0.54%)	16.1%	78.9%
Transaction 64	US CLO	15.4	2021	2013	406	38	N/A	N/A	N/A	19.2%	59.6%
Transaction 65	US CLO	26.9	2021	2013	320	47	2.66%	4.96%	(0.50%)	11.6%	56.5%
Transaction 66	US CLO	21.3	2020	2013	315	49	3.40%	4.05%	(0.14%)	19.0%	103.3%
Transaction 67	US CLO	27.3	2022	2014	309	46	4.03%	4.38%	(0.08%)	17.3%	78.8%
Transaction 68	US CLO	19.3	2020	2013	397	48	5.29%	4.41%	0.19%	25.4%	119.6%
Transaction 69	US CLO	28.2	2019	2013	388	44	5.88%	5.61%	0.06%	23.6%	102.2%
Transaction 70	US CLO	24.6	2020	2013	292	52	6.20%	6.21%	(0.00%)	17.4%	87.0%
Transaction 71	US CLO	1.7	2018	2012	332	40	2.00%	4.25%	(0.44%)	20.0%	9.4%
Transaction 72	US CLO	4.8	2019	2014	345	42	4.48%	4.53%	(0.01%)	14.6%	7.6%
Transaction 73	US CLO	1.9	2019	2014	345	42	4.48%	4.53%	(0.01%)	14.6%	7.6%
Transaction 74	US CLO	5.5	2019	2014	342	49	3.43%	4.04%	(0.15%)	15.2%	8.2%
Transaction 75	US CLO	32.7	2022	2014	416	168	4.05%	4.05%	-	13.9%	0.0%
US CLO Subtotal:		**1,154.0**			**352**	**55**	**3.78%**	**4.66%**	**(0.19%)**		**87.6%**
Total CLO Portfolio:		**1,480.3**			**345**	**54**	**3.07%**	**4.70%**	**(0.36%)**		**77.4%**

TETRAGON FINANCIAL GROUP LIMITED (TFG)
PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

CLO PORTFOLIO DETAILS (CONTINUED)
AS OF JUNE 30, 2011







Notes

(1) The USD investment cost fixes the USD-EUR exchange rate of European CLOs at the same rate to avoid the impact of skewed weightings and FX volatility.

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

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

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

(5) The junior-most O/C cushion at close is the excess (or deficit) of the junior-most O/C test ratio over the test requirement that was expected on each deal's closing date. Please note that two of TFG's investments are so so called "par structures" which don't include a junior O/C test. They have been marked by an "N/A" in the relevant junior-most O/C test columns.

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

(7) Calculated from TFG's investment date. Includes both historical cash flows received to-date and prospective cash flows expected to be received, based on TFG's base case modeling assumptions.

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

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2011

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG)

PORTFOLIO COMPOSITION

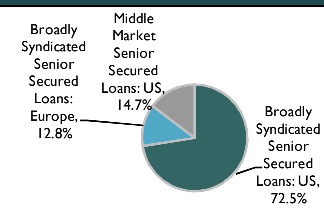
PORTFOLIO HELD BY TETRAGON FINANCIAL GROUP MASTER FUND LIMITED (UNLESS OTHERWISE STATED)

AS OF JUNE 30, 2011

Report Date	TFG Share Price ($)	TFG group Market Cap ($MM)[(1)]	TFG group Net Assets ($MM)	No. of Closed CLO Transactions
30 June 2011	$8.30	$1,093.4	$1,368.3	75[(2)]

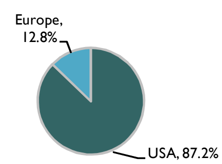
Capital Allocation by Asset Class	Risk Capital Allocation	Investment - Fair Value ($MM)[(3)(4)]
Broadly Syndicated Senior Secured Loans: US	72.5%	$903.7
Broadly Syndicated Senior Secured Loans: Europe	12.8%	$159.8
Middle Market Senior Secured Loans: US	14.7%	$182.8
CDOs Squared: US	0.0%	$0.0
ABS and Structured Finance: US	0.0%	$0.0
Total	**100.0%**	**$1,246.4**

Asset Class Allocation



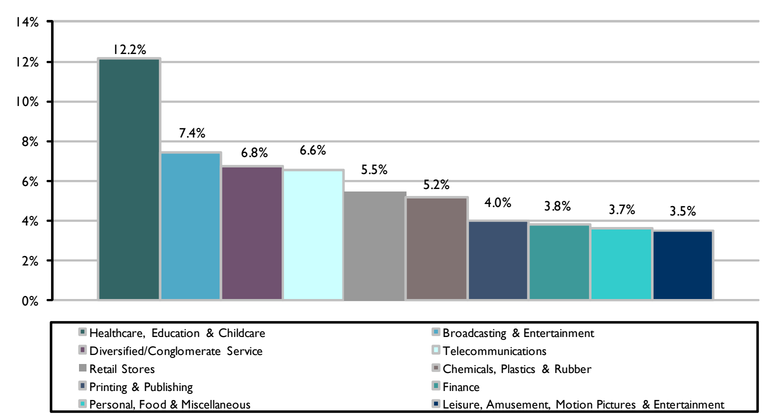
Geographic Allocation by Asset Class	USA	Europe	Asia Pacific	Total
Broadly Syndicated Senior Secured Loans	85.0%	15.0%	0.0%	100.0%
Middle Market Senior Secured Loans	100.0%	0.0%	0.0%	100.0%
CDOs Squared	0.0%	0.0%	0.0%	0.0%
ABS and Structured Finance	0.0%	0.0%	0.0%	0.0%
	87.2%	**12.8%**	**0.0%**	**100.0%**

Geographic Allocation



Top 15 Underlying Bank Loan Credits	Bank Loan Exposure [(5)]
Univision Communications	0.91%
HCA Inc	0.83%
Community Health	0.81%
First Data Corp	0.77%
SunGard Data Systems Inc	0.72%
Aramark Corp	0.71%
Cablevision Systems Corp	0.70%
TXU Corp	0.67%
Las Vegas Sands	0.65%
Federal-Mogul	0.64%
Charter Communications	0.63%
Sabre Holdings Corp	0.63%
Nielsen Company	0.61%
UPC Broadband	0.60%
Health Management Associates	0.56%

Top 10 Bank Loan Industry Exposures [(5)]



EUR-USD FX: 1.45

(1) Calculated using TFG shares outstanding and month end exchange price.

(2) Excludes CDO-squared and ABS CDO transactions which were written off in October 2007. TFG continues to hold the economic rights to 3 of these written-off transactions.

(3) Excludes TFG's investments in LCM Asset Management LLC and GreenOak Real Estate LP

(4) Equivalent to Investment in Securities at Fair Value in the US GAAP Financial Statements.

(5) Includes par amount of loans held directly by TFG and also loan exposures via TFG's investments in CLOs. With respect to CLO investments, calculated as a percentage of total corporate loan assets that TFG has exposure to based on its equity-based pro-rata share of each CLO's total portfolio. All calculations are net of any single name CDS hedges held against that credit.

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

TETRAGON

BOARD OF DIRECTORS

Paddy Dear
Rupert Dorey*
Reade Griffith
David Jeffreys*
Byron Knief*
Greville Ward*

Independent Director

SHAREHOLDER INFORMATION

Registered Office of TFG and the Master Fund
Tetragon Financial Group Limited
Tetragon Financial Group Master Fund Limited
1st Floor Dorey Court
Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 6HJ

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

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

Investor Relations
David Wishnow / Yuko Thomas
ir@tetragoninv.com

Press Inquiries
Brunswick Group
Andrew Garfield/Gill Ackers/Pip Green
polygon@brunswickgroup.com

Auditors
KPMG Channel Islands Ltd
20 New Street
St. Peter Port, Guernsey
Channel Islands GY1 4AN

Sub-Registrar and Transfer Agent
BNY Mellon
One Wall Street
New York, NY 10286
United States of America

Issuing Agent, Dutch Paying and Transfer Agent
Kas Bank N.V.
Spuistraat 172
1012 VT Amsterdam, The Netherlands

Legal Advisor (as to U.S. law)
Cravath, Swaine & Moore LLP
One Ropemaker Street
London EC2Y 9HR
United Kingdom

Legal Advisor (as to Guernsey law)
Ogier
Ogier House
St. Julian's Avenue
St. Peter Port, Guernsey
Channel Islands GY1 1WA

Legal Advisor (as to Dutch law)
De Brauw Blackstone Westbroek N.V.
Claude Debussylaan 80
1082 MD Amsterdam, The Netherlands

Stock Listing
Euronext Amsterdam by NYSE Euronext

Administrator and Registrar
State Street Guernsey Limited
First Floor Dorey Court
Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 6HJ

ENDNOTES

(1) TFG invests substantially all of its capital through a master fund, Tetragon Financial Group Master Fund Limited ("TFGMF"), in which it holds 100% of the issued shares. In this report, unless otherwise stated, we report on the consolidated business incorporating TFG and TFGMF. References to "we" are to Tetragon Financial Management LP, TFG's investment manager.
(2) This Performance Report constitutes TFG's half-yearly financial report as required pursuant to Section 5:25d of the FMSA. Pursuant to Section 5:25d and 5:25m of the FMSA, this report is made public by means of a press release and has been filed with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) and also made available to the public by way of publication on the TFG website (www.tetragoninv.com).
(3) The LCM I, LCM II, LCM III, LCM IV, LCM V, LCM VI, LCM VIII, and LCM IX CLOs are referred to as the "LCM Cash Flow CLOs." The LCM VII CLO was a market value CLO previously managed by LCM, which was liquidated commencing in 2008, and is not included in the mentioned statistics. In addition, these statistics do not include the performance of certain transactions that were developed and previously managed by a third-party prior to being assigned to LCM, some of which continue to be managed by LCM.
(4) The hurdle rate is reset each quarter using 3M USD LIBOR plus a spread of 2.647858% in accordance with TFG's investment management agreement. Please visit http://www.tetragoninv.com/tfg/about/investmentmanagerima/ for more details of the calculation of the hurdle rate and the performance fee.
(5) This figure includes the dividend of $0.10 per share announced on July 29, 2011 with respect to Q2 2011.
(6) Includes only look-through loan exposures through TFG's CLO investments.
(7) Excludes CDO-squared and ABS CDO transactions which were written off in October 2007. TFG continues to hold the economic rights to three of these written-off transactions.
(8) Based on the most recent trustee reports available for both our U.S. and European CLO investments as of June 30, 2011.
(9) As of June 30, 2011, European CLOs represented approximately 13% of TFG's investment portfolio; approximately 88% of the fair value of TFG's European CLOs and 70%, when measured as a percentage of the total number of European deals, were passing their junior-most O/C tests.
(10) As O/C tests are breached, CLO structures may divert excess interest cash flows away from the equity tranche holders, such as TFG, to pay down the CLO's debt thereby curing the O/C breach via deleveraging. Accordingly, the affected investments ceased to generate cash flows to TFG or are expected to cease generating cash flows on the next applicable payment date. Once enough debt has been repaid to cure the O/C test breach, distributions of excess interest cash to equity holders may resume to the extent not precluded by the investments' realized or unrealized losses.
(11) Morgan Stanley CDO Market Tracker, July 5, 2011; based on a sample of 475 U.S. CLO transactions.
(12) Excess Caa/CCC+ or below rated assets above transaction-specific permitted maximum holding levels are generally haircut in our transactions at market value in U.S. CLOs and recovery rate in European CLOs for purposes of the O/C or interest reinvestment test ratios.
(13) Morgan Stanley CDO Market Tracker, July 5, 2011; based on the lower of Moody's and S&P rating. Furthermore, TFG's investment portfolio includes approximately 13% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's average CCC asset holdings.
(14) Weighted by the original USD cost of each transaction.
(15) The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a "Selective Default" rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's investment portfolio includes approximately 13% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.
(16) S&P/LCD News, "With no Defaults in June, Rate Holds at Historical Low," July 5, 2011.
(17) The LCM I, LCM II, LCM III, LCM IV, LCM V, LCM VI, LCM VIII, and LCM IX CLOs are referred to as the "LCM Cash Flow CLOs." The LCM VII CLO was a market value CLO previously managed by LCM, which was liquidated commencing in 2008, and is not included in the mentioned statistics. In addition, these statistics do not include the performance of certain transactions that were developed and previously managed by a third-party prior to being assigned to LCM, some of which continue to be managed by LCM.
(18) S&P/LCD News, "With no Defaults in June, Rate Holds at Historical Low," July 5, 2011.
(19) S&P/LSTA Leveraged Lending Review 2Q 2011.
(20) S&P/LCD News, "Loan prices rise with stocks & HY, but end month & quarter in red," June 30, 2011.
(21) S&P/LCD News, "LCD Loan Index: Loans gain 0.04%; YTD return is 2.66%," July 1, 2011.
(22) S&P/LCD News, "S&P ELLI: Loans lose 0.39%; YTD return is 2.83%," July 7, 2011.
(23) S&P/LSTA Leveraged Lending Review 2Q 2011, as of June 24, 2011.
(24) S&P/LSTA Leveraged Lending Review 2Q 2011.
(25) S&P/LSTA Leveraged Lending Review 2Q 2011.
(26) S&P/LSTA Leveraged Lending Review 2Q 2011.
(27) S&P/LSTA Leveraged Lending Review 2Q 2011.
(28) S&P/LSTA Leveraged Lending Review 2Q 2011.
(29) S&P/LSTA Leveraged Lending Review 2Q 2011.
(30) S&P/LSTA Leveraged Lending Review 2Q 2011.
(31) S&P/LSTA Leveraged Lending Review 2Q 2011.
(32) S&P/LSTA Leveraged Lending Review 2Q 2011.
(33) Morgan Stanley CDO Market Tracker, July 5, 2011; based on a sample of 475 U.S. CLO transactions.
(34) Morgan Stanley CDO Market Tracker, April 6, 2011; based on a sample of 477 U.S. CLO transactions.
(35) Morgan Stanley CDO Market Tracker, July 5, 2011; based on a sample of 195 Euro CLO transactions.
(36) Morgan Stanley CDO Market Tracker, April 6, 2011; based on a sample of 196 Euro CLO transactions.
(37) RBS CLO Market Review – July 2011, July 8, 2011.

(38) RBS CLO Market Review – July 2011, July 8, 2011.
(39) S&P/LSTA Leveraged Lending Review 2Q 2011.
(40) Morgan Stanley CDO Market Tracker, July 5, 2011.
(41) Morgan Stanley CDO Market Tracker, July 5, 2011.
(42) "Moody's Approach to Rating Collateralized Loan Obligations," June 2011.
(43) Moody's CLO Interest, June 30, 2011.
(44) Moody's CLO Interest, June 30, 2011.
(45) Moody's CLO Interest, June 30, 2011.
(46) RBS CLO Market Review – July 2011, July 8, 2011.
(47) J.P. Morgan US Fixed Income Markets Weekly, "Collateralized Debt Obligations," July 8, 2011.
(48) S&P/LCD News, "With no Defaults in June, Rate Holds at Historical Low," July 5, 2011