

Menhaden Resource  
Efficiency

# Investor Presentation

September 2023

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# About Us

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- **Investment Objective:** The Company aims to generate long-term shareholder returns, predominantly in the form of capital growth, by investing in businesses and opportunities that are demonstrably delivering or benefiting significantly from the efficient use of energy and resources irrespective of their size, location or stage of development
- **Market Cap:** £76m\*
- **Net Asset Value:** £121m\*
- **Exchange:** London Stock Exchange
- **Launch Date:** July 2015

## Investment Team



### **Ben Goldsmith, Chief Executive Officer**

Ben is the Chief Executive Officer of Menhaden Capital Management LLP. Before founding Menhaden with Graham Thomas, Ben co-founded the WHEB group, one of Europe's leading energy and resource-focused fund investment businesses.

Ben is a director of Cavamont Holdings, the Goldsmith family's investment holding vehicle, and also chairs its Family Committee.

Ben also chairs the UK Conservative Environment Network, a group which has a preference for decentralised, market-orientated solutions to environmental and resource issues.



### **Graham Thomas, Chairman of the Investment Committee**

Graham is the Non-Executive Chairman of the Investment Committee at Menhaden Capital Management. Before founding Menhaden with Ben Goldsmith, Graham chaired the Executive Committee of RIT Capital Partners plc. Prior to this, Graham was the head of the Standard Bank Group's US\$3bn Principal Investment Management division, which was established in 2008 under his leadership. He joined Standard Bank from MidOcean Partners in London, where he was a founding partner. Before MidOcean Partners, he was an Executive Director in the Investment Banking division of Goldman Sachs & Co.

Graham is currently Chief Executive Officer of private equity firm, Stage Capital, and on the investment committee of Apis Partners.

He is a Rhodes Scholar with degrees from Oxford and the University of Cape Town.



### **Luciano Suana, Chief Investment Officer**

Luciano is the Chief Investment Officer at Menhaden Capital Management LLP where he manages the portfolio and its risk. Before joining Menhaden Capital Management LLP, Luciano was a Director for Barclays Capital in the Capital Markets division where he ran the credit trading operations for Brazil out of São Paulo. Before Barclays, Luciano was a Director at Dresdner Kleinwort in London. There he focused on Infrastructure, Utilities and Real Estate assets as head of the Illiquids Credit group.

Luciano holds a Licenciatura in business administration from Universitat Autònoma de Barcelona and was granted the Premio Extraordinario de Fin de Carrera for outstanding academic performance (ranked 1st out of 213 students).



### **Edward Pybus, Investment Analyst**

Edward Pybus is an Investment Analyst at Menhaden Capital Management LLP. Before joining Menhaden Capital Management LLP, Edward was an Equity Research Analyst at Exane BNP Paribas, specialising in Oil & Gas and primarily focusing on global integrated oil companies. Before Exane BNP Paribas, Edward qualified as a Chartered Accountant at Deloitte.

Edward is also a CFA Charterholder and holds a BA in History from University College London.

## Board of Directors



### Howard Pearce (Chairman)

Howard has over 30 years experience in the financial investment sector in both non-executive and executive roles. He became Chair of Menhaden Resource Efficiency PLC (16 May 2023) after being Audit Committee Chair since 2015.

He has chaired the Columbia Threadneedle Responsible Investment Advisory Council since 2014. In April 2023 he was appointed non-executive Director and Audit Committee Chair of Ashoka White Oak Emerging Markets Trust PLC. Previous non-executive roles include Chair of the Pension Boards (statutory advisory and scrutiny roles) of the Avon, Berkshire and Wiltshire Pension Funds; non-executive Director and Audit Committee Chair of a UK Port Authority; non-executive Director, Investment Committee member, and Audit Committee Chair of a UK health charity; and non-executive advisor to the Board of Response Global Media.

In 2014 Howard founded HowESG limited, a specialist asset stewardship, corporate governance and ESG consultancy business; after being head of the award winning Environment Agency Pension Fund (and member of its Investment Committee) between 2003-2013. Under his leadership the fund won over 30 awards in the UK, Europe and globally for its financial and environmentally responsible investment strategy, best practice fund governance, public reporting and e-communications.



### Sir Ian Cheshire

Sir Ian Cheshire is the chairman of Spire Healthcare Group plc, Land Securities Group PLC and Channel 4. He is also a non-executive director of BT Group plc. He will retire from the BT Group plc board at their AGM in July 2023. He additionally chairs the Prince of Wales Charitable Fund and the We Mean Business Coalition.

Sir Ian was the chairman of Barclays UK, the ring-fenced retail bank, until December 2020. He was the group chief executive of Kingfisher plc from January 2008 until February 2015 and prior to that he was chief executive of B&Q Plc from June 2005.

Sir Ian was knighted in the 2014 New Year Honours for services to Business, Sustainability and the Environment.



### Soraya Chabarek

Soraya Chabarek joined the Board as a non-executive Director on 1 March 2023.

She is CEO at CQS (UK) LLP, a London-based, credit-focused multi-strategy asset management firm. She joined CQS in 2013, is a Senior Partner and serves as a director on the CQS board.

During her career, Soraya has had exposure to a broad range of fund strategies including global macro, equities, emerging markets, credit and convertibles.

She was previously at Moore Europe Capital Management, from 2008 to 2013, where she was head of marketing for emerging macro strategies. From 2004 to 2008 she was a principal at GLG Partners and from 2000 to 2004 she was with HSBC Private Bank.



### Barbara Donoghue

Barbara Donoghue (also known as Barbara Donoghue Vavalidis) is a non-executive director of Byredo AB, a Stockholm based luxury fragrance company, having been its chairman for the six years to 2020. Until 2020 she was also a partner in London based Manzanita Capital, a private equity partnership specialising in the beauty and personal care industry.

Other past appointments include chair of Susanne Kaufmann Ltd, an Austrian based beauty company, director and audit committee chair of Eniro AB, a Stockholm listed media company, member of the Competition Commission and Competition and Markets Authority and member of the board of the Independent Television Commission.

She had a previous career in finance in Toronto, New York and London advising companies on raising debt and equity financing and on executing mergers and acquisitions, during which she worked at Bank of Nova Scotia, Bankers Trust and NatWest Markets.

# How We Invest

## **Long-only, Multi-Asset Strategy**

- Focused on capital preservation
- Seeking best balance between risk & reward across equity, credit & private universes

## **Global Mandate**

- Flexible approach but an emphasis on US & Developed markets

## **Concentrated Portfolio**

- Expect to hold 15-25 positions
- Highest conviction ideas >10% of NAV
- Low turnover

Patient approach targeting absolute returns with low volatility



## **Accelerating Disruption**

- The rate of change and pace of innovation continuing to accelerate across the globe
- Leaving active investors playing an increasingly difficult game

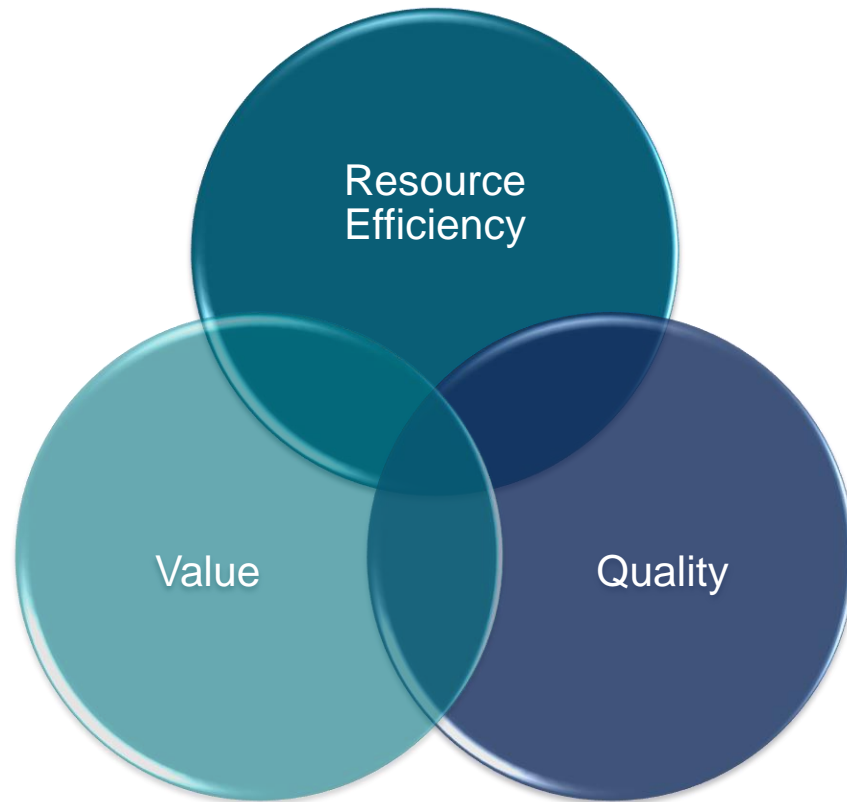
## **Competitive Moats Under Siege**

- Incumbent business models are under attack
- New technologies and its applications are acting to level the playing field for new entrants
- Traditional barriers to entry are continuing to diminish and fall

## **Growing Risks to Terminal Values**

- Climate change
- Rapid technological innovation
- Dramatically evolving consumer tastes & expectations

How do we invest against this backdrop?



## **Resource Efficiency**

- Businesses which are focused on using resources more efficiently
- Pragmatic approach which recognises companies working to reduce their environmental footprint

## **Quality**

- Cash flows which are predictable, resilient and sustainable over the long term
- Competitive moats underpinned by genuine barriers to entry

## **Value**

- Reasonable valuations considering the quality of the business & its prospects
- Asymmetric risk-reward pay-offs

Bottom-up approach provides conviction for a concentrated portfolio focused on our best ideas

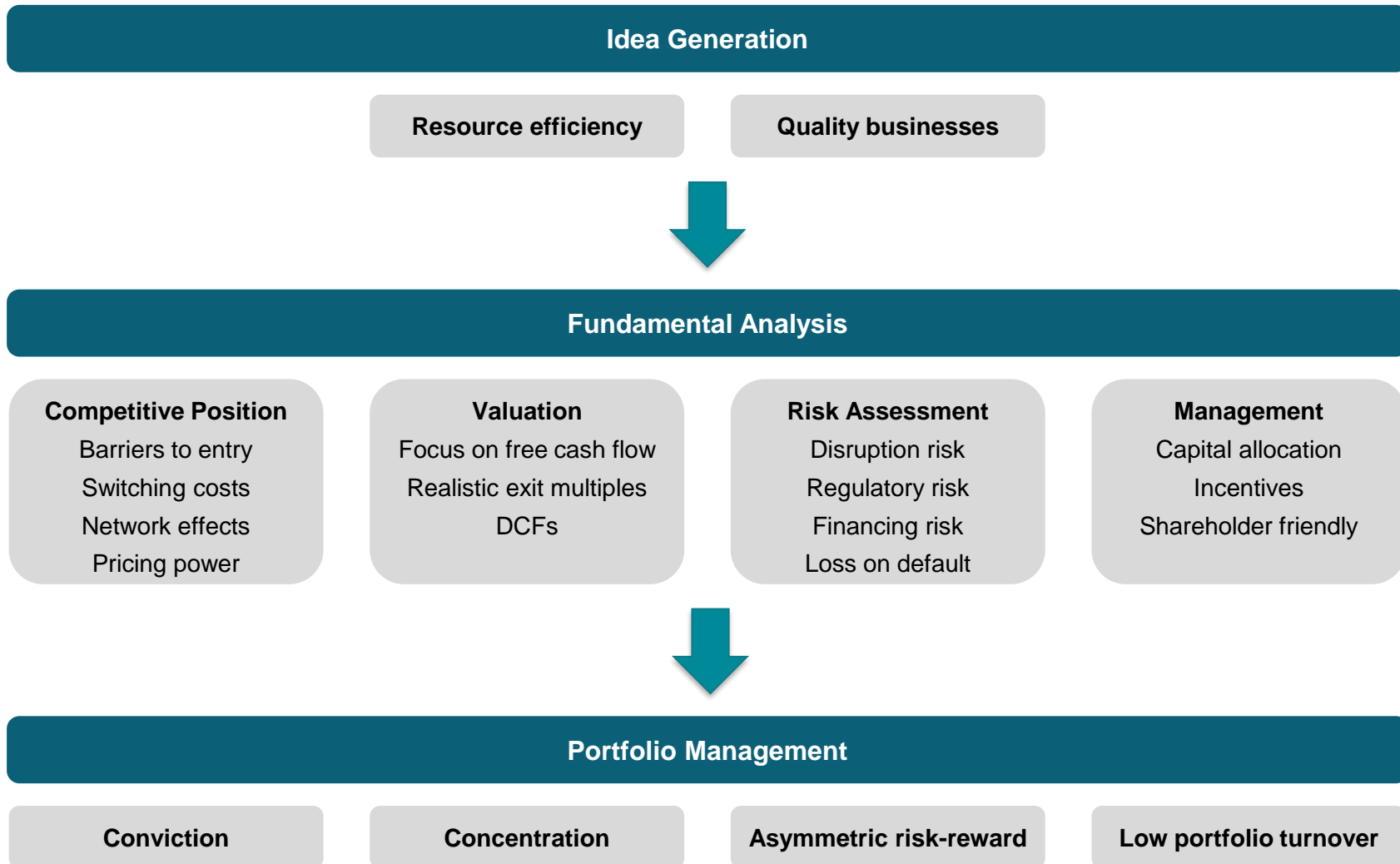
<b>Digitisation</b>	Facilitating reduced resource consumption through digital technology
<b>Sustainable Infrastructure &amp; Transport</b>	Infrastructure and transport companies helping to reduce net emissions
<b>Industrial Emissions Reduction</b>	Focused on improving energy efficiency or supplying products & services with lower associated emissions
<b>Water &amp; Waste Management</b>	Provision of products or services that enable reductions in usage/volumes and/or smarter ways to manage water and waste
<b>Clean Energy</b>	Production and transmission of power from clean sources such as solar or wind
<b>Environmental Reporting</b>	Providing the means for environmental reporting and evaluation

# Illustrative Investment Universe

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<b>Digitisation</b>	Cloud	Semiconductors	Alphabet	amazon	Microsoft	ASML	Lam RESEARCH
<b>Sustainable Infrastructure &amp; Transport</b>	Railroads	Infrastructure Concessions	CN	CP	UNION PACIFIC	VINCI	Ocean Wilsons Holdings Limited
<b>Industrial Emissions Reduction</b>	Aerospace	Industrial Gases	AIRBUS	SAFRAN	Air Liquide	AIR PRODUCTS	Linde
<b>Water &amp; Waste</b>	Waste Management	Water Utilities	REPUBLIC SERVICES	WM WASTE MANAGEMENT	CleanHarbors	COPASA	SANEPAR
<b>Clean Energy</b>	Development & Generation	Transmission	Atlantica Sustainable Infrastructure	Brookfield Renewable Energy Partners	nationalgrid	Alupar	taesa
<b>Environmental Reporting</b>	Analytical Instruments	ESG Reporting	Agilent	ThermoFisher SCIENTIFIC	MOODY'S	MSCI	S&P Global

Only very specific businesses meet our fundamental criteria



	Key Characteristics	Weighting*	Target Return*
Public Equities	<ul style="list-style-type: none"> <li>Competitive position underpinned by barriers to entry &amp; industry structure</li> <li>Predictable financial performance</li> <li>Reasonable valuation</li> </ul>	~68%	~10%
Private Investment	<ul style="list-style-type: none"> <li>Assets backed by highly predictable cash flows (i.e. infrastructure or similar)</li> <li>Led by a best-in-class lead investor</li> <li>Advantaged terms/fees</li> </ul>	~30%	10-15%
Cash & Other	<ul style="list-style-type: none"> <li>Liquidity</li> <li>Forward currency contracts to manage currency exposures</li> </ul>	~2%	
<b>Total</b>			<b>~8% (net)</b>

*Note: Portfolio target weightings and target returns may differ from actual weightings and results*

## Menhaden

Olivier Andriès  
CEO, Safran SA  
2, bd du Général Martial-Valin ,  
75724 Paris Cedex 15,  
France

23 January 2023

Dear Mr Andriès,

### PROTECTING AGAINST LONG-TERM BIODIVERSITY RISK

Menhaden Capital Management LLP has been a shareholder of Safran since June 2016.

We seek to invest in businesses delivering, or benefiting from, the efficient use of energy and resources and work with wider networks such as the [Institutional Investors Group on Climate Change](#) and [Climate Action 100+](#) to help align business leaders with both climate and biodiversity goals.

In light of the new Global Biodiversity Framework agreed at the UN-convened COP15 conference last month in Montreal, we believe that biodiversity loss is becoming an increasingly important financially material risk to numerous businesses which have negative impacts on nature and wildlife.

In particular we think it is critical that you know and are assessing your biodiversity risks, measuring the current position and then reducing your negative impacts, and undertaking practical on the ground actions to protect and improve nature and wildlife and the 'services' they provide such as clean air, clean water and fertile soil which encourage bio-diverse ecosystems.

As investors in your company, and signatories to the [Finance Sector Commitment to Eliminate Commodity-Driven Deforestation](#), we would be grateful to know how Safran has assessed its biodiversity risks and negative impacts on nature, what practical actions you are currently taking to minimise your negative impacts and what are your timelines to start this process and target dates to complete your actions?

We look forward to hearing your response and are happy to discuss this issue further with your team.



Direction générale

Mr Ben GOLDSMITH  
Chief Executive Officer  
Menhaden Capital Management LLP  
19 Heathman's Road  
LONDON SW6 4TJ

Paris, February 10<sup>th</sup>, 2023

Dear Mr. Goldsmith,

I thank you for your query regarding Safran action on biodiversity risks, which is a topic of growing concern to our company.

As you know, Safran has taken a clear commitment to tackle climate change, which is one of the five pressures exerted on biodiversity according to the IPBES classification, and probably one of the most significant for our company given its position in the aerospace sector. Our ambitious decarbonization targets have been validated by SBTi in January 2023, which demonstrates our alignment with the Paris Agreement goals.

In addition, Safran has rolled-out many environmental initiatives in its facilities or within its supply chain, that relate to impacts on natural ecosystems : limitation of pollutions at our facilities, reduction of water consumption, protection of natural spaces within our facilities, implementation of eco-design practices, development of recycling, etc. In addition, several of our facilities have developed more targeted practices to protect biodiversity. For example, Safran Aero Boosters has deployed a biodiversity plan within its Belgian facilities, focusing on the creation of ecological corridors, which has been recognized by NGOs in 2021.

Proactive engagement with companies encouraging them to reduce their environmental footprint

## Environmental Impact

- Menhaden attempts to quantify the positive impacts of its portfolio companies on the environment

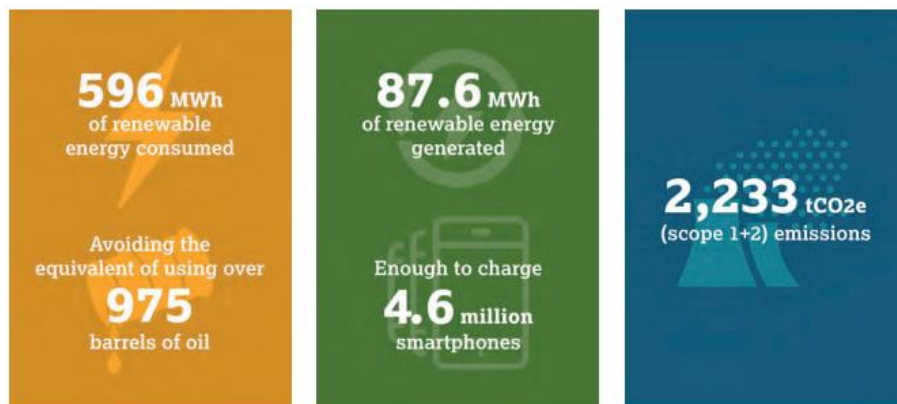
## Financial Year 2022

- In 2022 the group's share of portfolio companies consumed ~596 MWh of renewable electricity, avoiding the equivalent of 975 barrels of oil, and generated 87.6 MWh of renewable energy, enough to charge 4.6m smartphones

## United Nations Sustainable Development Goals

- Menhaden also measures itself against the UN Sustainable Development Goals (SDGs)

### Portfolio companies' environmental impact in 2022



### Menhaden's UN SDG Impacts





# Track Record

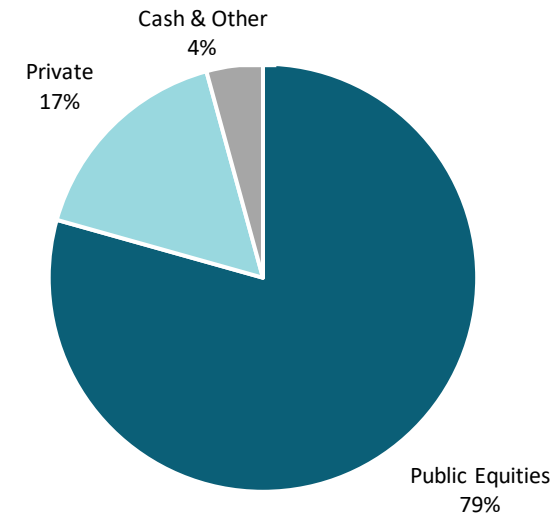
## Growing Track Record

- Continuing to building significant multi year track record of good investment performance
- Performance has been broad based, with notable contributions from both listed equities and private investments

## Share Price Disconnect

- NAV performance has not been fully reflected in share price performance, with the shares trading at a substantial discount to NAV











Portfolio Allocations (NAV %)



CAGR %	1 Year	3 Years	5 Years	7 Years	Inception
MHN NAV per Share	9.1%	8.1%	9.7%	8.9%	5.7%
MHN Share Price	(9.9%)	4.3%	6.5%	7.7%	(0.6%)

# Top 10 Holdings

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Holding	NAV %
 <b>AIRBUS</b>	13%
 <b>Alphabet</b>	12%
 <b>X-ELI+</b>	11%*
 <b>Microsoft</b>	11%
 <b>SAFRAN</b>	9%
 <b>CP</b>	8%
 <b>VINCI</b>	8%
 <b>CN</b>	7%
 <b>amazon</b>	5%
 <b>John laing</b> making infrastructure happen	4%*
<b>Total</b>	<b>89%</b>

Note: Portfolio as of 31<sup>st</sup> August 2023; \* Private Investments

## Disciplined Approach

- Strict focus on private investments with following characteristics:
  - Deals backed by durable cash flows and/or hard assets
  - Best in class lead investor
  - Advantaged terms

## Delivering Performance

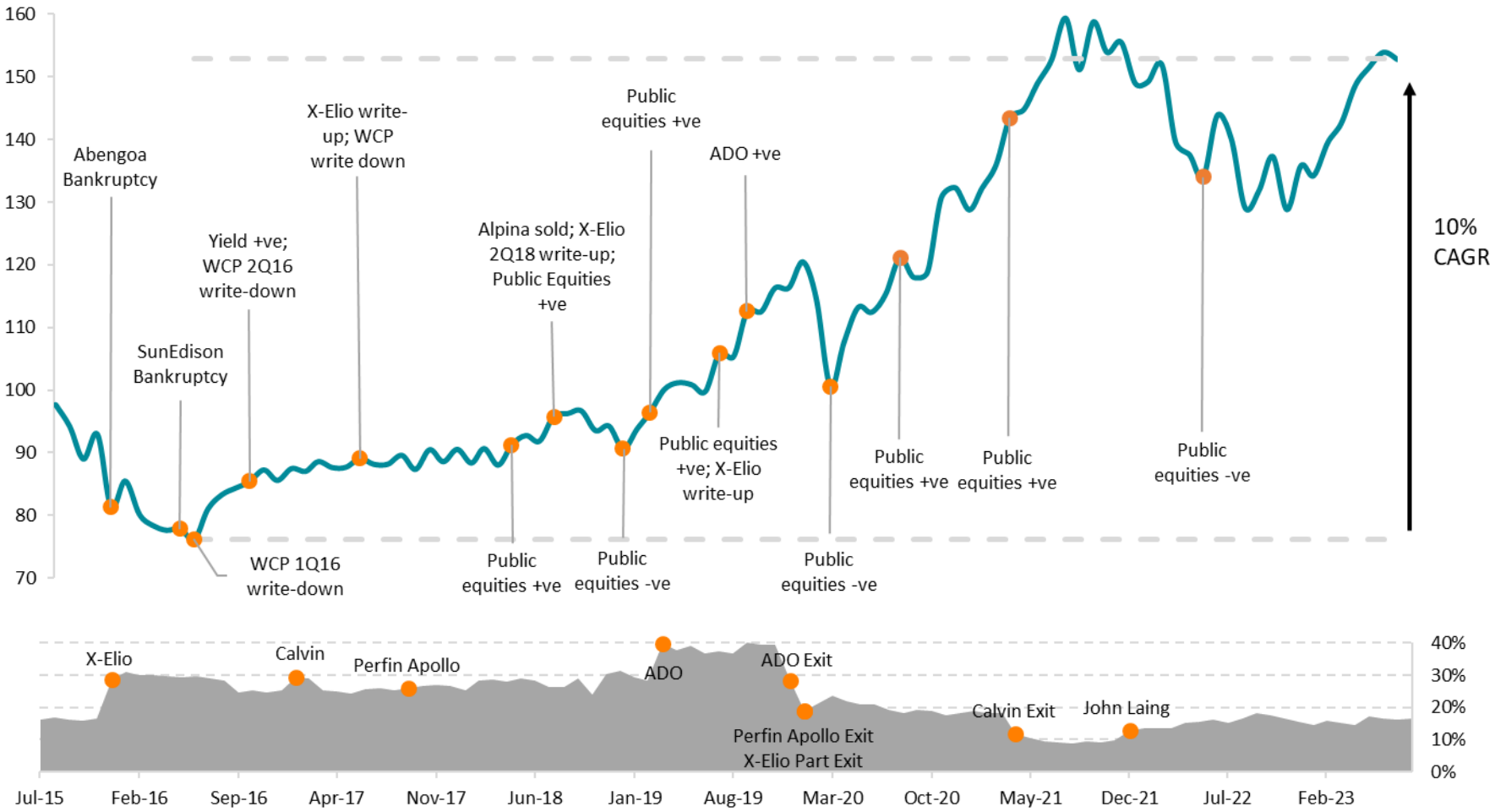
- Growing track record with 3 realisations and 1 further sale agreed

Name	CCY	Initial	Exit	LCY		GBP	
				MoIC (x)	IRR (%)	MoIC (x)	IRR (%)
ADO	EUR	Mar-19	Dec-19	1.2x	28%	1.2x	28%
Calisen	GBP	Jan-17	Apr-21	1.8x	15%	1.8x	15%
Perfin Apollo 12	BRL	Jun-17	Jan-20	4.9x	106%	3.9x	85%
X-Elio	USD	Dec-15	4Q23*	2.2x	13%	2.5x	16%

*Note: Previously announced sale of X-Elio is expected to complete in 4Q23*

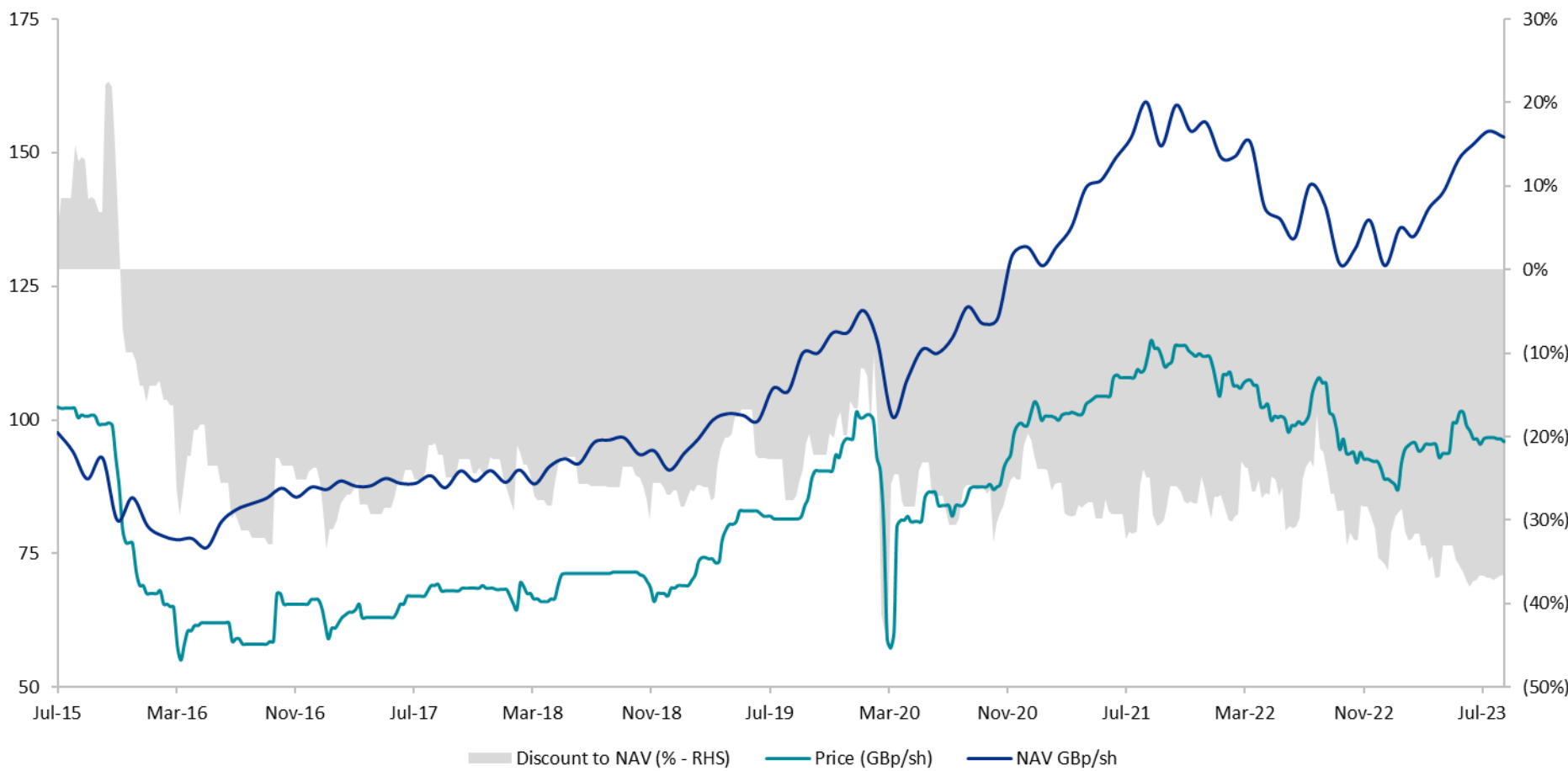
# Net Asset Value

Menhaden RE NAV (GBP/share) & Private Investments (NAV % - RHS) until 31<sup>st</sup> August 2023



# Share Price Discount to NAV

Menhaden RE Share Price, NAV (GBP/sh) & Discount to NAV (%) until 31<sup>st</sup> August 2023



## **Performance**

- Remain focused on extending investment track record & organically compounding NAV
- Continue to make selective private investments, which offer a more attractive balance between risk and reward than public markets

## **Expenses**

- Careful cost management in order to keep reducing the company's ongoing charges ratio

## **Capital Allocation**

- Look to opportunistically repurchase shares when sufficiently accretive on a per share basis

Remaining focused on delivering steady returns with below market volatility

**Important Notice:**

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Past performance is not a guide to future performance. Investments carry a degree of risk and the value of your investments and income from them as a result of market or currency fluctuations may go down as well as up and you may not get back the amount you originally invested.

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26<sup>th</sup> September 2023

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