Menhaden Resource Efficiency

Menhaden Resource Efficiency PLC
Annual Report for the year ended 31 December 2023

Menhaden Resource Efficiency PLC – Annual Report

Company Summary

Menhaden Resource Efficiency PLC (the "Company") is an investment trust. Its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies ("AIC").

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.

Management

The Company employs Frostrow Capital LLP ("Frostrow") as its Alternative Investment Fund Manager ("AIFM") to provide company management, company secretarial, administrative and marketing services. Frostrow and the Company have jointly appointed Menhaden Capital Management LLP as the Portfolio Manager. Further details of these appointments are provided on page 26.

Capital Structure

The Company's capital is composed solely of ordinary shares. Details are given on page 40 and in note 13 to the financial statements on page 81.

ISA Status

The Company's shares are eligible for Stocks and Shares ISAs.

Retail Investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ("IFAs") in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

Resource Efficiency

Resource efficiency means using the Earth's limited resources in a sustainable manner, whilst minimising impacts on the environment. The resources we rely on are finite, meaning they will eventually run out, or can only be replenished at a certain rate. If we exceed this rate the resource becomes depleted. Resource efficiency is a way to deliver more with less.

Menhaden

Menhaden are forage fish that occur in great abundance in the West Atlantic Ocean. The name, Menhaden, is derived from the Native American expression "he fertilises" referring to the widespread use of the fish as a fertiliser. Menhaden filter vast quantities of water and play a key role in the food chain. It has been argued that the environmental movement and fisheries ecology rose from the first collapse in the population of Menhaden in the 1860s as this was used as a prominent example of mankind's impact on the oceans and the importance of using resources sustainably.

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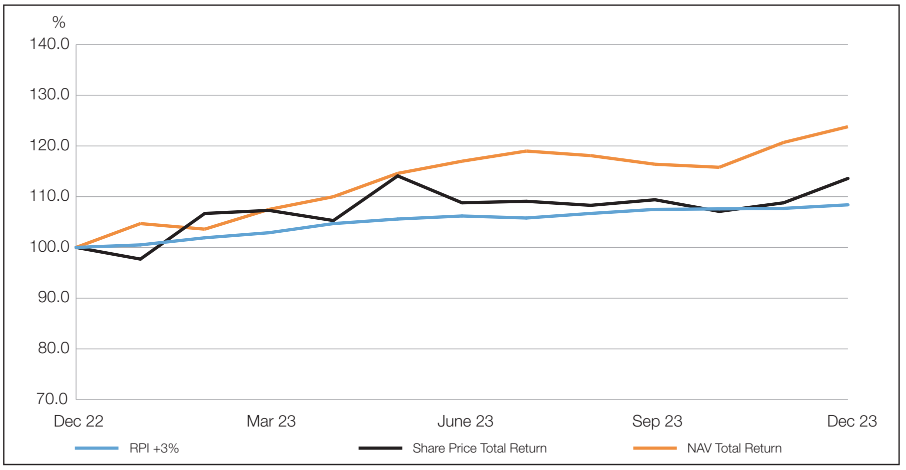
Company Performance

As at 31 December 2023	For the year ended 31 December 2023
£126.7m Net asset value ("NAV") **2022: £103.8 million**	**23.8%** NAV per share total return* **2022: (16.5%)**
160.3p NAV per share **2022: 129.8p**	**13.6%** Share price total return* **2022: (20.3%)**
100.8p Share price **2022: 89.0p**	**0.9p**** Dividend **2022: 0.4p**
37.2% Share price discount to NAV per share* **2022: 31.4%**	**1.7%** Ongoing charges ratio* **2022: 1.8%**

This report contains terminology that may be unfamiliar to some readers. The Glossary on pages 90 and 91 provides definitions for frequently used terms.

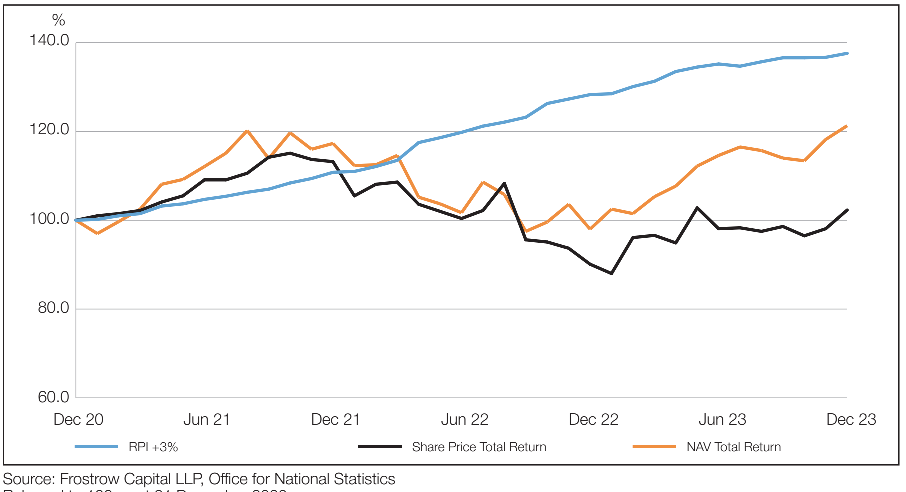
**Alternative performance measures ("APMs")*
***Subject to shareholder approval*

Total Return Performance – One Year



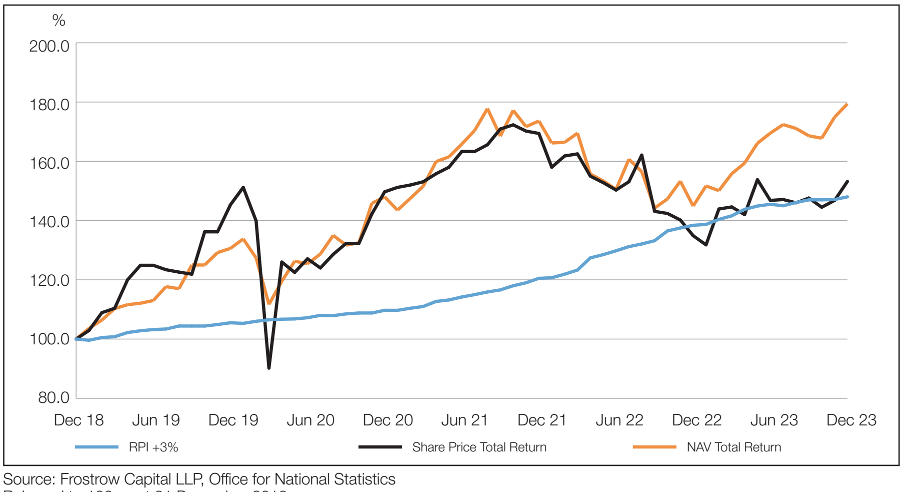
Source: Frostrow Capital LLP, Office for National Statistics
Rebased to 100 as at 31 December 2022

Total Return Performance – Three Years



Source: Frostrow Capital LLP, Office for National Statistics
Rebased to 100 as at 31 December 2020

Total Return Performance – Five Years



Source: Frostrow Capital LLP, Office for National Statistics
Rebased to 100 as at 31 December 2018

Chairman's Statement

Howard Pearce

Introduction

After becoming Chair in May 2023, I am pleased to present our ninth annual report since our launch in July 2015. It covers the calendar year ended 31 December 2023. By way of reminder, 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 benefitting significantly from the efficient use of energy and natural resources, irrespective of their size, location or stage of development. We are a high conviction long term patient capital investment.

Financial performance

Short term

The overall performance in 2023 has been encouraging, and it was pleasing to be short listed for specialist investment company of 2023 by 'Investment Week'.

The Company's total net asset value ("NAV") increased 21.9% from £103.8 million to £126.7 million, and the Company's share price increased 13.2% from 89.0p per share to 100.8p.

The NAV per share increased by 16.6% from 129.8p to 160.3p in 2023 giving a NAV per share total return* of 23.8% (2022: -16.5%). This is a 15.6% outperformance over the Company's performance benchmark, RPI+3% (compound), which returned 8.4%, and a 15.0% outperformance over the AIC environmental sector which returned 8.8%.

Although the Company's share price discount to NAV increased to -37.2% (2022: -31.4%), the share price total return* was a respectable 13.6% (compared to 2022: -0.3%). Notwithstanding this, the Board continues to try to reduce the discount and actions it is taking are outlined below.

Longer term

In line with our aim to generate long term shareholder returns, predominantly in the form of capital growth, the Company's compound NAV performance over the last 5 years of 12.3% per annum in 2023 (2022: 7.3% per annum) outperformed by 5.6%, the compound return for our RPI +3% benchmark of 6.7% per annum (2022: 5.3% per annum).

Moreover, the Company's NAV performance has been ranked 1st in the AIC environmental sector over the last 1, 3, and 5 years. The Company aims, wherever it can to reduce on-going charges, and over the last 5 years they have reduced by nearly 20% from 2.1% to 1.7% in 2023 (2022:1.8%). A small shareholder dividend has been paid annually since 2018, the exception being 2020 during the global pandemic.

**Alternative Performance Measure (see Glossary)*

Further information and performance metrics that describe the development of the Company over the last 9 years between 2015 and 2023 is presented on page 89.

Investment strategy

2023 saw the global demand for energy and resources continue to rise. The World Meteorological Association stated that 2023 was the hottest year ever recorded and the International Monetary Fund reported that financial markets were underpricing climate related risk. The need for businesses to progressively reduce their use of fossil fuels and greenhouse gas emissions has never been so critical as part of the green industrial shift mega trend.

We have continued to invest in a concentrated portfolio of high quality largely global businesses, the majority of which have a key role in enabling the transition to a lower-carbon future. 2023 saw a moderate reweighting towards sustainable infrastructure and transportation, leading to a commensurate decrease towards our digitalisation, industrial emissions reduction, water and waste management, and clean energy themes.

Our public equity investments, comprising 77.2% of our portfolio, performed well during the year delivering a total return of 29.0%, and adding 21.6% to the NAV per share. The largest contributions came from our digitalisation themed investments (Alphabet, Microsoft, Amazon) and sustainable transport companies (VINCI, Safran and Airbus). The weakest contributors were our investments in North American railway companies.

Our unique private equity co-investments, which at the end of 2023 comprised 9.7% of our portfolio, also performed well in 2023 delivering a total return of 32.3%, adding 2.9% to the NAV per share. We made a successful exit from our largest ever co-investment (£9.1 million) in a clean energy developer, X-ELIO with Kohlberg Kravis Roberts (KKR). It delivered a 2.6x return (in sterling terms) following its acquisition in November 2023 by Brookfield Renewables. Following on from our US$15 million commitment to The Children's Investment Trust (TCI) Real Estate Partners Fund III, which finances the development of best in class energy efficient buildings, during 2023 we made a further US$25 million commitment to TCI Real Estate Partners Fund IV.

In addition to the investments, our net assets as at 31 December 2023 predominantly comprised 1.5% FX hedge and 11.8% cash. In early 2024 FX hedging was discontinued and a proportion of the cash proceeds deployed to increase our public equity positions. In March 2024 we have made a new US$17.5 million clean energy co-investment commitment with KKR in Avantus (a USA solar and energy storage developer), further increasing our strategic asset allocation to private equity. Further details and commentary about the performance and development of the Company's investment portfolio can be found in the Portfolio Manager's report (pages 15 to 19).

Environmental performance

In 2023, the energy use disclosures from our listed equities reported a 7% uplift in the renewable energy they generated and 36% increase in renewable energy consumed, so reducing emissions from their use of fossil fuel energy. Some 75% of our listed equities have committed to, or set science-based targets for emissions reductions in line with the goals of the Paris global climate agreement.

Whilst some companies in which the Company's portfolio is invested, such as in transport infrastructure, use fossil fuels, our Portfolio Manager only invests in those that are using innovative, best practice technological solutions to significantly reduce their emissions and become more climate friendly. For example, Airbus is global leader in decarbonising and improving the efficiency of aircraft with a target that 50% will use sustainable aviation fuel by 2030.

E-commerce is also a key driver of decarbonisation and companies like Microsoft and Amazon are essential utilities for millions of businesses and consumers. Microsoft is committed to be carbon negative by 2030. Amazon has an ambition to reach 100% renewable energy usage across its business by 2025 and at the end of 2022 used 85% renewable energy.

The Company is a supporter of the UN Sustainable Development Goals (SDGs) and a snapshot of how our portfolio companies contribute to seven key goals can be found within the Company's Environmental Impact Report on pages 20 to 24. It is also made available as a separate document on our website www.menhaden.com, including methodological details that are not included within this annual report.

Share price discount to NAV per share

At the end of 2023 the shares of over 90% of the London Stock Exchange listed investment company sector were trading at a discount, including this Company. It is the Board's view that this metric is not necessarily a fair reflection of the value of our assets and overall financial performance.

However, the Company's share price discount continues to be a metric that concerns the Board and which it monitors extremely closely. The Board has not previously favoured share buy backs as a means for mitigation of the share price discount. It remains our view that share buybacks are not usually in the best long-term interest of shareholders taken a whole as they reduce the size of the Company and increase the ongoing charges ratio.

However, after a step-down in the share price in January 2023 the Board decided it would undertake a modest programme of share buybacks. We considered that this might reduce the volatility of the share price at that time, take advantage of the accretion to NAV that buying back shares at a discount achieves, and provide a signal to the market of our confidence in the inherent value of the Company's portfolio. 975,000 shares (1.2% of total issuance) were bought back between February and April 2023. While this provided some additional share liquidity in the volatile market conditions at that time, the buybacks resulted in no discernible short-term or longer-term impact on the discount. For small investment companies, there is scant published evidence that share buybacks can deliver any sustainable discount reduction.

During late 2023 the Board approved an enhanced marketing and communications plan which is being implemented by our AIFM and Portfolio Manager with the aim to influence investor sentiment and develop new demand for our shares to try and reduce the discount. The efficacy of these actions, which together with the relentless efforts of the Portfolio Manager to continue to generate strong investment returns should help to narrow the share price discount over time, will be continuously assessed during 2024.

While further buybacks to help stabilise a falling share price are not ruled out, any future decision will be dependent on the prevailing market conditions, the Company's available liquid resources, and the potential conflict between accretive share buybacks and the availability of more attractive portfolio investment opportunities offering a greater return on capital.

Additionally, in the course of the Board's considerations of the impact of any such further action, the Company, in consultation with the Takeover Panel, identified that in the context of any such buybacks Ben Goldsmith, the CEO of the Portfolio Manager (Menhaden Capital Management LLP), together with persons who are, or may be presumed to be, acting in concert with him, hold a significant percentage of the voting rights of the Company (27.9% of the Company's issued share capital as at 31 March 2024). Under Rule 37 of the Takeover Code, any increase in the percentage of shares carrying voting rights held by a shareholder or group of persons acting in concert with that shareholder resulting from the purchase by a company of its own shares will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code.

Chairman's Statement
continued

The identification of this concert party and the level of its aggregate interests in the Company's shares is likely to have the effect of limiting any share buybacks. The Company and the members of the concert party are keen to avoid inadvertently triggering Rule 9.1(a) of the Takeover Code, which requires a mandatory offer to be made for the entire issued share capital of the Company in the event that any person acquires an interest (taken together with shares in which other persons deemed to be acting in concert are interested) of 30% or more of the voting rights of the Company.

The Board has instructed the Company Secretary to monitor the interests and dealings of the members of the concert party and has requested that the Portfolio Manager keep the Board and the Company Secretary updated with the details of any changes to the composition of the concert party and its interests in the Company in order for the Board to be informed of the concert party's position prior to considering any future share buybacks.

The Board is asking shareholders to renew the authority to repurchase the Company's shares in the market at the forthcoming AGM. Buybacks will remain at the discretion of the Board.

It remains our aim for the Company to be in a position to enlarge its capital base through the issuance of new shares. This would reduce the annual ongoing charges and enhance the secondary market liquidity of the Company's shares, which the Board believes is in the best interest of all shareholders. As the Company can only issue new shares when the share price is at a premium to NAV, our fundamental aim is to improve the share price through enhanced investment performance supported by effective marketing strategies and informative communications to potential new investors who are attracted by our investment thesis and track record.

Shareholder dividend

While income generation, via the payment of annual shareholder dividends, is not one of our primary investment aims, such payments are an important shareholder benefit. The Company's dividend policy is to pay a dividend sufficient for it to maintain compliance with its investment trust legal status. The revenue return for the year to 31 December 2023 of £894,000 means that the legal threshold requiring a dividend payment has been exceeded and so, subject to shareholder approval, a dividend will be paid for 2023, as it has been four times previously. The Board is recommending to shareholders that a final dividend of 0.9p per share (0.4p in 2022) be declared in respect of the year ended 31 December 2023 and a corresponding resolution has been included in the Notice of Meeting for the AGM. If this resolution is passed, the dividend will be paid on 5 July 2024 to shareholders on the register on 7 June 2024. The shares will be marked ex-dividend on 6 June 2024.

Board developments

There have been a number of changes to the Board during 2023. In May 2023 Ian Cheshire stepped down as Chair and became an independent non-executive Director and Barbara Donoghue became Chair of the Audit Committee. Later, in December, Barbara succeeded Ian Cheshire as Chair of the Management Engagement Committee and was also appointed as Senior Independent Director. Following a competitive recruitment process, I am delighted that Soraya Charabak joined the Board in March 2023. Duncan Budge retired from the Board at our last AGM. We are exceedingly grateful for his valuable contributions to our Board and Committee meetings.

Strategic outlook

Looking ahead further, continued geo-political tensions and economic uncertainties, with potential disruption to global supply chains, are quite likely. For example, arising from the continuing conflicts in the Ukraine and Gaza; tensions between America and China over trade; and volatility in the price of energy and natural resources. Also the impact of climate change, and increasing incidence of extreme weather events, has increasing financially material consequences. All these macro-factors have significant impacts on millions of people, financial markets and on investor sentiment.

Notwithstanding these challenges, the Board considers the Company's unique strategy and high conviction portfolio to be well placed for further capital growth because of the high quality and the defensive and inflation resistant properties of our investment holdings. Moreover, the Board remains convinced all businesses must respond to climate change by navigating the energy transition from fossil fuels to more renewable sources and the need to be ever more energy and resource efficient becomes even more critical to their on-going sustainability and success. Accordingly, the Company's investment thesis should continue to provide long-term benefits for our investors. The next five-yearly continuation vote for the Company will be in July 2025.

Annual General Meeting

The Company's AGM will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Thursday, 27 June 2024 at 11.30 a.m. The Notice convening the AGM together with explanations of the proposed resolutions can be found on pages 94 to 99 of the Annual Report. The Board considers that all the resolutions are in the best interests of the Company and the shareholders taken as a whole and unanimously recommend they be approved.

The Board strongly encourages shareholders to register their votes online in advance of the meeting by visiting www.signalshares.com and following the instructions on the site. Appointing a proxy online will not restrict shareholders from attending the meeting in person should they wish to do so and will ensure their votes are counted if they are not able to attend. Shareholders are encouraged to consult the Company's website at www.menhaden.com for any late changes to the arrangements. Shareholders, especially if they are unable to attend, are invited to send any questions they may have to the Company Secretary by email to info@frostrow.com ahead of the meeting.

Howard Pearce
Chairman
19 April 2024

Investment Objective and Policy

Investment Objective

The Company's investment objective is to generate long-term shareholder returns, predominantly in the form of capital growth, by investing in businesses and opportunities that are demonstrably delivering or benefitting significantly from the efficient use of energy and resources irrespective of their size, location or stage of development.

To reflect its non-benchmarked total return investment strategy, the Company uses RPI+3% (compound) as its primary long-term financial performance comparator. In addition to this absolute return performance measure, the Company also uses a range of specialist, sectoral and peer group benchmarks to assess its relative performance.

Investment Policy

The Company's investment objective is pursued through constructing a conviction-driven portfolio consisting primarily of direct listed and unlisted holdings across asset classes and geographies.

Asset Allocation

The Company invests, either directly or through external funds, in a portfolio that is comprised predominantly of a combination of listed equities and private equity investments.

The flexibility to invest across asset classes affords the Company two main benefits:

- it enables construction of a portfolio based on an assessment of market cycles; and
- it enables investment in all opportunities which benefit from the investment theme.

It is expected that the portfolio will comprise approximately 15 to 30 positions.

Geographic Focus

Although the portfolio is predominantly focused on investments in developed markets, if opportunities that present an attractive risk and reward profile are available in emerging markets then these may also be pursued.

While many of the companies forming the portfolio are headquartered in the UK, USA or Europe, it should be noted that many of those companies are global in nature, so their reporting currency may not reflect their actual geographic or currency exposures.

Investment Restrictions

Subject to any applicable investment restrictions contained in the Listing Rules from time to time, the Portfolio Manager will not make an investment if it would cause the Company to breach any of the following limits at the point of investment:

- no more than 20% of the Company's gross assets may be invested, directly or indirectly through external funds, in the securities of any single entity; and
- no more than 20% of the Company's gross assets may be invested in a single external fund.

Hedging

The Company may enter into any hedging or other derivative arrangements which the Portfolio Manager (within such parameters as are approved by the Board and the AIFM and in accordance with the Company's investment policy) may from time to time consider appropriate for the purpose of efficient portfolio management, and the Company may for this purpose leverage through the use of options, futures, options on futures, swaps and other synthetic or derivative financial instruments.

Cash Management

There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash position instead of being fully or near fully invested.

Borrowing and Leverage Limits

The Company may incur indebtedness for working capital and investment purposes, up to a maximum of 20% of the net asset value at the time of incurrence. The decision on whether to incur indebtedness may be taken by the Portfolio Manager within such parameters as are approved by the AIFM and the Board from time to time. There will be no limitations on indebtedness being incurred at the level of the Company's underlying investments (and measures of indebtedness for these purposes accordingly exclude debt in place at the underlying investment level).

At the date of this report, the Company has no borrowings.

In addition, the Alternative Investment Fund Managers Regulations ("UK AIFMD") require the Company, which is an Alternative Investment Fund ("AIF") under the regulations, to set maximum leverage limits corresponding to the UK AIFMD leverage definition. The UK AIFMD defines leverage as any method by which the total exposure of an AIF is increased and provides two calculation methods (gross and commitment), as further explained in the Glossary on page 90 and in the separate UK AIFMD periodic disclosures document on the Company's website.

Other Investment Restrictions

The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy.

The Listing Rules restrict the Company from investing more than 10% of its total assets in other listed closed-ended investment funds, save that this restriction does not apply to investments in closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds. The Company will comply with this investment restriction (or any variant thereof) for so long as such restriction remains applicable.

At the date of this report, the Company was not invested in any listed closed-ended investment funds.

In the event of any material breach of the investment restrictions applicable to the Company, shareholders will be informed of the actions to be taken by the AIFM through a Regulatory Information Service announcement.

Investment Committee

Menhaden Capital Management LLP has been appointed as the Company's Portfolio Manager. The Portfolio Manager's Investment Committee, acting under delegated authority, makes all investment and disinvestment decisions in respect of the Company.

Graham Thomas

Graham is the non-executive chairman of the Investment Committee. Before founding Menhaden Capital Management LLP 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$3 billion 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.

Ben Goldsmith

Ben is the chief executive officer of Menhaden Capital Management LLP. Before co-founding Menhaden Capital Management LLP, Ben co-founded WHEB Asset Management, one of Europe's leading sustainability-focused investment management firms. Ben is a director of Cavamont Holdings, the Goldsmith family investment vehicle.

Ben chairs the UK Conservative Environment Network, and is a Trustee of The Children's Investment Fund Foundation, a globally leading climate and health focused philanthropic foundation.

Luciano Suana

Luciano is the chief investment officer at Menhaden Capital Management LLP. Before joining Menhaden Capital Management LLP, Luciano was a Director of 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 of Dresdner Kleinwort in London. There he focused mainly 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.

Investment Process

The portfolio management team, which has day to day responsibility for managing the portfolio, is led by Luciano Suana, and comprises himself, Ben Goldsmith and Edward Pybus.

The portfolio management team presents investment opportunities to the Investment Committee, which is chaired by Graham Thomas.

Thematically, the team seeks to invest in opportunities, publicly traded or private, which either demonstrably deliver or benefit significantly from the more efficient use of energy and resources. All investment opportunities are assessed through a value lens, with the aim of acquiring investments with low downside risk, backed by identifiable assets and cash flows, at attractive valuations. The team seeks to invest with a long-term perspective, and with high conviction. Consequently, the portfolio usually comprises around 20 positions and the team aims for portfolio turnover to be low.

When identifying suitable investment opportunities, the portfolio management team is cognisant of the UK Stewardship Code and the UN Principles of Responsible Investment.

Investment Risk Approach

The Portfolio Manager uses bottom-up fundamental analysis to select companies with high quality cash flows that demonstrate persistent and predictable performance due to successful business models. Such companies typically exhibit high profitability and pricing power and have often won commanding positions in their respective competitive landscapes. Together, these characteristics serve to mitigate external risks such as those associated with technological, regulatory and climate change. The management team continuously monitors the impact of these risks on company terminal values.

This approach precludes the Portfolio Manager from investing in highly leveraged companies or those in the early stage of development. It limits private equity investments to those with experienced sponsors who enjoy a solid track record.

Within this framework, the Portfolio Manager will run a concentrated portfolio of 15 to 30 investments, predominantly in developed markets. Position sizing takes place within stated limits and is dependent on the Portfolio Manager's level of conviction regarding the prospects of each individual company.

Portfolio turnover is moderate, in keeping with the longer hold periods inherent in this approach.

Investment Committee

The Investment Committee meets weekly in order to consider the investment opportunities presented by the portfolio management team. All investment decisions must be made with the unanimous consent of all members of the Investment Committee unless one of the members has a potential conflict of interest, in which case that member will excuse himself from that particular decision.

Investment Network

The portfolio management team has access to a proprietary investment network, which includes a group of investment managers of external funds and, from time to time, external experts and advisers. The portfolio management team believe that this is of benefit to the investment process and helps to source opportunities that they believe would not otherwise be available to the Company.

Portfolio

Investments held as at 31 December 2023

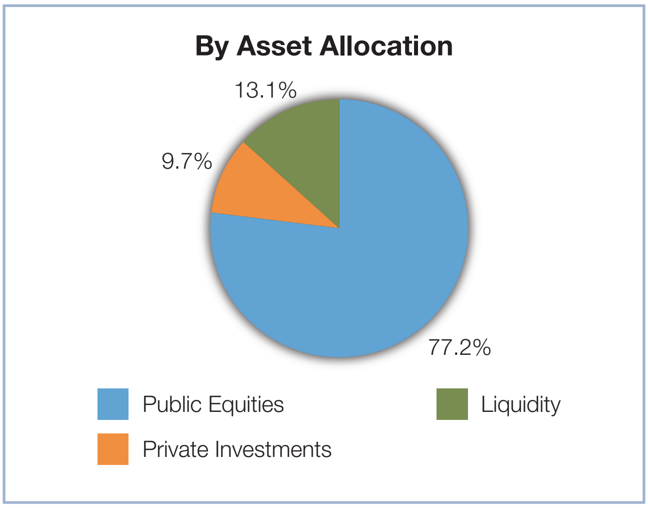
Investment	Country	Fair Value £'000	% of Total Net Assets
Airbus	France	15,858	12.5
Alphabet	United States	15,342	12.1
Microsoft	United States	13,269	10.5
Safran	France	11,329	8.9
VINCI	France	10,345	8.2
Canadian Pacific Kansas City	Canada	9,181	7.2
Canadian National Railway	Canada	8,536	6.7
Amazon	United States	6,198	4.9
TCI Real Estate Partners Fund IV*	United States	6,021	4.8
John Laing Group*[1]	UK	4,503	3.6
Ten Largest Investments		**100,582**	**79.4**
Ocean Wilsons	Bermuda	4,320	3.4
TCI Real Estate Partners Fund III*	United States	1,736	1.4
Waste Management	United States	886	0.7
Union Pacific	United States	771	0.6
ASML	Netherlands	709	0.6
KLA	United States	593	0.5
Lam Research	United States	430	0.3
Total Investments		**110,027**	**86.9**
Net Current Assets (including cash)		**16,652**	**13.1**
Total Net Assets		**126,679**	**100.0**

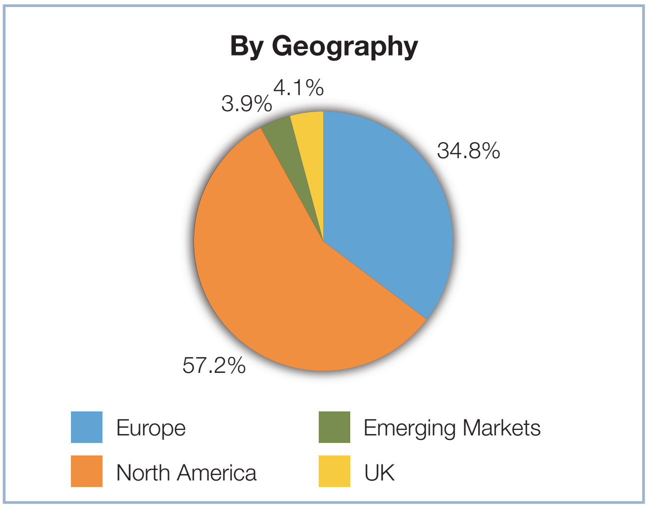
Business Description	Investment Theme
Designs and manufactures next generation commercial aircraft which offer significant fuel efficiency savings	Sustainable infrastructure and transportation
Delivers a range of internet-based products and services for users and advertisers, which are powered by renewable energy with the group being the largest corporate buyer of renewable power worldwide	Digitalisation
Provides cloud infrastructure and software services which deliver energy efficiency savings for customers versus legacy solutions	Digitalisation
Designs, manufactures and services next generation aircraft engines which offer significant fuel efficiency savings	Industrial emissions reduction
Builds and operates energy efficient critical infrastructure assets	Sustainable infrastructure and transportation
Owns and operates fuel-efficient freight railways in Canada and the USA	Sustainable infrastructure and transportation
Operates rail freight services across North America, which represent the most environmentally friendly way to transport freight over land	Sustainable infrastructure and transportation
An energy efficient ecommerce and cloud computing business aiming to use only renewable energy by 2030	Digitalisation
Invests in energy-efficient real estate projects	Sustainable infrastructure and transportation
Portfolio of mostly renewable rail and social infrastructure assets	Sustainable infrastructure and transportation
Operates ports and provides (lower climate impact) maritime services in Brazil	Sustainable infrastructure and transportation
Invests in energy-efficient real estate projects	Sustainable infrastructure and transportation
Provides waste management and environmental services in North America	Water and waste management
Provides fuel-efficient rail freight services across the USA	Sustainable infrastructure and transportation
Develops, manufactures and services advanced lithography systems used to produce more energy efficient semiconductor chips	Digitalisation
Develops, manufactures and services inspection and metrology equipment used to increase the efficiency of semiconductor manufacturing	Digitalisation
Develops, manufactures and services etching and deposition equipment used to produce more energy efficient semiconductor chips	Digitalisation

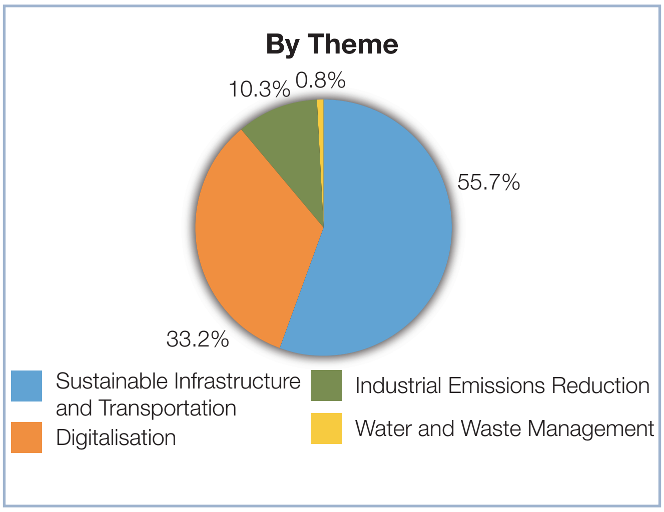
[1] Investment made through KKR Aqueduct Co-Invest L.P. * Unquoted

Portfolio Profile

Portfolio Distribution







Investment Themes

Theme	Description
Clean energy	Companies involved in the production and transmission of power from clean sources such as solar or wind.
Industrial emissions reduction	Companies focused on improving energy efficiency (e.g. in buildings or manufacturing processes) or creating emissions reduction products or services.
Sustainable infrastructure and transportation	Companies in the infrastructure and transport sectors helping to reduce harmful emissions.
Water and waste management	Companies with products or services that enable reductions in usage/volumes and/or smarter ways to manage water and waste.
Digitalisation	Companies that facilitate reduced resource consumption through digital technology.
Reporting	Companies providing the means for environmental reporting and evaluation.

Portfolio Manager's Review

Performance

During 2023, the Company's NAV per share increased from 129.8p to 160.3p. Together with the 0.4p per share dividend paid in the year, this represents a total return of 23.8% and compares to the benchmark (RPI+3%) return of 8.4%. Importantly, this level of performance has been achieved with no change in our appetite for, and attitude towards, risk. The contributions to the NAV per share total return over the period are summarised below:

	31 December 2023	
	NAV %	Contribution %
Quoted Equities	77.2	21.6
Private Investments	9.7	2.9
FX Hedges	1.5	2.2
Cash	11.8	0.0
Other net current liabilities	(0.2)	(1.2)
Expenses		(1.7)
Dividend Paid		(0.4)
Net Assets	**100.0**	
Net Return		**23.4**
Impact of dividend reinvestment		0.4
Total Return		**23.8**

The drive for resource efficiency continues to accelerate, with the US and China restarting a joint effort to tackle climate change in November 2023 and then nearly every country in the world agreeing to transition away from fossil fuels at the COP28 summit in December 2023. More than 100 countries also signed pledges to triple global renewable power capacity by 2030 and double the annual rate of energy efficiency improvements every year to 2030. Our approach of pairing this theme with a strict focus on quality and valuation was once again fundamental to generating good investment returns. This preference for businesses which benefit from barriers to entry, and which trade at reasonable valuations has led us to invest primarily within the sustainable infrastructure and transportation and digitalisation themes, and has mainly been expressed in quoted equities where the return relative to risk has been more favourable.

Investment performance was led by the portfolio's digitalisation holdings (Microsoft, Alphabet and Amazon), in a reversal of their poor performance in 2022. Safran, VINCI and Airbus performed strongly following the aviation industry's post Covid resurgence. Within the private portfolio, KKR agreed a deal to sell its 50% stake (in which the Company participated) in Spanish solar developer, X-ELIO, to joint venture partner, Brookfield Renewable. The transaction completed in November and crystallized an aggregate return on invested capital of 2.15x in US dollars, equivalent to an IRR of ~13% over 8 years. This was our fourth successful exit from a private investment since inception. In aggregate, these have generated realised gains of approximately £21 million (and 2.0x cost).

Key portfolio decisions during the period included the reduction of the Alphabet position by one half, due to concerns over rising competition, and the partial redeployment of the proceeds into re-establishing a position in Airbus in February 2023. Airbus has the leading narrow body aircraft franchise and in our view is best placed to help airlines meet their growing needs for fleet renewals and decarbonisation. We continued to increase the size of the Airbus position over the subsequent months. We always monitor valuations and adjust positions accordingly where appropriate. In this vein, we opted to take some profits on the Microsoft holding in June, following very strong performance. We then added the proceeds, and some excess cash, to the portfolio's Airbus, Canadian National Railway and VINCI holdings. We believed these investments offered similar returns premised on less demanding valuations.

Within the Company's private portfolio, we made a US$25 million commitment to the fourth vintage of the TCI Real Estate Partners strategy in March 2023. This fund will follow the same strategy, and offer similar environmental benefits, as the TCI Real Estate Partners Fund III. The Fund helps to finance developments which are best in class in terms of energy efficiency and environmental standards. The first drawdown was called in October 2023, which was funded from cash on hand and by partial sales of quoted equity holdings.

Following the year end and the settlement of outstanding currency hedges, we decided to cease partly hedging US dollar and Euro currency exposures due to changes in the outlook for currencies and a new requirement to cash collateralise forward exposures on a daily basis.

In February 2023, following a widening of the discount of the price at which the Company's shares traded relative to their NAV, the Board of Directors authorised the deployment of up to £1 million for a share buyback programme. 975,000 shares (1.2% of the total issued) were purchased between mid-February to early April at a cost of £920,000.

Portfolio Manager's Review
continued

We maintain a proactive stance on stewardship. We carefully assess shareholder resolutions and engage with portfolio companies on environmental issues. We seek to promote energy transition plans to progress towards net zero targets and greater disclosure of greenhouse gas emission reduction and mitigation strategies. During the period we voted against the recommendation of both Amazon's and Microsoft's management on resolutions requesting disclosure on how the company is protecting the retirement plan's beneficiaries from climate risk.

Quoted Equities

Quoted equities represented 77.2% of total NAV at 31 December 2023, and delivered a total return of 29.0% over the period, adding 21.6% to the NAV per share.

Investment	Increase/ (Decrease) %	Contribution to NAV %
Alphabet	72.2	5.7
Microsoft	78.5	5.1
Safran	39.4	2.9
Amazon	90.1	2.7
VINCI	21.2	1.6
Airbus	11.7	1.4
Ocean Wilsons	46.3	1.3
KLA	55.6	0.2
Lam Research	89.1	0.2
ASML	36.7	0.2
Canadian National Railway	6.8	0.1
Union Pacific	20.7	0.1
Waste Management	16.0	0.1
Canadian Pacific Kansas City	6.2	0.0

Note: Percentage increase/(decrease) for individual holdings is calculated on their local currency and based over the holding period if bought or sold during the year.

Alphabet is the market leader in search. The company's market share (>90%) has not materially changed following the launch of Open AI's ChatGPT and the proliferation of large language models. Ecommerce still represents only a fraction of total retail sales and we believe Google's Search business can continue to generate healthy revenue growth going forward. The company continues to drive its sustainability agenda with aims to achieve net-zero emissions, run on 24/7 carbon-free energy and to replenish more water than it consumes. Progress is also being made on costs, with management continuing to restructure business units and reduce headcount. Core operating margins are improving. Alphabet remains focused on using Generative AI to enhance Google's products and services for both users and advertisers and launched its Gemini AI model in December 2023, followed by full release in February 2024.

That said, we reduced the position materially in February 2023 in the face of rising competition in Search, following Microsoft's launch of its new Bing search engine. Whilst we thought that Alphabet was well positioned to fend off this new challenge, we believed that the range of outcomes had widened and associated risk increased. We sold approximately one half of the position. We also continue to monitor the various anti-trust actions against the company. The evidentiary phase of the US Department of Justice's antitrust trial against Google concluded during 2023 and closing arguments are set for May 2024.

Microsoft is the key technology partner for enterprise and its software products are ubiquitous. More than 95% of Fortune 500 companies are customers of the Azure cloud business and four out of every five use Office 365. Microsoft strives to ensure their technology infrastructure is fully sustainable, aiming to operate on carbon-free energy everywhere, at all times, by 2030. Azure continues to gain share, with growth rates materially outpacing both Amazon Web Services and Google Cloud. Microsoft's CFO expects the growth rate to remain in the high 20s for the first half of 2024. Office 365 is approaching 500 million users across Commercial and Consumer platforms and continues to grow. The company fully launched its Microsoft 365 Copilot product at the start of November. Whilst the rate of adoption may be gradual, we believe that the end productivity gains will support significant future revenue growth. We opted to take some profits in June, with the shares then up more than 40% year-to-date in US dollars, and reduced the position by 2.0% of NAV.

French aircraft engine manufacturer **Safran** continues to lead the way towards the decarbonisation of the aviation sector. The company has committed to reduce absolute Scope 1 and 2 emissions (see page 20) by 50% by 2030 and reduce Scope 3 emissions by 42.5% per available seat kilometre by 2035 (versus 2018). These targets were independently approved by the SBTi in January 2023. Renewal of the existing fleet with the latest generation of aircraft powered by Safran's LEAP engine should reduce the carbon emissions per passenger mile by 1-2% per year over the next 15 years. Safran and GE also launched the RISE (Revolutionary Innovation for Sustainable Engines) programme in 2021. This engine programme targets further fuel efficiency improvements of more than 20% and full compatibility with sustainable aviation fuels. The commercial launch is scheduled for the mid-2030s.

Safran has profited from the commercial aviation industry's resurgence. Flight cycles are the key driver of the company's financial performance, with most of its earnings coming from aftermarket sales of spare parts. We believe air travel remains a secular growth story, with most people still never having travelled on a plane. Growing aftermarket volumes should be augmented by a benign pricing environment, following difficulties encountered by engine manufacturer rivals, Pratt & Whitney and Rolls Royce.

Amazon aims to reach net zero carbon emissions by 2040. Progress so far includes the company's carbon intensity falling 7% from 2021 to 2022 and 90% of electricity consumed attributable to renewable energy sources, with a path to 100% by 2025. Profitability and free cash flow generation have meaningfully recovered and we expect both to continue growing well. The retail business' operating margins are benefiting from the switch to a regional fulfilment model in the US. This translates into shorter delivery distances and faster delivery speeds. New robotics initiatives could further boost productivity in the coming years. Amazon Web Services' growth rate is picking up following a softer Cloud environment focused on workload optimisations. CEO Jassy is still keen to highlight the remaining opportunity, with 90% of IT spend still on-premises. Capital investment is also moderating, following the expansion of the fulfilment network.

French infrastructure group, **VINCI**, aims to reduce Scope 1 and 2 emissions by 40% and Scope 3 emissions by 20% by 2030. These are notable goals for a construction company and include increasing the use of low carbon concrete for 90% of its needs. The airports segment has recovered strongly in 2023. Traffic is now above 95% of 2019 levels but there are considerable differences between regions. Neither France nor the UK, two of the most important countries, have yet returned to 2019 levels. VINCI's management team continues to deploy capital in a measured way and outlined plans to build and operate a portfolio of renewable energy assets through its Cobra IS business unit at its Investor Day in December 2023. The team is aiming to have 5 GW of capacity in operation or under construction by 2025 and 12 GW by 2030. The company started operating its first renewable energy asset last year, with the commissioning of the Brazilian Belmonte solar farm (0.6 GW) in July 2023.

We renewed a position in aircraft manufacturer **Airbus** in February and repeatedly increased its size over the next six months. This was the portfolio's largest holding at 12.5% of NAV at the year end. The company's shares had previously been held in the portfolio but we exited in April 2021, believing that the post-Covid recovery would take significantly longer than implied by the price. Now commercial aviation's recovery is nearly complete and the secular growth of air travel appears set to resume. Fleet renewal requirements and the need for the global aviation sector to accelerate their decarbonisation are key drivers. By upgrading to Airbus' latest generation aircraft, customers can reduce carbon emissions by 20-30%. Airbus' aircraft are also certified to operate on 50% sustainable aviation fuel (SAF), with a target to reach 100% by the end of the decade. Airbus plans to reduce scope 1 and 2 emissions by 63% by 2030 and reduce scope 3 emissions by 46% by 2035.

Their management team remains focused on ramping A320 production. This programme is sold out until 2029. Personnel hiring ahead of current manufacturing needs and the building of certain key inventories should help to ensure a successful ramp up. Engine deliveries remain a bottleneck but both CFM (Safran and GE) and Pratt & Whitney have reaffirmed their commitments for 2024. Deliveries of aircraft should increase from 735 in 2023 to more than 1,000 annually in the coming years and underpin significant earnings growth. This profile is well supported by the current backlog of nearly 8,600 aircraft.

Holding company, **Ocean Wilsons**, comprises a controlling interest in publicly listed Brazilian port operator, Wilson Sons, and a diversified investment portfolio. Shipping has the lowest climate impact of any freight method, on a per unit basis, producing between 10-40 grams of CO_2 per metric ton of freight per kilometre of transportation, which is around half that even of rail freight. Wilson Sons' asset base enjoys high barriers to entry and substantial operating leverage for growth in Brazil's international trade shipping sector. Following a strategic review in June, Ocean Wilsons confirmed the receipt of several indicative non-binding offers for its investment in Wilson Sons. The company could unlock significant value, with the shares trading at more than a 50% discount to NAV.

The semiconductor industry appears to have passed the bottom of its sales cycle. Whilst the profile of any recovery is uncertain, a return to growth should translate into higher capital spending. This should benefit the semiconductor capital equipment companies in the portfolio, **ASML**, **Lam Research** and **KLA**. Each company dominates its respective niche in the value chain and plays a critical role in helping the wider industry both maximise semiconductor production from finite resources and develop and produce more advanced and energy efficient chips. We believe the fundamental drivers of semiconductor demand remain as clear as ever: cloud computing, artificial intelligence, 5G, the Internet of Things (IoT) and the digitalisation of the

Portfolio Manager's Review

continued

automotive industry. Semiconductor manufacturers' capital intensity also continues to increase. We expect all these companies to have very bright futures.

The Company's North American railroad holdings, **Canadian National Railway**, **Canadian Pacific Kansas City** and **Union Pacific**, have contended with a slowing economy and a period of inventory destocking in 2023. We view these headwinds as only cyclical in nature. Rail retains a significant cost advantage over trucks on longer haul routes and no one is building railroads today. Rail remains the most environmentally friendly way of transporting freight over land, with current locomotives four times more fuel efficient than trucking on a per unit basis. Furthermore, these companies continue to evaluate and trial new technologies to move beyond the internal combustion engine.

We opted to add incrementally to the portfolio's position in Canadian National Railway in June. We believed the shares offered good value compared to the company's midterm organic growth profile. Canadian Pacific finally completed its merger with Kansas City Southern in April 2023. The combined entity has multiple opportunities to grow volumes, including by converting truck traffic to rail. We believe the company can outperform its published earnings per share guidance. New Union Pacific CEO, Jim Vena, has embarked upon a programme of decentralisation as he aims for the company to grow faster than the economy with industry leading margins.

Waste Management provides essential services and benefits from a high proportion of annuity-like revenue streams, with the cost of its services representing a very small portion (circa 0.5%) of customers' total expenses. Solid waste pricing has now moved ahead of cost inflation and the company should be able to regain some of the lost ground over the past two years. Progress is also being made on the automation programme to reduce labour requirements by 5,000-7,000 roles, equivalent to more than 10% of headcount. Growth investments in new automated recycling facilities and renewable natural gas plants at landfill sites continue, although certain of the latter projects have been hampered by interconnection and permission issues. We believe these will ultimately be resolved and underpin sustained double digit earnings growth going forward.

Private Investments

The Company's portfolio of private investments represented 9.7% of the total NAV as at 31 December 2023, and delivered a total return of 32.3% over the period, adding 2.9% to the NAV per share.

Investment	Increase/ (Decrease) %	Contribution to NAV %
X-ELIO	31.3	3.0
TCI REP Fund III	(1.9)	(0.1)
John Laing	3.2	0.1
TCI REP Fund IV	1.6	(0.1)

Note: Percentage increase/(decrease) for individual holdings is calculated on their local currency and based over the holding period if bought or sold during the year. Excludes distributions received.

As noted above, KKR completed the sale of its 50% stake (incorporating the Company's co-investment) in Spanish solar energy developer, **X-ELIO**, in November. This crystallised an aggregate return on invested capital of 2.6x in Sterling terms, equivalent to an IRR of ~16% over 8 years. The increase and contribution to NAV in the table above represent percentages for the period until X-ELIO's disposal in November.

The remaining investments in **TCI Real Estate Partners Fund III** are three loans to separate real estate developments in the United States. They are first mortgages and have low loan-to-value ratios (less than 60%). These developments are best in class in terms of energy efficiency and environmental standards. Buildings contribute more than 30% of GHG emissions in the United States and raising their efficiency levels is vital to reducing emissions. Whilst the Fund did not manage to commit the level of capital we originally hoped, investment returns have remained in line with expectations. The Fund has continued to draw down from its remaining commitment (circa US$3.2 million) in line with the schedules of its existing loans. We expect two loans to be repaid this year and the last one to be repaid in 2026.

We finalised a new US$25 million commitment to the **TCI Real Estate Partners Fund IV** in March 2023. This fund will follow the same strategy, and offer similar environmental benefits, as the TCI Real Estate Partners Fund III. The coronavirus epidemic provided a stress test for Fund III. We were very pleased that while certain developments were affected by construction delays, return expectations on the loans remained unchanged. Each loan has several elements of downside protection such as credit seniority, loan-to-value ratios of up to 65% and completion and carry guarantees. The strategy has only ever recorded one loss out of 37 loans. The manager believes that stress is starting to permeate real estate credit markets and that the emerging conditions should underpin strong demand for its differentiated financing. Furthermore, the rise in interest rates has increased the relative attractiveness of their traditionally premium rates. The manager is targeting gross returns of 11-14%. We believe this level of return represents an exceptional balance between risk and reward. The fund made its first drawdown in October 2023, which was funded from cash on hand and by partial sales of quoted equity holdings. We expect the Company's net invested amount, on a cost basis, to peak at approximately 70% of the total commitment in mid-2026. This will significantly increase the portfolio's exposure to real estate and the sustainable infrastructure and transportation theme.

John Laing is an active manager of public-private partnerships and similar concession-based assets. The company makes both green and brownfield investments. The management team launched a new sustainability strategy in August 2023 and is aiming to reach net zero by 2050, with an interim target for 70% of assets to align with net zero by 2030. John Laing completed its largest ever investment with the purchase of three Irish infrastructure assets from AMP Capital in 2023. These consisted of Valley Healthcare, a portfolio of primary care centres, the Convention Centre Dublin and Towercom, a mobile tower operator. Then the purchase of equity interests in four UK Public-Private Partnerships and a stake in the Hornsea II offshore transmission assets from HICL Infrastructure PLC was agreed in September 2023. Finally, the sale of the Clarence Correctional Centre in Australia, which was planned as part of KKR's acquisition, was also agreed.

FX Hedges

We first hedged currency exposure in November 2017, after a prolonged phase of Sterling weakness. This had benefitted the portfolio, which was heavily weighted to assets denominated in US dollars and Euros. We sought to protect some of these gains by hedging approximately half of the portfolio's currency exposures. With the benefit of hindsight, we can see our concerns that these Sterling currency gains might be substantially given back were unfounded. Following the settlement of the outstanding currency forward contracts in early January 2024 we have ceased to hedge the Company's currency exposures, due to a new requirement to cash collateralise the forward exposures on a daily basis (whereas in the past these were only cash settled, or paid out, on expiry). Since inception, the cumulative net losses from our hedging strategy amounted to £5.3 million. It should be noted that, as a hedge, this loss has been more than offset by the currency gains on non-Sterling holdings.

Outlook

We keep focusing on what we can control. Our preference remains for investments that require us to make as few predictions as possible. We believe our criteria of investing in energy and resource efficiency businesses offering quality and value results in a portfolio well placed to generate superior returns over time relative to the level of risk taken, in most market conditions.

The completion of the sale of X-ELIO meant we finished the year with a high cash balance. Following the year end, we deployed a portion of the cash, equivalent to 5.8% of NAV, across the portfolio's existing quoted equity holdings in January. Since then, we were pleased to agree a new co-investment with KKR in a solar developer in the United States, Avantus, in March. This company has one of the largest development pipelines across California and the Southwest. We believe the deal is highly opportunistic and at an attractive valuation. As always, we only make private investments when they offer a more attractive balance between risk and reward compared to public markets. We believe this transaction met this criterion and we expect it to produce returns significantly in excess of public equity markets. Our initial US$17.5 million investment equates to ~10% of the Company's NAV and was funded from cash on hand and the partial sales of existing quoted equities. We expect this transaction and further drawdowns on our commitment to TCI Real Estate Partners Fund IV to significantly increase the portfolio's allocation to private investments.

Following the strong performance in 2023, the Company's net asset value per share has now compounded at over 12.3%, after fees, for the five years ended 31 December 2023 compared to our benchmark RPI+3% return of 6.7%. Share price performance continues to trail the Company's net asset value returns, resulting in a widening discount to net asset value. We believe this is primarily due to the size of the Company and a corresponding lack of liquidity in the shares. We intend to keep our relentless focus on investment performance to deliver growth, and a reduction in the discount, as both the performance and growth are recognised by the market. With all members of the Portfolio Manager owning significant equity stakes in the Company, our interests are in full alignment with shareholders. Below is a summary of the Company's compound annual growth rate on total return basis:

To 31 December 2023	1 year	3 years	5 years	7 years	Inception
NAV per share	23.8%	6.6%	12.3%	9.6%	6.7%
Share price	13.6%	0.7%	8.8%	6.4%	0.0%
RPI+3%	8.4%	11.2%	6.7%	7.2%	6.7%

Menhaden Capital Management LLP

Portfolio Manager
19 April 2024

Environmental Impact Statement

Foreword

The extreme weather of 2023 was a powerful reminder of the need for capital markets, policymakers and civil society to adapt to a changing world. The World Meteorological Organization confirmed it was the hottest year on record, with the highest levels of carbon dioxide in the atmosphere for at least 2 million years. So it was fitting the year ended with the landmark commitment from over 100 governments at COP28 to accelerate energy efficiency and renewable use.

That is a commitment that chimes with our core objective at Menhaden Capital Management LLP – to generate long-term outperformance for Menhaden Resource Efficiency PLC's shareholders by investing in businesses that deliver, or materially benefit from, the efficient and responsible use of energy and other resources.

We can reflect on an encouraging year, where Menhaden Resource Efficiency PLC's net asset value per share was up 23.8%, and companies in its portfolio showed leadership in developing solutions that drive value by addressing energy efficiency and climate challenges. **Alphabet** continues to take major strides to reduce operational waste and promote a more circular consumption cycle, and **Waste Management** is breaking new ground in the production of biogas and renewables by repurposing closed landfill sites into solar farms. **VINCI** is working to reduce its emissions by replacing its fleet of vehicles with electric, hybrid or hydrogen models, and gradually mainstreaming low-carbon concretes across all VINCI Construction and VINCI Autoroutes worksites.

We are highly encouraged that over three quarters (11/14) of the portfolio's listed holdings have committed to, or set, science-based targets for emissions reductions, and that nearly all (13/14) responded to CDP's 2023 climate questionnaire. We continue to engage with the companies in the portfolio to encourage further disclosure including on nature, as-well as climate risk.

In a rapidly changing world there remains enormous opportunity in applying an energy and resource-efficient mindset to investment decision-making, and we look forward to continuing this approach to value creation in 2024 and beyond.

Ben Goldsmith
CEO, Menhaden Capital Management LLP

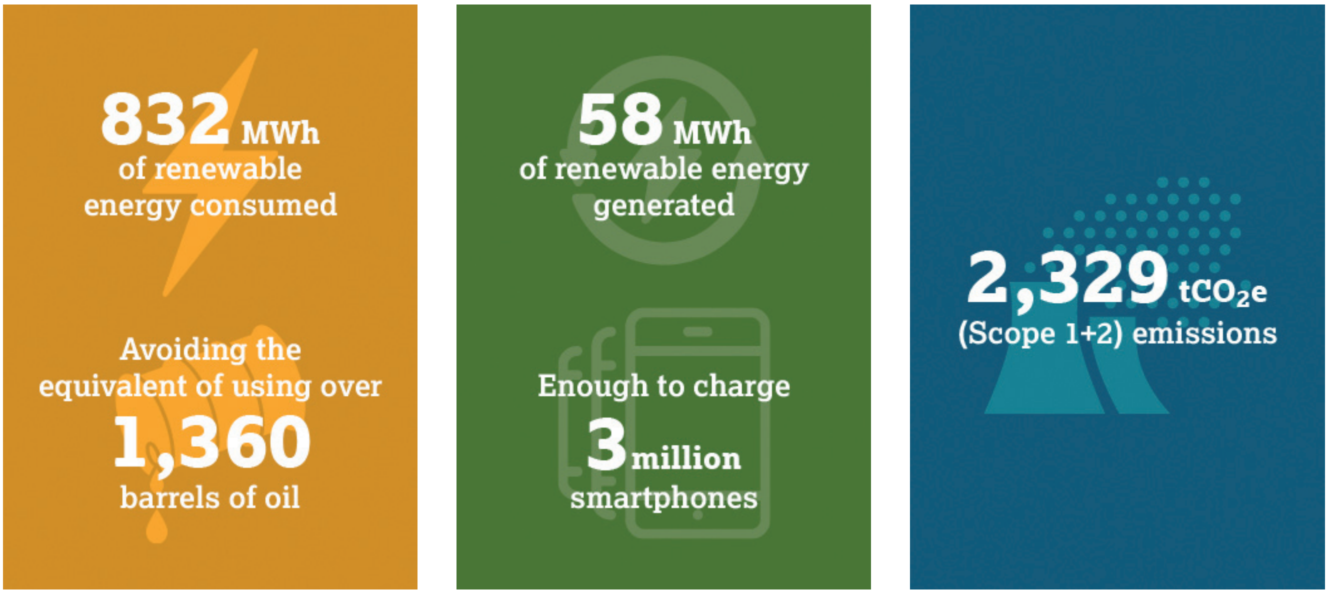
About this impact statement

Many of the assets in which Menhaden Resource Efficiency PLC invests have the potential to become more sustainable over time and in this Impact Statement we aim to provide some insight on how we monitor environmental risk and opportunity. Data on renewable energy consumed, renewable energy generated and total scope 1 and scope 2 (location based) emissions is based on listed equity holdings only, and is taken from each entity's 2023 CDP disclosure and therefore relates to 2022 data, unless otherwise stated. The status of the portfolio, and of relevant environmental targets set, is as of 31 December 2023. A full methodology is published in the Appendix to the separate version of this Impact Statement on the Company's website www.menhaden.com.

Scope 1, 2 and 3 emissions:
Scope 1 emissions are direct emissions from a company's own operations.
Scope 2 emissions are indirect emissions from the generation of purchased electricity, heat, or steam that a company uses.
Scope 3 emissions are all other indirect emissions that occur in a company's value chain, including upstream and downstream emissions.

Impact Data

Menhaden Resource Efficiency PLC's share of the portfolio companies contributed:



Approach and developments in 2023

Throughout 2023 Menhaden Capital Management LLP continued to apply a fundamental, research-oriented approach across key themes including digitalisation, sustainable infrastructure and transportation.

The data from the listed elements of the Menhaden Resource Efficiency PLC portfolio show there has been a **36%** increase in the amount of renewable energy consumed across the portfolio compared to last year, and a **7%** increase in the amount of renewable energy generated.

Industries such as transport and technology form the backbone of the global economy and play a crucial role in the transition to a low-carbon future, which is why we seek to find companies pioneering solutions to drive decarbonisation in their sector. This approach in 2023 saw Menhaden Resource Efficiency PLC continue to hold several railroad firms (including **Union Pacific**, **Canadian National Railway** and the recently combined **Canadian Pacific Kansas City (CPKC)**), as rail presents the most fuel-efficient method for transporting freight over land. **CPKC's** new single line rail network has become the first to connect Canada, the US and Mexico, with reported environmental benefits of avoiding up to 1.9 million tons of GHG emissions in improved operational efficiency over the next five years, as the company converts truck transported freight to rail.

In the digitalisation space, the portfolio's holdings continue to implement reuse and recycling initiatives to reduce operational waste and preserve resources. **Alphabet** has diverted 86% of operational waste away from landfill across Google-owned and operated data centres, reselling 37 million hardware components into the secondary reuse market. **Microsoft** aims to have a zero waste footprint by 2030, and in 2022 diverted 12,159 metrics tons of solid waste from its data centres and campuses from landfills and incinerators. It also achieved an 82% reuse and recycle rate of its servers and components, as well as opening four new 'Circular Centres' which process decommissioned cloud servers and hardware.

A new position was opened in aircraft manufacturer **Airbus** in February 2023, following the exit of an earlier position in April 2021. Given aviation accounts for approximately 2.5% of global CO_2 emissions, there is an urgent need for the industry to decarbonise and we believe **Airbus** is demonstrating a strong approach with approved science-based targets for its plans to reduce Scope 1 & 2 emissions by 63% by 2030 and reduce Scope 3 emissions by 46% by

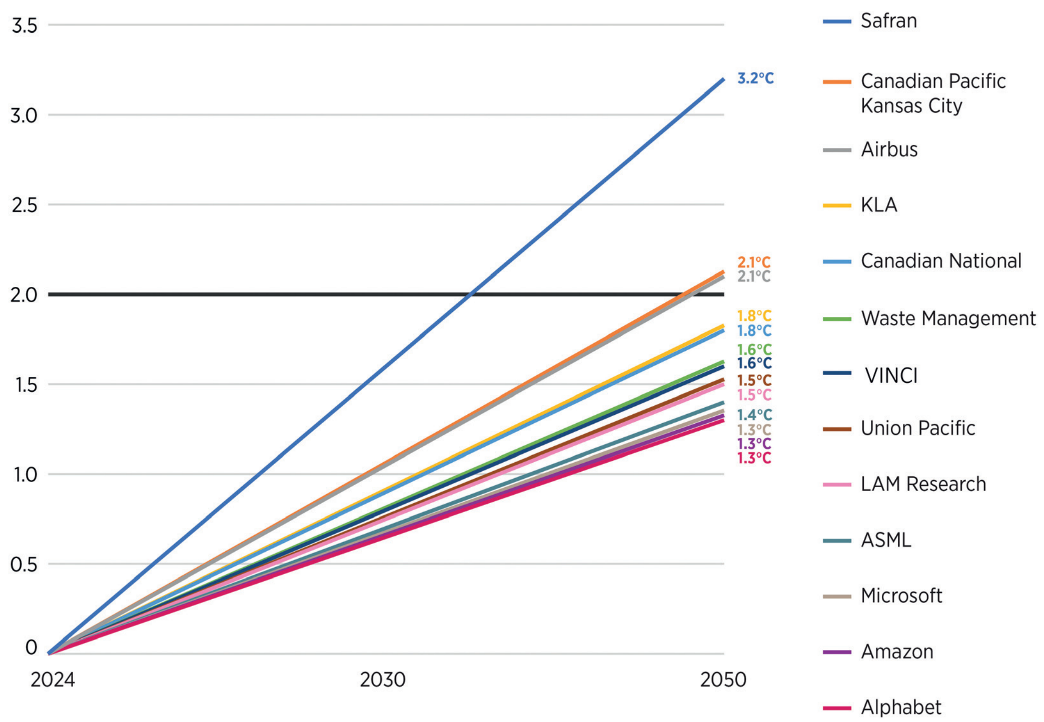
Environmental Impact Statement
continued

2035. This target is in line with a 1.5°C pathway according to the Science-Based Targets Initiative (SBTi). We will monitor the firm's ambition to develop its first hydrogen-powered commercial aircraft by 2035 and to continuously improve the efficiency of the next generation of aircraft. Also in the aviation sector, **Safran** is engaged in positive recycling and reuse practices as a founding member of TARMAC Aerosave: a company focused on improving the process to recondition or recycle aircraft materials and engines. For example, non-repairable aircraft windows have been used by the interior design industry, and plastic components are used to create clothing or blankets. Whilst **Safran's** work in promoting resource efficiency through its recycling and reuse programme is a positive step, it is concerning to see its significant misalignment with a 1.5°C target as per MSCI's implied temperature rise, and this issue will be raised with them through our engagement programme this year.

In April 2023, a new US$25 million commitment to the **TCI Real Estate Partners (REP) Fund IV** was finalised. This fund will follow the same strategy as the previously invested in **TCI REP Fund III**, delivering asset-backed loans to real estate development projects. Buildings contribute an estimated 30% of GHG emissions in the United States, and improving energy efficiency levels will be an important driver for emissions reduction. **TCI's** projects include Six Senses Rome. This property has achieved a Gold Leadership in Energy and Environmental Design (LEED) certification and buys 100% renewable energy, has installed heat recovery and rainwater harvesting systems and water efficient taps and showers.

We track whether portfolio companies' emission reduction plans are aligned with a pathway to fulfil the Paris Agreement, using MSCI data. Eleven of 14 publicly-traded investees have now committed to or been approved for science-based targets (see Figure 2), and as shown in Figure 1 we are encouraged by MSCI data that shows 10/14 listed equity holdings are aligned with a pathway to 2°C or lower by 2050. We will continue to raise the importance of managing this risk through our engagement programme with companies currently misaligned.

Figure 1: Portfolio company alignment with Paris Agreement goals



- Data based on Implied Temperature Rise metric, provided by MSCI. Holdings where no MSCI data is available are not displayed here.
- Trajectories are illustrative and not to scale.

Exit from X-ELIO leaves bright prospects for clean energy growth

Menhaden Resource Efficiency PLC has held a position in global renewables leader **X-ELIO** since 2015 via a co-investment with KKR, with the decision to invest driven by strong policy support at the time to reduce emissions and reductions in the manufacturing costs of solar photovoltaic panels.

Since KKR's investment in 2015, and new owner Brookfield's acquisition of the remaining 50% stake in 2019, **X-ELIO** has benefited from over US$2 billion of investment, enabling the company to increase its development pace and expand its project pipeline. **X-ELIO** now operates across five continents and has built or developed nearly 3 GW of renewables projects, avoiding over 600,000 tons of CO2. This is equivalent to avoiding emissions from over 1.2 million barrels of oil. The company has also continued to seize new business opportunities in addition to solar energy through the development of hydrogen plants, batteries and energy storage.

Menhaden Resource Efficiency PLC no longer holds a position in **X-ELIO** following KKR's exit in March 2023, but the Company is delighted to have played a part in its growth, with over 10 GW of projects now in X-ELIO's advanced near-term pipeline.

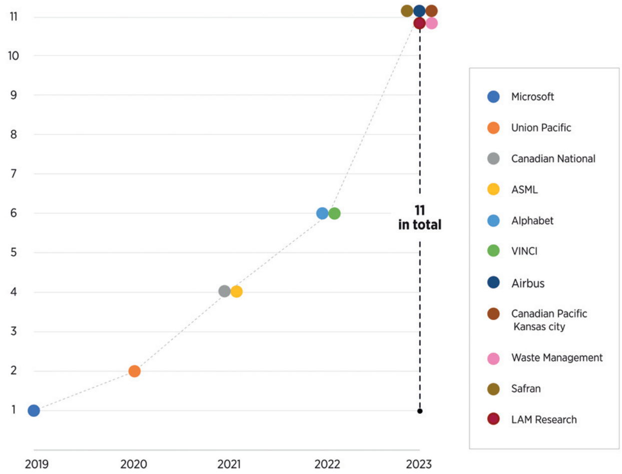
Active ownership: Leveraging our voice on climate and nature

As a responsible steward of Menhaden Resource Efficiency PLC shareholders' capital, Menhaden Capital Management LLP is committed to engaging directly with portfolio companies to encourage them to manage climate risks and take sustainability opportunities. We engage both directly and in collaboration with other investors and initiatives, and endeavour to exercise voting rights in line with our investment objectives.

As part of this we want to ensure all the portfolio holdings report on their climate risk management and it is encouraging that **90%** of the companies held responded to the 2023 CDP climate questionnaire. In 2023 we also participated in CDP's 'non-disclosure campaign', writing to **Safran** to encourage them to disclose to the CDP water request.

We are also encouraged by the number of individual holdings that have set or committed to emissions reduction targets verified by the highly respected SBTi. This trend has continued to increase over the past five years as demonstrated in Figure 2, rising from one company in 2019 to eleven in 2023. As of 31 December 2023, **78%** of the portfolio's listed holdings (11 firms) have committed to or set targets verified by the SBTi. This does not include **Amazon** which was removed from the SBTi list of companies acting on climate goals in August 2023 due to the company's 'expired commitment'. **Amazon** stated on its website that it is continuing to work with the SBTi to establish a path forward, and we will continue to monitor this situation.

Figure 2: Listed portfolio companies setting science-based targets



• Data taken from the Science Based Targets Initiative (SBTi). Holdings that have not committed to or set a target are not displayed here.

We believe that the degradation of global biodiversity poses a long-term financial risk, and are concerned by research showing six of the nine 'planetary boundaries' – which are critical to sustain the planet's resilience – have been breached. That is why in 2023, we wrote to all listed portfolio companies requesting information on how they assess biodiversity risk and what practical actions they are taking to minimise negative impacts. Some positive responses were received, and where a weak or no response was received further follow-up engagement is planned. **Union Pacific** shared details of its habitat conservation plan to protect ecosystems and endangered species including a partnership with The Nature Conservancy to support nature-based solutions such as restored grasslands and wetlands. **Safran** also shared information on several initiatives including the creation of ecological corridors in Belgium and

Environmental Impact Statement

continued

a qualitative study the company has carried out to assess the main impacts of its activities on biodiversity to identify priority areas.

Menhaden Capital Management LLP is a signatory to the *Finance Sector Commitment to Eliminate Commodity-Driven Deforestation*. In line with this commitment, we can confirm that Menhaden Resource Efficiency PLC's portfolio (as of 31 December 2023), does not include investment in any holdings that focus on forest risk commodities (FRCs) such as palm oil, soy or beef. We are committed to the consideration of deforestation risk in our due diligence and pre-investment processes, and to engagement to mitigate deforestation should a relevant investment take place.

Alignment with SDGs

Menhaden Capital Management LLP is a supporter of the UN Sustainable Development Goals (SDGs), and a snapshot of how portfolio companies contribute to seven of the goals is included here:

Microsoft's partnership with Water.org is helping more than 550,000 people in Brazil, India, Indonesia and Mexico[1] to access clean water and sanitation solutions; and **Alphabet** is finding ways to use reclaimed wastewater and seawater in its data centres rather than freshwater – with almost a quarter (23%) of the firm's total data centre water withdrawal (excluding seawater) now from non-potable water[2]. **Amazon** has announced a US$10 million planned contribution to help launch the Water.org 'Water & Climate Fund' to empower a million people with water access by 2025 and provide 3 billion litres of water per year in areas facing water scarcity[3].

Amazon is on track to power operations with 100% renewable energy by 2025, five years ahead of its original 2030 target. In 2022, 90% of electricity consumed by Amazon was attributable to renewable energy sources, up from 85% in 2021[3]. **John Laing** is investing in a wide range of renewable energy projects, such as the Klettwitz wind farm in Germany – a large project transforming a former open cast lignite mine into a site with 27 wind turbines on the farm, which produce up to 89 MWh of clean electricity on peak days. Enough to power thousands of homes[4].

In total, 36% of **John Laing's** portfolio value[6] is currently in low-carbon investments such as renewable infrastructure, electric buses and electric rail transport. **LAM research** is developing smarter, more efficient products and processes to measure and reduce the GHG emissions footprint of its products. In the maritime sector, **Ocean Wilsons** has replaced diesel operated cranes with electric cranes and has created a towage operations centre to optimise navigation routes and reduce the use of maritime fuel. Wilson Sons, the subsidiary company of **Ocean Wilsons**, monitors tide and metocean data to manage the long term sustainability of port infrastructure.

Alphabet continues to take major strides to prevent operational waste and has diverted 86% of operational waste away from landfill across Google-owned and – operated data centres – reselling 37 million hardware components into the secondary reuse market[5]. Similarly, **Amazon** has reported a 41% reduction in per-shipment packaging weight on average since 2015, representing more than 2 million tons of packaging materials avoided[6]. **Safran** utilises ecodesign and Technology Readiness Level (TRL) standards to ensure compliance with regulation, customer needs and to mitigate lifecycle impacts as its technology advances. Safran's TRL standard was awarded Best Business Practice at the 2022 International Conference on EcoBalance[7].

Microsoft has robust programmes to meet its commitment to be carbon negative by 2030, utilising carbon removal projects like reforestation and direct air capture to remove all historical emissions by 2050. In the transport sector, **Canadian Pacific Kansas City** has made significant strides to increase fuel efficiency and reduce GHG emissions by investing in new technology to modernise 450 locomotives, representing 46% of its active line-haul fleet[8]. These upgrades are expected to improve fuel economy by a minimum of 2.7%[8].

Founded by **Alphabet**, X is a diverse group of inventors and entrepreneurs who built and launched 'Tidal' to protect the ocean with underwater sensory technology systems and machine perception tools. Tidal's first product monitors fish and environmental conditions underwater to detect and interpret fish behaviour, feeding and health. These insights help fish farmers make more sustainable and cost-effective decisions whilst reducing their impact on life below water. Since 2002, **Ocean Wilsons**' maritime services company, Wilson Sons, has donated deactivated tugboats to the award-winning Pernambuco Artificial Reefs Project, which seeks to help the recovery of damaged marine ecosystems and serves as a living laboratory for studies on marine biology.

VINCI applies its engineering expertise to design and build structures to maintain or restore ecological connectivity, re-naturalise habitats, and manage plant species. For example, the western Strasbourg bypass project encourages wildlife crossings every 200 metres[9]. **Microsoft** is contracted to protect 17,268 acres of land, and made an additional contribution to the TNC Belize Maya Forest Project to protect 236,000 acres in a global biodiversity hotspot[10]. **Safran** is developing a global biodiversity strategy, integrating the various challenges faced by its business and value chain, and launched a study to examine its main biodiversity impacts and dependencies. As part of this plan, its Milmort site in Belgium was awarded a Nature Network label in 2021.[7]

[1] Microsoft 2022 Environmental Sustainability Report
[2] Google Environmental Report 2023
[3] Building a Better Future Together 2022 Amazon Sustainability Report
[4] Investing in tomorrow sustainability report 2022
[5] Google Environmental Report 2023
[6] Building a Better Future Together 2022 Amazon Sustainability Report
[7] Safran 2022 Integrated Report
[8] CP Climate Action
[9] VINCI Preserving Natural Environments
[10] Microsoft 2022 Environmental Sustainability Report

Business Review

The Strategic Report on pages 2 to 36 has been prepared to provide information to enable shareholders to assess how the Directors have performed their duty to promote the success of the Company.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Business Model

The Company is an externally managed investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange.

The purpose of the Company is to provide a vehicle for investors to gain exposure to a portfolio of companies that are demonstrably delivering or benefiting significantly from the efficient use of energy or resources irrespective of their size, location or stage of development, through a single investment.

The Company is an Alternative Investment Fund ("AIF") under the UK's Alternative Investment Fund Managers Regulations ("UK AIFMD") and Frostrow Capital LLP ("Frostrow") is the appointed Alternative Investment Fund Manager ("AIFM").

As an externally managed investment trust, all of the Company's day-to-day management and administrative functions are outsourced to third party service providers. As a result, the Company has no executive directors, employees or internal operations.

The Board is responsible for all aspects of the Company's affairs, including setting the parameters for asset allocation, monitoring the investment strategy and the review of investment performance and policy. It also has responsibility for all strategic policy issues, including share issuance and buy backs, share price and discount/premium monitoring, corporate governance matters, investor relations, dividends and gearing.

Further information on the Board's role and the topics it discusses with the AIFM and the Portfolio Manager is provided in the Corporate Governance Statement beginning on page 44.

Investment Strategy

The implementation of the Company's investment objective has been delegated to Frostrow by the Board. Frostrow has, in turn and jointly with the Company, appointed Menhaden Capital Management LLP as the Portfolio Manager.

Details of the Portfolio Manager's approach are set out in the Investment Process section on page 11 and in their review beginning on page 15.

While the Board's strategy is to allow flexibility in managing the investments, in order to manage investment risk it has imposed various investment, gearing and derivative guidelines and limits, within which Frostrow and the Portfolio Manager are required to manage the investments, as set out on pages 8 and 9.

Any material changes to the investment objective or policy require approval from shareholders.

Dividend Policy

The Company complies with the United Kingdom's investment trust rules regarding distributable income which require investment trusts to retain no more than 15% of their income from shares and securities each year. The Company's dividend policy is that the Company will pay a dividend as a minimum to maintain investment trust status.

The Board

Biographical details of the Directors are set out on pages 37 and 38 and information on the workings of the Board and its Committees is set out in the Corporate Governance Statement on pages 44 to 50.

All of the Directors will seek re-election by shareholders at the Annual General Meeting to be held on 27 June 2024.

Principal Service Providers

The principal service providers to the Company are Frostrow, Menhaden Capital Management LLP ("MCM" or the "Portfolio Manager") and J.P. Morgan Europe Limited (the "Depositary"). Details of their key responsibilities and their contractual arrangements with the Company follow.

Business Review
continued

AIFM
The Board has appointed Frostrow as the designated AIFM of the Company on the terms and subject to the conditions of an alternative investment fund management agreement between the Company and Frostrow (the "AIFM Agreement"). The AIFM Agreement assigns to Frostrow overall responsibility to manage the Company, subject to the supervision, review and control of the Board, and ensures that the relationship between the Company and Frostrow is compliant with the requirements of UK AIFMD. Frostrow, under the terms of the AIFM Agreement provides, *inter alia*, the following services:

- risk management services;
- marketing and shareholder services;
- administrative and secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- preparation and dispatch of the annual and half yearly reports and monthly factsheets; and
- ensuring compliance with applicable tax, legal and regulatory requirements.

AIFM Fee
Under the terms of the AIFM Agreement, Frostrow receives a periodic fee equal to 0.225% per annum of the Company's net assets up to £100 million, 0.20% per annum of the net assets in excess of £100 million and up to £500 million, and 0.175% per annum of the net assets in excess of £500 million.

The AIFM Agreement is terminable on six months' notice given by either party.

Portfolio Manager
MCM is responsible for the management of the Company's portfolio of investments under a delegation agreement between MCM, the Company and Frostrow (the "Portfolio Management Agreement"). Under the terms of the Portfolio Management Agreement, MCM provides, *inter alia*, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which cash should be invested, divested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

Portfolio Management Fee
MCM receives a periodic fee equal to 1.25% per annum of the Company's net assets up to £100 million and 1.00% of the Company's net assets in excess of £100 million.

The Portfolio Management Agreement is terminable on six months' notice given by any of the three parties.

Performance Fee
MCM is also entitled to a performance fee which is dependent on the level of the long-term performance of the Company.

The performance fee is calculated for discrete three year performance periods. In respect of a given performance period, a performance fee may be payable equal to 10% of the amount, if any, by which the Company's adjusted NAV at the end of that performance period exceeds the higher of (a) a compounding hurdle (an annualised compound return)* on the gross proceeds of the IPO (adjusted for any subsequent share issues and repurchases) of 5% per annum; and (b) a high-water mark (the highest net asset value that the Company has reached on which a performance fee has been paid)*. The performance fee is subject to a cap in each performance period of an amount equal to the aggregate of 1.5% of the weighted average NAV in each year (or part year, as applicable) of that performance period.

**see Glossary for further details*

Depositary

The Company has appointed J.P. Morgan Europe Limited as its Depositary in accordance with UK AIFMD on the terms and subject to the conditions of an agreement between the Company, Frostrow and the Depositary (the "Depositary Agreement"). The Depositary provides the following services, *inter alia*, under its agreement with the Company:

- safekeeping and custody of the Company's custodial investments and cash;
- processing of transactions; and
- foreign exchange services.

The Depositary must take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, UK AIFMD and the Company's Articles of Association.

Under the terms of the Depositary Agreement, the Depositary is entitled to receive an annual fee of the higher of £40,000 or 0.0175% of the net assets of the Company up to £150 million, 0.015% of the net assets in excess of £150 million and up to £300 million, 0.01% of the net assets in excess of £300 million and up to £500 million and 0.005% of the net assets in excess of £500 million. In addition, the Depositary is entitled to a variable custody fee which depends on the type and location of the custodial assets of the Company.

The Depositary has delegated the custody and safekeeping of the Company's assets to JPMorgan Chase Bank N.A., London branch (the "Custodian").

The notice period on the Depositary Agreement is 90 days if terminated by the Company and 120 days if terminated by the Depositary.

Evaluation of the AIFM and the Portfolio Manager

The performance of the AIFM and the Portfolio Manager is reviewed continuously by the Board and the Company's Management Engagement Committee (the "MEC"), with a formal evaluation process being undertaken each year. As part of this process, the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports from them. The MEC reviewed the appropriateness of the appointment of the AIFM and the Portfolio Manager in December 2023, following which it made a recommendation for continuation to the Board.

The Board believes the continuing appointment of the AIFM and the Portfolio Manager, under the terms described on page 26, is in the interests of shareholders as a whole. In coming to this decision, the MEC and the Board took into consideration, *inter alia*, the following:

- the terms of the AIFM Agreement and the Portfolio Management Agreement, in particular the level and method of remuneration, the notice period and the comparable arrangements of a group of the Company's peers;
- the quality of the service provided and the quality and depth of experience of the company management, company secretarial, administrative and marketing teams that the AIFM allocates to the management of the Company; and
- the quality of service provided by the Portfolio Manager in the management of the portfolio; and the level of performance of the portfolio in absolute terms and by reference to RPI+3% and other relevant indices.

Foreign Exchange Exposure

As explained in the Portfolio Manager's Review on page 19, the Portfolio Manager has sought to reduce the volatility in returns caused by currency movements in respect of the portfolio's non-sterling denominated investments through the use of currency forward contracts. For much of the year approximately 50% of the Company's US dollar and euro exposures were hedged in this manner using 3-month contracts. However, following a review near the year end it was concluded that the combination of exchange rate volatility and the relatively short forward contract periods not matching the longer term nature of the portfolio created a non-correlated risk of crystallising currency losses on the rollover of the contracts. Additionally, it has become necessary for the Company to lodge cash collateral for such contracts, making them less economic, and the decision has been taken to discontinue such hedging transactions for the foreseeable future.

Business Review
continued

Position, Performance and Future Developments

The Statement of Financial Position on page 70 shows the Company's financial position at the year end. Performance in the year relative to the Company's key performance indicators is set out below and further outlined, together with investment activity and strategy, market background and the future outlook, in the Chairman's Statement beginning on page 4 and the Portfolio Manager's Review on pages 15 to 19.

The Portfolio Manager believes that companies which supply products and services that help to conserve scarce resources, reduce negative environmental impacts and improve resource efficiency are likely to enjoy faster growing end markets. The Directors believe that environmental and resource-efficiency solutions, together with the Portfolio Manager's investment strategy, should provide good returns for the long-term investor.

It is expected that the Company's investment strategy in the coming year will remain largely unchanged.

Key Performance Indicators ("KPIs")

The Board of Directors reviews performance against the following KPIs. They comprise both specific financial and shareholder-related measures. The results for the year are summarised in the Chairman's Statement beginning on page 4.

The KPIs for the Company are:

- Net asset value ("NAV") per share total return;
- Share price total return;
- Discount/premium of the share price to the NAV per share; and
- Ongoing charges ratio.

These are all Alternative Performance Measures. Please refer to the Glossary beginning on page 90 for definitions of these terms and an explanation of how they are calculated.

NAV per share total return

The Directors regard the Company's NAV per share total return as being the overall measure of value delivered to shareholders over the long term. This reflects both the net asset value growth of the Company and any dividends paid to shareholders. The Board monitors the Company's NAV total return against its benchmark and peers in the AIC Global Sector and the AIC Environmental Sector. The Company's NAV per share total return over the year to 31 December 2023 was 23.8% (2022: -16.5%). To reflect the Company's total return investment strategy, the Board uses RPI+3% as its primary long-term financial performance benchmark. RPI+3% over the year was 8.4% (2022: 16.4%).

A full description of the portfolio and performance during the year under review is contained in the Portfolio Manager's Review commencing on page 15 of this report.

Share price total return

The Directors regard the Company's share price total return to be a key indicator of performance and monitor this closely. This measure reflects the return to the investor on last traded market prices, assuming any dividends paid are reinvested. The Company's share price total return over the year to 31 December 2023 was 13.6% (2022: -20.3%).

Share price discount/premium to NAV per share

The share price discount/premium to the NAV per share is considered a key indicator of performance as it impacts the share price total return and can provide an indication of how investors view the Company's performance and its investment objective. At 31 December 2023 the discount stood at 37.2% (2022: 31.4%). The Chairman's Statement beginning on page 4, addresses the discount and the approach of the Board. The discount continued to remain disappointingly wide throughout the year.

Ongoing charges ratio

Ongoing charges represent the costs that shareholders can reasonably expect to pay from one year to the next, under normal circumstances. The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality services and costs. The Board therefore considers the ongoing charges ratio to be a KPI and reviews the figure both in absolute terms and in comparison to the Company's peers. The ongoing charges ratio for the year to 31 December 2023 was 1.7% (2022: 1.8%).

Risk Management

In fulfilling its oversight and risk management responsibilities, the Board maintains a framework of the key risks that may affect the Company and the related internal controls designed to enable the Directors to manage/mitigate these risks as appropriate. The key risks are registered in the Company's risk matrix, which the Audit Committee has been delegated to maintain and review at regular intervals. The risk matrix covers all key risks the Directors believe the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and the mitigating controls in place. The Directors have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The principal risks can be categorised under the following broad headings:

- Legal and Regulatory Risks
- Investment Risks
- Geopolitical and other Macro Risks
- Corporate Risks
- Operational Risks
- Financial Risks

The following sections detail the risks the Board considers to be the most significant to the Company under these headings.

The main change from last year is an acceptance, and hence reduced risk rating, that investment risks are largely inherent in the investment strategy, and investing generally, and that these have been mitigated so far as practical.

It is considered that potential impacts from regulation, including on portfolio companies, related to climate change and Paris Accord undertakings are tangible and this is recognised below, albeit that the Company's resource efficiency theme ought to position it as a beneficiary of related policies.

Principal Risks and Uncertainties	Management and Mitigation
Legal and Regulatory Risks The regulatory or political environment in which the Company operates could change to the extent that it affects the Company's viability. Climate change regulations could affect portfolio companies and portfolio construction.	The Board monitors regulatory developments but relies on the services of its external advisers to ensure compliance with applicable law and regulations. The Board has appointed a specialist investment trust company secretary who provides industry and regulatory updates at each Board meeting. Generally, the Company's resource efficiency theme should tend to align with climate change regulation. The Portfolio Manager also corresponds with portfolio companies on environmental matters.
Investment Risks The implementation of the investment strategy adopted by the Portfolio Manager may be unsuccessful and result in underperformance against the Company's principal performance comparators and peer companies.	The Board regularly reviews the Company's investment mandate and MCM's long-term investment strategy in relation to market and economic conditions, and the performance of the Company's peers. The Portfolio Manager provides an explanation of stock selection decisions and an overall rationale for the make-up of the portfolio, including the resource-efficiency credentials of the portfolio holdings. MCM discuss current and potential investment holdings with the Board on a regular basis.

Business Review
continued

Principal Risks and Uncertainties	Management and Mitigation
The portfolio may be affected by market risk, that is volatile market movements (in both equity and foreign exchange markets) in the sectors and regions in which it invests. The Company is also exposed to concentration risk, which is the potentially higher volatility arising from its relatively concentrated portfolio, and sector-specific risks such as global energy and commodity prices or withdrawal of government subsidies for renewable energy.	As part of its review of the going concern and longer-term viability of the Company, the Board also considers the sensitivity of the Company to changes in market prices and foreign exchange rates (see note 17 to the financial statements beginning on page 82), an analysis of how the portfolio would perform during a market crisis, and the ability of the Company to liquidate its portfolio if the need arose. Further details are included in the Going Concern and Viability Statements on pages 39 and 31 respectively. Whilst market risk can be reduced through diversification, prospects for this are limited by the requirement to comply with the Company's resource efficiency theme and its concentrated portfolio strategy. To manage concentration risk, the Board has appointed the AIFM and the Portfolio Manager to manage the portfolio within the remit of the investment objective and policy set out on pages 8 and 9. The investment policy limits ensure a reasonable amount of portfolio diversification, reducing the risks associated with individual stocks and markets. The Portfolio Manager's approach to investment risk is set out on page 11. Compliance with the investment restrictions is monitored daily by the AIFM and reported to the Board on a monthly basis.
The departure of a key member of the portfolio management team may affect the Company's performance.	The Portfolio Manager reports to the Board on developments at MCM at each Board meeting. All investment decisions are made by an Investment Committee, reducing reliance on a single individual.
Geopolitical and other Macro Risks Portfolio constituents may be affected by regional events or politics. Examples are the conflicts in Ukraine, and related sanctions, and the Middle East, with their potential impacts on supply chains.	The Board has no control over such macro events. The vast majority of the Company's investments, both quoted and unquoted, are in developed markets which are expected to be more stable. The Company has no investments located in or exposed to Russia or Ukraine, but the Board continues to monitor developments.
Corporate Risks The share price may differ materially from the NAV per share i.e. the shares may trade at a material discount to the NAV per share. A widening discount affects shareholder returns and satisfaction and, as such, could influence the outcome of the next continuation vote or, in extremis, precipitate the requisitioning of a general meeting to wind-up the Company.	At each meeting, the Board: • reviews the Company's investment objective in relation to the market, economic conditions and the operation of the Company's peers; • discusses the Company's future development and strategy; • reviews an analysis of the shareholder register and reports on investor sentiment from the Company's corporate stockbroker and AIFM; • reviews the level of the share price discount to the NAV per share and, in consultation with its advisers, considers ways in which share price performance may be enhanced; and • reviews the Company's promotional activities and distribution strategy, which have been delegated to Frostrow, to ensure the Company is promoted to current and potential investors.

Principal Risks and Uncertainties	Management and Mitigation
Operational Risks As an externally managed investment trust, the Company is reliant on the systems of its service providers for dealing, trade processing, administrative services, financial and other functions. If such systems were to fail or be disrupted (including as a result of cyber crime or a pandemic) this could lead to a failure to comply with applicable laws, regulations and governance requirements and/or to a financial loss.	The Board continuously monitors the performance of all the principal service providers, with a formal evaluation process also being undertaken each year. The Audit Committee reviews internal controls reports and key policies put in place by its principal service providers. This includes reports on service providers' cyber security measures and disaster recovery procedures. Both Frostrow and MCM provide a quarterly compliance report to the Audit Committee, which details their compliance with applicable laws and regulations. The Audit Committee maintains the Company's risk matrix which details the risks to which the Company is considered to be exposed, the approach to managing those risks, the key controls relied upon and the frequency of their operation. Further details are set out in the Audit Committee Report on page 52.
Financial Risks The Company is exposed to liquidity risk and credit risk arising from the use of counterparties. If a counterparty were to fail it could adversely affect the Company through either delay in settlement or loss of assets. The most significant counterparty to which the Company is exposed is the Depositary, which is responsible for the safekeeping of the Company's custodial assets.	The Company's assets include liquid securities which can be sold to meet funding requirements, if necessary. Further information on financial instruments and risk can be found in note 17 to the financial statements beginning on page 82. The Board reviews the services provided by the Depositary and the internal controls report of the Custodian to ensure that the security of the Company's custodial assets is maintained. The Portfolio Manager is responsible for undertaking reviews of the credit worthiness of the counterparties that it uses. The Board reviews the Portfolio Manager's approved list of counterparties and the Company's use of those counterparties. Appropriate due diligence is undertaken to verify the existence and ownership of unquoted (non-custodial) assets.

Longer Term Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have carefully assessed the Company's position and prospects as well as the principal risks and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years. The Board has chosen a five year horizon in view of the long-term outlook adopted by the Portfolio Manager when making investment decisions.

To make this assessment and in reaching this conclusion, the Audit Committee has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities, including unfunded commitments on unquoted investments, as they fall due:

- The portfolio is principally comprised of investments traded on major international stock exchanges. Based on the Company's latest available financial positions, it is estimated that 86% of the current portfolio could be liquidated within seven days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position; and
- The Company has no employees, only its non-executive Directors. Consequently it does not have redundancy or other employment related liabilities or responsibilities.

Business Review

continued

The Audit Committee, as well as considering the potential impact of the Company's principal risks and various severe but plausible downside scenarios, has also made the following assumptions in assessing the Company's longer-term viability:

- There will continue to be demand for investment trusts;
- The Board and the Portfolio Manager will continue to adopt a long-term view when making investments, and anticipated holding periods will be at least five years;
- The Company invests principally in the securities of listed companies traded on major international stock exchanges to which investors will wish to continue to have exposure;
- The closed ended nature of the Company means that, unlike open ended funds, it does not need to realise investments when shareholders wish to sell their shares;
- Regulation will not increase to a level that makes running the Company uneconomical; and
- The performance of the Company will be satisfactory.

As part of its review the Board considered the impact of a significant and prolonged decline in the Company's performance and prospects. This included a range of plausible downside scenarios such as reviewing the effects of substantial falls in investment values and the impact on the Company's ongoing charges.

Company Promotion

The Company has appointed Frostrow to promote the Company's shares to professional investors in the UK and Ireland. As investment company specialists, the Frostrow team provides a continuous, proactive marketing, distribution and investor relations service that aims to improve the share price and grow the Company by encouraging demand for the shares.

Frostrow actively engages with professional investors, typically discretionary wealth managers, some institutions and a range of execution-only platforms. Regular engagement helps to attract new investors and retain existing shareholders, and over time results in a stable share register made up of diverse, long-term holders. Frostrow, in turn, provides the Board with up-to-date and accurate information on the latest shareholder and market developments.

Frostrow arranges and manages a continuous programme of one-to-one meetings with professional investors around the UK. These include regular meetings with 'gate keepers', the senior points of contact responsible for their respective organisations' research output and recommended lists. The programme of regular meetings also includes autonomous decision makers within large multi-office groups, as well as small independent organisations. Some of these meetings involve MCM, but most of the meetings do not, which means the Company is being actively promoted while MCM focuses on managing the portfolio. The Chairman is also available to engage with shareholders.

The Company also benefits from involvement in the regular professional investor seminars run by Frostrow in major centres, notably London and Edinburgh, which are focused on buyers of investment companies.

The creation and dissemination of information on the Company is also overseen by Frostrow. Frostrow produces all key corporate documents, monthly factsheets, annual reports and manages the Company's website www.menhaden.com. All Company information and invitations to investor events, including updates from MCM on the portfolio and market developments, are regularly emailed to a growing database, overseen by Frostrow, consisting of professional investors across the UK and Ireland.

Frostrow maintains close contact with all the relevant investment trust broker analysts, particularly those from Deutsche Numis, the Company's corporate broker, but also others who publish and distribute research on the Company to their respective professional investor clients.

Board's Duty to Promote the Success of the Company (s172)

The Directors have a statutory duty to promote the success of the Company for the benefit of its members as a whole, whilst also having regard to certain broader matters. These include taking into consideration the likely consequences of any decision in the long-term; the need to foster the Company's business relationships with its Portfolio Manager and other service providers; the impact of the Company's operations on the community and the environment; the desire for the Company to maintain a reputation for high standards of business conduct; and the need to act fairly between members of the Company (s172 Companies Act 2006).

Stakeholder group	How the Board engaged with the Company's stakeholders
Investors	The Board's key mechanisms of engagement with investors include: ● The Annual General Meeting. ● The Company's website which hosts reports, articles and insights, and monthly factsheets. ● One-to-one investor meetings. ● Group meetings with professional investors. ● The Annual and Half yearly Reports. The AIFM and the Portfolio Manager, on behalf of the Board, complete a programme of investor relations throughout the year, reporting to the Board on the feedback received. The Company's broker also reports to the Board on investor sentiment and industry issues. In addition, the Chairman has been available to engage with the Company's shareholders where required.
Portfolio Manager	The Board met regularly with the Portfolio Manager throughout the year, both formally at quarterly Board meetings and informally, as needed. The Board discussed the Company's overall performance, including against the benchmark and the KPIs, as well as developments in individual portfolio companies and wider macroeconomic developments. The Board also received monthly performance and compliance reports.
Service Providers	The Board met regularly with the AIFM, representatives of which attend every quarterly Board meeting to provide updates on risk management, accounting, administration and corporate governance matters. The Management Engagement Committee reviewed the performance of all the Company's service providers, receiving feedback from Frostrow in their capacity as AIFM and Company Secretary. The AIFM, which is responsible for the day-to-day operational management of the Company, meets and interacts with the other service providers including the Depositary, Custodian, and Registrar, on behalf of the Board, on a daily basis. This can be through email, one-to-one meetings and/or regular written reporting. The Audit Committee met with Mazars LLP to review the audit plan, the outcome of the annual audit and to assess the quality and effectiveness of the audit process.
Portfolio companies	The Portfolio Manager, on behalf of the Board, engaged with a number of portfolio companies on a range of issues. Environmental issues were a key topic of engagement. The Board received a quarterly update on the Portfolio Manager's engagement activities.

Business Review

continued

The Board seeks to comply with these and the following table sets out how the Directors have had regard to the views of the Company's stakeholders in their decision-making.

Key areas of engagement	Main decisions and actions taken
• Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio. • Share price performance. • The Portfolio Manager's investment approach.	The Board and the Portfolio Manager provided updates via RNS, the Company's website and the usual financial reports and monthly fact sheets. The Board continued to monitor share price movements closely, both in absolute terms and in relation to the Company's peer group. The actions the Board has taken to address the share price discount to the NAV per share are described in the Chairman's Statement beginning on page 4.
• Portfolio composition, performance, outlook and business updates. • The suitability of new investments with respect to the Company's resource efficiency theme. • The Portfolio Manager's engagement with investee companies on ESG matters. • The Portfolio Manager's system of internal controls and investment risk management. • The Company's management fee structure.	The Board concluded that it was in the interests of shareholders for MCM to continue in their role as Portfolio Manager on the same terms and conditions. Further information is provided on page 27. The Audit Committee concluded that the Portfolio Manager's internal controls were satisfactory. See the Audit Committee Report, beginning on page 51, for further information.
• The quality of service provision and the terms and conditions under which service providers are engaged. • The assessment of the effectiveness of the audit and the Auditor's reappointment. • The terms and conditions under which the Auditor is engaged.	The Board concluded that it was in the interests of shareholders for Frostrow to continue in their role as AIFM on the same terms and conditions. See page 27 for further details. The Board approved the Audit Committee's recommendation that it would be in the interests of shareholders for Mazars to be re-appointed as the Company's auditor for a further year. See the Audit Committee Report beginning on page 51 and the Notice of AGM beginning on page 94 for further information.
• Environmental reporting and target setting.	The Board worked with the Portfolio Manager to produce the Company's annual environmental impact statement, which outlines the impact the Company's investments have delivered, or intend to deliver. The report outlines the subjects on which the Portfolio Manager, with the support of the Board, engaged with portfolio companies. The report is on pages 20 to 24 and is published as a separate document on www.menhaden.com

Social, Human Rights and Environmental Matters

The Company is an externally managed investment trust within the AIC Environmental Sector and invests in companies and markets that are demonstrably delivering or benefiting significantly from the efficient use of energy or resources. The Board is responsible for oversight of the Portfolio Manager and consequently for the risks and opportunities that derive from their management of the Company's portfolio, including any considered to be climate related. The Company's resource efficiency mandate is consistent with the drive towards net zero so the Company is well placed to benefit as investor focus evolves. The Company does not have any employees or premises, nor does it undertake any manufacturing or other operations. All its functions are outsourced to third party service providers and therefore the Company itself does not have any employee or direct human rights issues, nor does it have any direct, material environmental impact. The Company therefore has no environmental, human rights, social or community policies.

The Company notes the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations. As noted above, the Company is an investment trust with no employees, internal operations or property and, as such, it is exempt from the Listing Rules requirement to report against the TCFD framework. The Company recognises risks from climate change regulation, such as potential impacts on investee companies, portfolio construction, marketing and reputation. It also recognises the opportunity provided by the alignment of its investment objective and policy with the net zero agenda.

The Board believes that the integration of financially material environmental, social and governance ("ESG") factors into investment decision-making can reduce risk and enhance returns. The Portfolio Manager uses CDP ratings data as a basis for engagement with investee companies on ESG issues, including any considered to be climate related. More detail is included in the Company's Environmental Impact Statement set out on pages 20 to 24.

The ongoing engagement and dialogue with investee companies, including through proxy voting, are key parts of an asset stewardship role.

The Directors encourage the Portfolio Manager to ensure the Company's investments adhere to best practice in the management of ESG issues and encourage them to have due regard to the UN Global Compact and UN Principles of Responsible Investment. The Portfolio Manager was a signatory to the Financial Reporting Council 2012 UK Stewardship Code. Whilst MCM is not a formal signatory to the 2020 Stewardship Code, it adheres to the 12 principles as closely as possible.

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Company falls outside the scope of the Modern Slavery Act 2015. The Company's suppliers are typically professional advisers and the Company's supply chains are considered to be low risk in this regard.

Business Review
continued

Anti-Bribery and Corruption Policy

The Board has adopted a zero-tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits anyone performing services or acting on behalf of the Company from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad, to secure any improper benefit for themselves or for the Company.

A copy of the Company's Anti Bribery and Corruption Policy can be found on its website at www.menhaden.com. The policy is reviewed regularly by the Audit Committee.

Prevention of the Facilitation of Tax Evasion

In response to the implementation of the Criminal Finances Act 2017, the Board has adopted a zero-tolerance approach to the criminal facilitation of tax evasion. A copy of the Company's policy on preventing the facilitation of tax evasion can be found on the Company's website www.menhaden.com. The policy is reviewed annually by the Audit Committee.

This Strategic Report on pages 2 to 36 has been approved by the Board.

Howard Pearce
Chairman
19 April 2024

Board of Directors

Howard Pearce (Chairman)

Howard Pearce was appointed as Chairman of the Company on 16th May 2023, having previously been Chairman of the Audit Committee, a position he had held since joining the Board as a non-executive Director shortly before the Company's IPO in 2015.

In 2023 he also became a non-executive director and chair of the audit committee of Ashoka White Oak Emerging Markets PLC.

Previous roles include being a non executive director of Response Global Media Limited, chair of the Pension Board of Avon, Berkshire, and Wiltshire Pension Funds, board member and chair of the audit committee of a UK Port Authority, and a trustee and chair of the Investment and Audit Committees of an NHS charity. He is the founder of HowESG Ltd, a specialist environmental, asset stewardship, and corporate governance consultancy business. Between 2003 and 2013 Howard was the head of the Environment Agency pension fund and a member of its Pensions and Investment Committee. Under his leadership, the fund won over 30 awards in the UK, Europe and globally for its financially and environmentally responsible investment, best practice fund governance, public reporting and e-communications.

Barbara Donoghue

Barbara Donoghue (also known as Barbara Donoghue Vavalidis) joined the Board as a non-executive Director on 1 February 2022. She became Chair of the Audit Committee on 16 May 2023 and on 12 December 2023 was appointed as Chair of the Management Engagement Committee and Senior Independent Director.

She was a non-executive director of Byredo AB, a Stockholm based luxury fragrance company, until June 2022, having been its chair 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.

The Directors' beneficial interests in the Company's shares are set out in the Directors' Remuneration Report on page 57.

Board of Directors
continued

Sir Ian Cheshire

Sir Ian Cheshire joined the Board shortly before its IPO in 2015. He was Chairman of the Company from appointment, but stepped aside from that position, though remaining a non-executive Director of the Company, on 16 May 2023.

He is the chairman of Spire Healthcare Group plc, Land Securities Group PLC and Channel 4. He additionally chairs the King Charles III Charitable Fund and the We Mean Business Coalition.

Sir Ian was the chairman of Barclays UK, the ring-fenced retail bank from 2017 to 2020 and of BT Group PLC from 2020 until May 2023. 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 2014 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 Manulife | CQS Investment Management. She is also a senior partner, chair of the board of CQS Management Limited, a member of the board of Manulife Investment Management (Europe) Limited and a member of the Asset Advisory Committee for Multi Asset Credit.

Since joining CQS in 2013, Soraya has been instrumental in the firm's transformation from a hedge fund manager into a multi-sector alternative credit platform, leading the growth of the Firm's core credit strategies to reach a broader client base of institutional investors and private wealth channels globally.

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 and a partner. From 2004 to 2008 she was a principal and partner at GLG Partners and from 2000 to 2004 was with Permal Investment Management, having previously started her career at HSBC Private Bank.

Directors' Report

The Directors present their annual report on the affairs of the Company together with the audited financial statements and the Independent Auditor's Report for the year ended 31 December 2023. Disclosures relating to performance, future developments and risk management can be found within the Strategic Report on pages 2 to 36.

Business and Status of the Company

The Company is registered as a public limited company in England and Wales (registered number 09242421) and is an investment company within the terms of Section 833 of the Companies Act 2006 (the "Act"). Its shares are traded on the main market of the London Stock Exchange, which is a regulated market as defined in Section 1173 of the Act.

The Company has received approval from HM Revenue & Customs as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010. In the opinion of the Directors, the Company continues to direct its affairs so as to qualify for such approval.

Continuation of the Company

In accordance with the Company's Articles of Association, a continuation vote is put to shareholders every five years. The last such occasion was at the AGM held on 9 June 2020 and an overwhelming majority of 98% of the votes cast were in favour of the Company's continuation. The next opportunity for shareholders to vote on the continuation of the Company will be at the 2025 AGM.

Performance and Future Developments

Details of the Company's and its Portfolio's performance and prospects are included in the Strategic Report, on pages 2 to 36, and incorporated in this Directors' Report by reference.

Dividends

In accordance with the dividend policy set out on page 25 the Board is recommending a final dividend of 0.9p per ordinary share in respect of the year ended 31 December 2023, to be paid on 5 July 2024 to shareholders on the register on 7 June 2024, with the shares marked ex-dividend on 6 June 2024. An ordinary resolution to this effect is included in the AGM notice of meeting on page 94 of this annual report.

A dividend of 0.4p per ordinary share was paid on 30 June 2023 in respect of the year ended 31 December 2022, following approval by shareholders at the 2022 AGM.

Going Concern

The Company's portfolio, investment activity, cash balances, revenue forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress tests which modelled the effects of substantial falls in portfolio valuations and liquidity constraints on the Company's NAV, cash flows and expenses. Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement in the Strategic Report on pages 31 and 32, together with the Company's cash balances, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Alternative Performance Measures

The Financial Statements (on pages 68 to 87) set out the required statutory reporting measures of the Company's financial performance. The Board additionally assesses the Company's performance against a range of criteria that are viewed as particularly relevant for investment trusts. These are summarised on page 2, explained in greater detail in the Strategic Report under the heading 'Key Performance Indicators' on page 28 and defined more fully, including the basis of calculation, in the Glossary on pages 90 and 91. These alternative performance measures are widely used in reporting within the investment company sector and the Directors believe they enhance the comparability of information and assist investors in understanding the Company's performance.

Directors' Report
continued

Substantial Interests in Share Capital

The Company was aware of the following substantial interests of 3% or more in the voting rights of the Company as at 31 December 2023 and 31 March 2024.

Shareholder	31 March 2024 Number of Ordinary shares	% of issued share capital	31 December 2023 Number of Ordinary shares	% of issued share capital
Cavenham Private Equity*	15,554,621	19.7	15,554,621	19.7
Generali Deutschland Versicherung	9,050,000	11.5	10,000,000	12.7
First Equity, stockbrokers	6,550,000	8.3	6,350,000	8.0
Ravenscroft	5,023,956	6.4	4,460,456	5.6
Charles Stanley	3,085,933	3.9	3,186,804	4.0
UBS Wealth Management	2,564,435	3.3	2,616,500	3.3

*Goldsmith family investment vehicle and member of the concert party referred to in the Chairman's Statement on pages 5 and 6.

The number of shares in issue on 31 December 2023 and 31 March 2024 was 79,025,001.

Capital Structure

The Company has a single share class, being ordinary shares of 1p nominal value each, and has not issued any other forms of security. At 31 December 2023 the Company had 79,025,001 ordinary shares in issue. During the year the Board initiated a limited share buyback programme and a total of 975,000 shares were bought back in the market and subsequently cancelled. No further shares have been bought back since the year end to the date of this report.

The voting rights of the ordinary shares on a poll are one vote for each share held.

There are no:

- restrictions on transfers of the Company's ordinary shares, or in respect of their voting and dividend rights;
- agreements, known to the Company, between holders regarding the transfer of ordinary shares; or
- special rights with regard to control of the Company attaching to the ordinary shares.

At the end of the year under review, the Directors had shareholder authority to issue up to 7,902,500 ordinary shares and to repurchase 11,845,847 shares. These authorities will expire at the forthcoming Annual General Meeting. Proposals to renew the Board's powers to issue and buy back shares are set out in the Notice of Annual General Meeting beginning on page 94.

Beneficial Owners of Shares – Information Rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar or to the Company directly.

Nominee Share Code

Where the Company's shares are held via a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

Common Reporting Standard ("CRS")

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The reporting obligation began in 2016 and is an annual requirement. The Company's registrar, Link Group, has been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Directors' & Officers' Liability Insurance Cover

Directors' and officers' liability insurance cover was maintained by the Company during the year ended 31 December 2023. It is intended that this cover will continue for the year ending 31 December 2024 and subsequent years.

Directors' Indemnities

During the year under review and to the date of this report indemnities were in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his or her role as a director of the Company. The Directors are also indemnified against the costs of defending criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Other Statutory Information

The following information is disclosed in accordance with the Companies Act 2006:

- the rules on the appointment and replacement of directors are set out in the Company's articles of association (the "Articles"). Any change to the Articles is governed by the Companies Act 2006 and would be subject to a shareholder vote.
- subject to the provisions of the Companies Act 2006, to the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. The Directors' authorities to issue and buy back shares in force at the end of the year, are recorded on page 40.
- there are no agreements:
  - (i) to which the Company is a party that might affect its control following a takeover bid; or
  - (ii) between the Company and its Directors concerning compensation for loss of office.

Greenhouse Gas Emissions

As the Company has no executive employees or premises and has engaged external firms to undertake investment management, company management and custodial activities, the Company is exempt from the requirements to report on greenhouse gas emissions from its operations, and it has no responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The Company produces an annual environmental impact statement which is included within this Annual Report on pages 20 to 24 and also published separately on www.menhaden.com. The impact report provides further detail on the environmental goals and impact of the Company's portfolio holdings.

Directors' Report
continued

Political Donations

The Company has not made, and does not intend to make, any political donations.

Disclosure of Information to the Auditor

The Directors are listed on pages 37 and 38. Each Director confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of the audit report of which the Company's Auditor is unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Corporate Governance

The Corporate Governance Statement set out on pages 44 to 50 is included in this Directors' Report by reference.

Financial Instruments

The Company's financial instruments comprise securities and other investments, cash balances and certain debtors and creditors that arise directly from its operations. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 17 to the financial statements, beginning on page 82.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at 25 Southampton Buildings, London WC2A 1AL on Thursday, 27 June 2024 at 11.30 a.m.

The business of the meeting is explained in some detail in the Explanatory Notes to the Resolutions on pages 99 and 100 of this Annual Report.

The AGM resolutions include the following items of special business:

Resolution 9 Authority to allot shares

Resolution 10 Authority to disapply pre-emption rights

Resolution 11 Authority to repurchase shares

Resolution 12 Authority to hold General Meetings (other than the AGM) on at least 14 clear days' notice.

The full text of the resolutions can be found in the Notice of AGM beginning on page 94.

The Board considers that the proposed resolutions are in the best interests of the shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the resolutions to be proposed at the forthcoming AGM, as the Directors intend to do in respect of their own beneficial holdings.

By order of the Board

Frostrow Capital LLP
Company Secretary
19 April 2024

Statement of Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year. The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable UK accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the FCA.

The financial statements are published on the Company's website www.menhaden.com. The maintenance and integrity of this website, is the responsibility of Frostrow. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Responsibility Statement of the Directors in respect of the Annual Report

The Directors, whose details can be found on pages 37 and 38, confirm to the best of their knowledge that:

- the financial statements within this Annual Report, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and the return for the year ended 31 December 2023; and
- the Chairman's Statement, Strategic Report and the Directors' Report include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure Guidance and Transparency Rules.

The Directors consider that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's position, performance, business model and strategy.

On behalf of the Board

Howard Pearce
Chairman
19 April 2024

Corporate Governance Statement

The Board and Committees

Responsibility for effective governance lies with the Board whose role is to promote the long-term success of the Company. The governance framework of the Company reflects the fact that as an externally managed investment company, it has no employees and outsources portfolio management services to Menhaden Capital Management LLP and risk management, company management, company secretarial, administrative and marketing services to Frostrow Capital LLP. The Board generates value for shareholders through its oversight of the service providers and management of costs associated with running the Company.

The Board

Chairman – Howard Pearce (from 16 May 2023)

Three additional non-executive Directors, all considered independent.

Key roles and responsibilities:

- to provide leadership and set strategy within a framework of effective controls which enable risk to be assessed and managed;
- to ensure that a robust corporate governance framework is implemented; and
- to challenge constructively and scrutinise performance of all outsourced activities.

Management Engagement Committee

Chair – Barbara Donoghue (from 12 December 2023)

All Directors

Key roles and responsibilities:

- to review the contracts, the performance and the remuneration of the Company's principal service providers; and
- to make recommendations to the Board regarding the continuing appointment of the AIFM and the Portfolio Manager.

Audit Committee

Chair – Barbara Donoghue (from 16 May 2023)

All Directors

Key roles and responsibilities:

- to review the Company's financial reports;
- to oversee the risk and control environment; and
- to review the performance of the Company's external Auditor.

Copies of the full terms of reference, which clearly define the responsibilities of each committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting, and can be found on the Company's website www.menhaden.com.

The Directors have decided that, given the size of the Board and the fact that all Directors are considered to be independent, it is unnecessary to form separate remuneration and nomination committees; the duties that would fall to those committees are carried out by the Board as a whole. However, the Chairman takes no part in discussions regarding his own remuneration and will not chair any discussions relating to the appointment of his successor.

Barbara Donoghue is the Company's nominated Senior Independent Director, who can be contacted through the Company Secretary on issues for which normal communication channels are considered to be inappropriate.

The Board has considered the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses all the principles set out in the 2018 UK Corporate Governance Code (the "UK Code"), as well as setting out additional provisions on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code (which has been endorsed by the Financial Reporting Council) will provide better information to shareholders. By reporting against the AIC Code, the Company meets its obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such does not need to report further on issues contained in the UK Code which are irrelevant to the Company.

The AIC Code is available on the AIC's website www.theaic.co.uk and the UK Code can be viewed on the Financial Reporting Council website www.frc.org.uk.

The AIC Code includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Company has complied with the principles and provisions of the AIC Code with the exception that the Board has not established a remuneration committee or a nomination committee. In each case the Board considers that this is not necessary given the small size of the Board and duties that would otherwise fall to these committees are instead dealt with by the full Board.

Purpose and Strategy

The purpose and strategy of the Company are described in the Strategic Report on page 25.

The Board

Board Membership

The Company has a Board of four non-executive Directors, including the Chairman. Howard Pearce (Chairman), Barbara Donoghue and Sir Ian Cheshire served throughout the year. Soraya Chabarek was appointed to the Board with effect from 1 March 2023.

The Directors' biographies can be found on pages 37 and 38. Further information on the Board and its operation follows:

Board Culture

The Board aims to fully enlist differences of opinion, unique vantage points and areas of expertise. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants. Strategic decisions are discussed openly and constructively. The Board aims to be open and transparent with shareholders and other stakeholders and for the Company to conduct itself responsibly, ethically and fairly in its relationships with service providers.

Responsibilities of the Chairman

The Chairman's primary role is to provide leadership to the Board, assuming responsibility for its overall effectiveness in directing the company. The Chairman is responsible for:

- ensuring that the Board is effective in its task of setting and implementing the Company's direction and strategy;
- taking the chair at general meetings and Board meetings, conducting meetings effectively and ensuring all Directors are involved in discussions and decision-making;
- setting the agenda for Board meetings and ensuring the Directors receive accurate, timely and clear information for decision-making;
- taking a leading role in determining the Board's composition and structure;
- overseeing the induction of new directors and the development of the Board as a whole;
- leading the annual board evaluation process and assessing the contribution of individual Directors;
- supporting and also challenging the AIFM and the Portfolio Manager (and other suppliers where necessary);
- ensuring effective communications with shareholders and, where appropriate, other stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of shareholder views.

Corporate Governance Statement
continued

Director Independence
The Board is comprised of four non-executive Directors, each of whom is independent of the AIFM and the Portfolio Manager. Each of the Directors, including the Chairman, was independent on appointment and continues to be independent when assessed against the circumstances set out in Provision 13 of the AIC Code (and Provision 12 of the AIC Code which relates specifically to the Chairman). Accordingly, the Board considers that all of the Directors are independent and there are no relationships or circumstances which are likely to impair or could appear to impair their judgement.

Conflicts of Interest
In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of interests and potential conflicts is maintained and is reviewed at every Board meeting. It was resolved at each Board meeting during the year that there were no direct or indirect interests of a Director that conflicted with the interests of the Company. Appropriate authorisation will be sought prior to the appointment of any new director or if any new conflicts or potential conflicts arise.

Directors' Other Commitments
As part of the annual Board evaluation process, each of the Directors assessed the overall time commitment of their external appointments and it was concluded that they all have sufficient time to discharge their duties.

Board Meetings
The primary focus at regular Board meetings is the review of investment performance and associated matters, including asset allocation, marketing/investor relations, gearing, peer group information and industry issues. The Board reviews key investment and financial data, revenue and expenses projections, analyses of asset allocation, transactions, performance comparisons, share price and net asset value performance. The Board's approach to addressing share price performance during the year is described in the Chairman's Statement beginning on page 4. Additional ad hoc Board and committee meetings are convened from time to time to deal with certain administrative and time sensitive matters that arise.

Meeting Attendance
The number of scheduled meetings of the Board and its committees held during the year and each Director's attendance, is shown below:

Type and number of meetings held in 2023	Board (scheduled) (4)	Audit Committee (3)	Management Engagement Committee (1)	Ad hoc Board and Committee (4)
Howard Pearce	4	3	1	4
Sir Ian Cheshire	4	3	1	4
Barbara Donoghue	4	3	1	4
Soraya Chabarek[1]	4	2	1	2
Duncan Budge[2]	2	1	–	2

1 Soraya Chabarek was appointed as a Director on 1 March 2023.
2 Duncan Budge retired from the Board on 21 June 2023.

The Board is responsible for setting the Company's corporate strategy and reviews the continued appropriateness of the Company's investment objective, investment strategy and investment restrictions at each meeting.

Matters Reserved for Decision by the Board
The Board has adopted a schedule of matters reserved for its decision. This includes, *inter alia*, the following:

- requirements under the Companies Act 2006, including approval of the half yearly and annual financial statements, recommendation of the final dividend (if any), declaration of any interim dividends, the appointment or removal of the Company Secretary, and determining the policy on share issuance and buybacks;

- matters relating to certain Stock Exchange requirements and announcements, the Company's internal controls, and the Company's corporate governance structure, policy and procedures;
- decisions relating to the strategic objectives and overall management of the Company, including the appointment or removal of the AIFM and other service providers, and review of the Investment Policy; and
- matters relating to the Board and Board committees, including the terms of reference and membership of the committees, the appointment of directors (including the Chairman) and the determination of Directors' remuneration.

Day-to-day operational and portfolio management is delegated to Frostrow and MCM respectively.

The Board takes responsibility for the content of communications regarding major corporate issues, even if Frostrow or MCM act as spokesmen. The Board is kept informed of relevant promotional material that is issued by Frostrow.

Stewardship and the Exercise of Voting Powers

The Board has delegated authority to MCM (as Portfolio Manager) to engage with companies held in the portfolio and to vote the shares owned by the Company. The Board has instructed that MCM submit votes for such shares wherever possible. MCM may refer to the Board on any matters of a contentious nature.

The Portfolio Manager is not a signatory to the latest iteration of the Stewardship Code, but seeks to adhere to the Code's principles as closely as possible. Their approach to stewardship, including their consideration of environmental, social and governance issues, is set out in their UK Stewardship Code Compliance Statement which can be found on the Company's website www.menhaden.com.

Independent Professional Advice

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense. No such advice was sought during the year.

Company Secretary

The Directors have access to the advice and services of an investment trust specialist Company Secretary, through its appointed representative, which is responsible for advising the Board on all governance matters. The Company Secretary ensures governance procedures are followed and that the Company complies with applicable statutory and regulatory requirements.

Board Tenure, Succession and Evaluation

Tenure

The tenure of each independent, non-executive director, including the Chairman, is not ordinarily expected to exceed nine years. However, the Board has agreed that the tenure of the Chairman may be extended for a limited time provided such an extension is conducive to the Board's overall orderly succession. The Board believes that this more flexible approach to the tenure of the Chairman is appropriate in the context of the regulatory rules that apply to investment companies, which ensure that the chair remains independent after appointment, while being consistent with the need for regular refreshment and diversity.

Notwithstanding this expectation, the Board considers that a director's tenure does not necessarily reduce his or her ability to act independently and will continue to assess each Director's independence annually, through a formal performance evaluation.

Board Evaluation

The 2022 Board and committees evaluation process did not identify any new areas to be addressed, but the Board continued to monitor particular areas of relevance that had been highlighted during it. These included the discount at which the Company's shares trade, the resource efficiency credentials of the portfolio and risks to which the Company is exposed. As described in the Chairman's Statement, the Board became concerned about a further widening of the discount in the first half of 2023 and decided it would be in shareholders' interest to try a modest programme of share buy backs to signal to the market the Board's confidence in the value of the Company's portfolio and take advantage of the marginal accretion to NAV this would garner. The Board also challenged the resource efficiency credentials of new additions to the portfolio in 2023 and the Audit Committee

Corporate Governance Statement
continued

reviewed the Company's risk matrix at each of its meetings.

During the course of 2023, the performance of the Board, its committees and the individual Directors (including each Director's independence and time commitments) were evaluated again through a questionnaire-based internal assessment process led by the Chairman.

The Chairman is satisfied that the Directors are all independent, the structure and operation of the Board continues to be effective and that there is a satisfactory mix of skills, experience and knowledge. The latest evaluation once again did not identify any new areas to be addressed, but the Board resolved to try to enhance communications to shareholders and prospective investors, this having been an avenue highlighted in the process that might enhance interest in the Company's shares, and it has formulated a communication plan. As a matter of course and as set out above, the Board continues to monitor other areas of relevance highlighted in the evaluation process, which again included the discount at which the Company's shares trade, the resource efficiency credentials of the portfolio and risks to which the Company is exposed.

All Directors submit themselves for annual re-election by shareholders. Further information on the contribution of each individual Director can be found in the explanatory notes to the notice of the AGM on page 99. Following the evaluation process, the Board recommends that shareholders vote in favour of the Directors' re-election at the forthcoming AGM.

Board Diversity

The Board supports the principle of Boardroom diversity, of which gender is one important aspect. The Company's policy is that the Board and its Committees should be comprised of directors who collectively display the necessary balance of professional skills, experience, length of service and industry knowledge and that appointments should be made on merit, against objective criteria, including diversity in its broadest sense.

The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. The Board believes that this will make the Board more effective at promoting the long-term sustainable success of the company and generating value for all shareholders by ensuring there is a breadth of perspectives among the directors and the challenge needed to support good decision-making. To this end achieving a diversity of perspectives and backgrounds on the Board will be a key consideration in any Director search process.

The Board has noted the FCA's listing rules LR 9.8.6R(9) to (11) which require companies to report against the following diversity targets:

(a) At least 40% of individuals on the board are women;

(b) At least one of the senior board positions is held by a woman; and

(c) At least one individual on the board is from a minority ethnic background.

The following tables set out the Company's positions against these targets in compliance with the rules. Being an externally managed investment company, the Company does not have any executive officers such as CEO or CFO. However, the Board considers the non-executive position of Audit Committee Chair to be a senior position and has treated it as such in the tables, albeit this is inconsistent with the mandated column headings. The Audit Committee Chair has also been appointed as the Senior Independent Director. Although these positions are occupied by the same person, they have been counted separately in the tables. Each Director volunteered how they wished to be included in the tables. The Board has chosen to align its diversity reporting reference date with the Company's financial year end and proposes to maintain this alignment for future reporting periods.

(a) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)
Men	2	50	1
Women	2	50	2
Not specified/prefer not to say	–	–	–

(b) Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)
White British or other White (including minority-white groups)	3	75	3
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	1	25	–
Not specified/prefer not to say	–	–	–

Succession

The Board regularly considers its structure and recognises the need for progressive refreshment.

The Board has an approved succession planning policy to ensure that (i) there is a formal, rigorous and transparent procedure for the appointment of new directors; and (ii) the Board is comprised of members who collectively display the necessary balance of professional skills, experience, length of service and industry/Company knowledge.

Two of the Directors in office at the year end were appointed when the Company was established and consequently their tenures coincide. The Board is committed to ensuring that there is an orderly succession with appropriate overlap of new Directors and continued its refreshment process with the appointment of Soraya Chabarek as a new non-executive Director on 1 March 2023 following an externally advertised and competitive recruitment process in late 2022. Duncan Budge retired from the Board on 21 June 2023. It is currently intended that the next new appointment to the Board in connection with the ongoing Board succession process will be in 2025.

Also in relation to succession, Howard Pearce succeeded Sir Ian Cheshire as Chair of the Board on 16 May 2023, with Sir Ian remaining as a Board member for the time being.

Appointments to the Board

The rules governing the appointment and replacement of directors are set out in the Company's articles of association and the aforementioned succession planning policy. Where the Board appoints a new director during the year, that director will stand for election by shareholders at the next AGM. Subject to there being no conflict of interest, all Directors are entitled to vote on candidates for the appointment of new directors and on the recommendation for shareholders' approval for the Directors seeking re-election at the Annual General Meeting. When considering new appointments, the Board endeavours to ensure that it has the capabilities required to be effective and oversee the Company's strategic priorities. This will include an appropriate range, balance and diversity of skills, experience and knowledge. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board may engage an independent search agency to assist in the recruitment process.

Audit, Risk and Internal Control

The Statement of Directors' Responsibilities on page 43 describes the Directors' responsibility for preparing this report.

The Audit Committee Report, beginning on page 51, explains the work undertaken to allow the Directors to make this statement and to apply the going concern basis of accounting. It also sets out the main roles and responsibilities and the work of the Audit Committee and describes the Directors' review of the Company's risk management and internal control systems.

A description of the principal risks facing the Company and an explanation of how they are being managed is provided in the Strategic Report on pages 29 to 31.

The Board's assessment of the Company's longer-term viability is set out in the Strategic Report on pages 31 and 32.

Corporate Governance Statement
continued

Remuneration
The Directors' Remuneration Report beginning on page 56 and the Directors' Remuneration Policy on page 59 set out the levels of remuneration for each Director and explain how Directors' remuneration is determined.

Service Providers
Relationship with the AIFM and the Portfolio Manager
Representatives from Frostrow and MCM are in attendance at each Board meeting to address questions on specific matters and seek approval for specific transactions that they are required to refer to the Board. There is a respectful and constructive partnership between the Board, the AIFM and the Portfolio Manager, and the three parties worked closely together throughout the year.

The Management Engagement Committee evaluates Frostrow and MCM's performance and reviews the terms of the AIFM and Portfolio Management Agreements at least annually. The outcome of this year's review is described on page 27.

Relationship with Other Service Providers
The Management Engagement Committee monitors and evaluates all of the Company's other service providers, including the Depositary, Registrar and Broker. At the most recent review in December 2023, the Committee concluded that all the service providers were performing well and should be retained on their existing terms and conditions.

Whistleblowing
The Board has gained assurance on whistleblowing procedures at the Company's principal service providers to ensure employees at those companies are supported in speaking up and raising concerns. No concerns relating to the Company were raised during the year.

Shareholders
Shareholder Relations
During the year, representatives of Frostrow, MCM and Numis Securities Limited (the Company's corporate stockbroker) regularly met with institutional shareholders and private client asset managers to understand their views on governance and the Company's performance. Reports on investor sentiment and the feedback from investor meetings were discussed with the Directors at the next Board meeting. The Chairman is available to meet with investors on request.

Shareholder Communications
The Directors welcome the views of all shareholders and place considerable importance on communications with them. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company Secretary.

The Board supports the principle that the Annual General Meeting ("AGM") be used to communicate with private investors. In particular, shareholders are encouraged to attend the AGM, where they are given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. In addition, the Portfolio Manager makes a presentation to shareholders covering the investment performance and strategy of the Company at the AGM. Shareholders are encouraged to register their votes on our registrar's website (www.signalshares.com) ahead of the meeting and to check the Company's website (www.menhaden.com) near the meeting date, where any changes to arrangements will be posted. Details of the votes in respect of each resolution will be announced to the market and published on the Company's website after the meeting.

Significant Holdings and Voting Rights
Details of the shareholders with substantial interests in the Company's shares, the Directors' authorities to issue and repurchase the Company's shares, and the voting rights of the shares are set out in the Directors' Report beginning on page 40.

By order of the Board

Frostrow Capital LLP
Company Secretary
19 April 2024

Audit Committee Report

Statement from the Audit Committee Chair

I am pleased to present the Audit Committee report for the year ended 31 December 2023. The Committee met three times during the year under review.

The role of the Committee is to ensure that shareholder interests are properly protected in relation to the application of financial reporting and internal control principles and to assess the effectiveness of the audit. The Committee's roles and responsibilities are set out in full in its terms of reference which are available on request from the Company Secretary and can be seen on the Company's website (www.menhaden.com). A summary of the Committee's main responsibilities and how it has fulfilled them is set out below.

Composition

The Audit Committee comprises Barbara Donoghue (Chair of the Committee), Howard Pearce, Sir Ian Cheshire and Soraya Chabarek whose biographies are set out on pages 37 and 38.

The Committee as a whole has experience relevant to the investment trust industry with Committee members having a range of financial and investment experience. Barbara Donoghue and Howard Pearce have previous experience of chairing audit committees. Although he is Chairman of the Company, Mr Pearce sits on the Committee as permitted by the Committee's terms of reference and the AIC Code, since he is considered to be independent, has relevant past experience and to expand the capacity of the Committee given the small size of the Board.

Responsibilities

In summary, the Committee's principal functions are:

- to monitor the integrity of the Company's annual and half-year financial statements and any announcements relating to the Company's financial performance and to challenge judgements and assumptions made in their construction;
- to review the internal controls and risk management systems of the Company and its third-party service providers;
- to make recommendations to the Board regarding the appointment, re-appointment or removal of the external Auditor, and to be responsible for leading an audit tender process at least once every ten years;
- to have primary responsibility for the Company's relationship with the external Auditor, including reviewing the external Auditor's independence and objectivity as well as the effectiveness of the external audit process;
- to agree the scope of the external Auditor's work and to approve their remuneration; and
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services and to review and approve any non-audit work to be carried out by the external Auditor.

Meetings and Business

The following matters were dealt with at the Committee's meetings:

April 2023

- Review of the Company's annual results, including review of the Auditor's report to the Committee;
- Approval of the Annual Report, including the Environmental Impact Statement and the unquoted investment valuations;
- Review of risk management, internal controls and compliance; and
- Review of the need for an internal audit function.

September 2023

- Review of the Company's terms of reference, non-audit services policy and audit tender guidelines;
- Review of the outcome and effectiveness of the 2022 year end audit and any matters arising;
- Review of the Company's half year results;
- Approval of the Half Year Report and financial statements, and the unquoted investment valuations;
- Review of risk management, internal controls and compliance; and
- Review of the Company's anti bribery and corruption policy and the policy on the prevention of the facilitation of tax evasion, and the measures put in place by the Company's service providers.

Audit Committee Report

continued

December 2023

- Review of the Auditor's plan and terms of engagement for the 2023 year end audit;
- Review of new or revised reporting requirements and audit standards;
- Review of the valuation methodology for the unquoted investments; and
- Review of risks, internal controls and compliance.

Performance Evaluation

The Committee reviewed the results of the annual evaluation of its performance during the year. As part of the evaluation, the Committee reviewed the following:

- the composition of the Committee;
- the performance of the Committee Chair;
- how the Committee had monitored compliance with corporate governance regulations;
- how the Committee had considered the quality and appropriateness of financial accounting and reporting and challenged the judgements and assumptions involved;
- the Committee's review of significant risks and internal controls; and
- the Committee's assessment of the independence, competence and effectiveness of the Company's external Auditor.

It was concluded that the Committee was performing satisfactorily and there were no formal recommendations made to the Board.

Internal Controls and Risk Management

The Board has overall responsibility for risk management and for the review of the internal controls of the Company, undertaken in the context of its investment objective.

The Audit Committee, on behalf of the Board, reviews the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Committee and the Board have considered the Company's operations in light of the following factors:

- the nature of the Company, with all management functions outsourced to third party service providers;
- the nature and extent of risks it regards as acceptable for the Company to bear within its overall investment objective;
- the likelihood of such risks occurring; and
- the Company's ability to reduce the likelihood and impact of such risks.

A summary of the principal risks facing the Company is provided in the Strategic Report on pages 29 to 31.

Against this background, a risk matrix has been developed which covers all key risks the Directors believe the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and the mitigating controls in place.

The Board has delegated to the Audit Committee responsibility for the review and maintenance of the risk matrix and it reviews, in detail, the risk matrix each time it meets, bearing in mind emerging risks and any changes to the Company, its environment or service providers since the last review. Potential impacts related to climate change are also considered in this review. Any significant changes to the risk matrix are discussed with the whole Board. There were no changes to the Company's risk management processes during the year and no significant failings or weaknesses were identified from the Committee's most recent risk review.

The Committee reviews internal controls reports from its principal service providers on an annual basis. The Committee is satisfied that appropriate systems have been in place for the year under review and up to the date of approval of this report.

Significant Reporting Matters

The Committee considered the significant issues in respect of the Annual Report, including the financial statements. The table below sets out the key areas of audit risk identified and also explains how these were addressed. The Committee notes that these had also been identified by the Auditor as key audit risk areas and that it had discussed with them their approach and conclusions.

Significant risk	How the risk was addressed
Valuation, existence and ownership of investments, in particular unquoted investments	The valuation of investments is undertaken in accordance with the accounting policies in note 1 to the financial statements beginning on page 72. Controls are in place to ensure that valuations are appropriate and existence is verified through reconciliations with the Depositary. The Committee discussed with Frostrow and MCM the process by which the unquoted investments are valued, and ownership documented, including the reconciliation process with the Depositary. They also reviewed and challenged the valuation of the unquoted investments as at 31 December 2023, including the level of any discounts to net asset value applied to the unquoted valuations, to ensure that they were carried out in accordance with the accounting policy set out in note 1(b) on page 74. The Committee asked the Auditor to focus on this area (as it did last year) given the judgement involved. Having reviewed the valuations, the Committee confirmed its satisfaction that the investments had been valued correctly. The Committee also noted the Auditor's report on the challenge they had applied and their findings.
Risk of revenue being misstated due to the improper recognition of revenue	The Committee took steps to gain an understanding of the processes in place to record investment income and transactions and also noted that this was an area that the Auditor had identified as a particular area of risk that they would review.
Risk of miscalculating the performance fee	This being the third year of the three year performance period, following which the performance fee crystallises, its calculation was considered to be a particularly sensitive area this year. The Committee highlighted to the Auditor that payment of the performance fee was subject to completion of the audit. The Committee reviewed the calculation and is satisfied that it is in accordance with the Investment Management Agreement. The Committee also noted the Auditor's findings from their testing.

Financial Statements

The Board asked the Committee to confirm that in its opinion the Board can make the required statement that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee has given this confirmation on the basis of:

- the procedures followed in the production of the Annual Report, including the processes in place to assure the accuracy of factual content;
- the extensive levels of review that were undertaken in the production process by Frostrow, together with the Committee's own review and the challenges it made with respect to judgements and assumptions applied and the disclosures included; and
- the internal control environment operated by Frostrow, MCM, the Depositary and other service providers.

The Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. Further detail can be found on page 39. The financial statements can be found on pages 68 to 87.

The Committee also considered the longer-term viability of the Company in connection with the Board's statement in the Strategic Report on pages 31 and 32. The Committee reviewed the Company's financial position

Audit Committee Report
continued

(including its cash flows and liquidity position), the principal risks and uncertainties (including any potential impacts related to climate change) and the results of stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds. This included modelling further substantial market falls, and significantly reduced market liquidity, to that experienced recently in connection with the war in Ukraine and any tail risks from the coronavirus pandemic, as well as Brexit. The scenarios assumed that there would be significant falls in asset prices, that the Company's existing capital commitments would be drawn down rapidly and in large instalments, that there would be no sales of or distributions from private investments, and that listed portfolio companies would cut their dividends.

The results illustrated the potential impact on the Company's NAV, expenses, cash flows and ability to meet its liabilities and capital commitments. In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to be able to meet its liabilities as they fall due. Based on the information available to the Directors at the time, the Committee therefore concluded it was reasonable for the Board to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years.

Withholding Tax

The Committee monitored the reclamation of withholding tax, receiving updates from Frostrow on the process.

Internal Audit

The Committee considered whether there was a need for the Company to have an internal audit function. As the Company delegates its day-to-day operations to third parties and has no employees, the Committee concluded that there was no such need.

External Auditor

In addition to the reviews undertaken at Committee meetings, I met with Mazars LLP ("Mazars") on 12 April 2024 to discuss the progress of the audit and the draft Annual Report. During each of these meetings and in their report to the Committee the Auditor demonstrated professional scepticism, outlining where they had challenged particular assumptions and judgements, particularly with respect to the valuations of unquoted investments, and the resolutions of these.

In order to fulfil the Committee's responsibility regarding the independence of the Auditor, the Committee reviewed:

- the senior audit personnel in the audit plan, in order to ensure that there were sufficient, suitably experienced staff with knowledge of the investment trust sector working on the audit;
- the steps the Auditor takes to ensure its independence and objectivity;
- the statement by the Auditor that they remain independent within the meaning of the relevant regulations and their professional standards; and
- the need for any non-audit services to be performed by the Auditor (there were none during the year under review).

In order to consider the effectiveness of the audit process, we reviewed:

- the Auditor's execution and fulfilment of the agreed audit plan, including their ability to communicate with management and to resolve any issues promptly and satisfactorily, and the audit partner's leadership of the audit team;
- the quality of the report arising from the audit itself; and
- feedback from the Auditor and also Frostrow as the AIFM, both informally and via a formal questionnaire, on the conduct of the audit and their working relationship.

The Committee is satisfied with the Auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

Non-Audit Services

The Auditor did not carry out any non-audit work during the year. The Audit Committee will monitor the need for non-audit work to be performed by the Auditor, if any, in accordance with the Company's non-audit services policy.

The Audit Committee will also seek assurances from the Auditor that they maintain suitable policies and procedures ensuring independence, and monitor compliance with the relevant regulatory requirements on an annual basis.

Auditor Reappointment

Mazars LLP was appointed as the Company's external auditor following an audit tender process conducted in 2019. The audit of the financial statements for the year ended 31 December 2023 is their fifth audit of the Company since appointment. Accordingly, Stephen Eames, who was the audit partner for all of these audits will rotate off the assignment for the 2024 year end.

Mazars has confirmed their willingness to continue to act as Auditor to the Company for the forthcoming financial year. Mazars' appointment is subject to shareholder approval at the next Annual General Meeting to be held on Thursday, 27 June 2024 and the resolution can be found in the Notice of AGM on page 94.

As a public company listed on the London Stock Exchange, the Company is subject to mandatory auditor rotation requirements. Based on these requirements, another tender process will be conducted no later than 2029. The Committee will, however, continue to consider annually the need to go to tender for audit quality, remuneration or independence reasons.

Barbara Donoghue
Chair of the Audit Committee
19 April 2024

Directors' Remuneration Report

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report to shareholders. An ordinary resolution for the approval of this report will be put to shareholders at the Company's forthcoming Annual General Meeting. The law requires the Company's Auditor to audit certain disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report to shareholders on pages 60 to 67.

The Board considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of the Directors by reference to the activities and particular complexities of the Company and in comparison with other companies of a similar structure and size. This is in line with the AIC Code.

Directors' fees during the year were unchanged from the previous year: £50,000 per annum for the Chairman and £25,000 per annum for Directors, with Directors who serve on the Audit Committee receiving an additional £15,000 per annum. Directors' fees have remained unchanged since the Company's launch in 2015. The Board reviewed the fee levels at a meeting held on 12 December 2023 and it was decided that they would remain unchanged for the year ending 31 December 2024. No remuneration consultants were appointed during the year (2022: none).

Levels of remuneration reflect both the time commitment and responsibility of the role. The Directors are remunerated exclusively by fixed fees in cash and do not receive bonus payments or pension contributions from the Company, hold options to acquire shares in the Company, or other benefits. All Directors are entitled to the reimbursement of reasonable out of pocket expenses incurred by them in order to perform their duties as directors of the Company.

The simple fee structure reflects the non-executive nature of the Board, which itself reflects the Company's business model as an externally managed investment trust (please refer to the Business Review beginning on page 25 for more information). Accordingly, statutory disclosure requirements relating to executive directors' and employees' pay do not apply.

Changes in Directors' Remuneration

Director	2024 Fee level (projected)	2024 Change	2023 Fee level	2023 Change	2022 Fee level	2022 Change	2021 Fee level	2021 Change	2020 Fee level
Howard Pearce[1]	£50,000	+8%	£46,500	+16%	£40,000	–	£40,000	–	£40,000
Sir Ian Cheshire[2]	£40,000	-8%	£43,692	-12%	£50,000	–	£50,000	–	£50,000
Barbara Donoghue[3]	£40,000	–	£40,000	+9%	£36,667	n/a	n/a	n/a	n/a
Soraya Chabarek[4]	£40,000	+20%	£33,333	n/a	n/a	n/a	n/a	n/a	n/a
Duncan Budge[5]	n/a	n/a	£18,974	-53%	£40,000	–	£40,000	–	£40,000

1 Howard Pearce succeeded Sir Ian as Chairman of the Board on 16 May 2023.
2 Sir Ian stepped down as Chairman on 16 May 2023 but will continue as a non-executive Director for the time being.
3 Barbara Donoghue was appointed as a Director with effect from 1 February 2022.
4 Soraya Chabarek was appointed as a Director with effect from 1 March 2023.
5 Duncan Budge retired at the 2023 AGM.

Single Total Figure of Remuneration (audited)

Director	2023 Fees £	2023 Taxable expenses £	2023 Total £	2022 Fees £	2022 Taxable expenses £	2022 Total £
Howard Pearce	46,500	2,859	49,359	40,000	2,677	42,677
Sir Ian Cheshire	43,692	–	43,692	50,000	–	50,000
Barbara Donoghue[1]	40,000	–	40,000	36,667	–	36,667
Soraya Chabarek[2]	33,333	–	33,333	n/a	n/a	n/a
Duncan Budge[3]	18,974	–	18,974	40,000	–	40,000
Emma Howard Boyd[4]	n/a	n/a	n/a	19,128	–	19,128
TOTAL	**182,499**	**2,859**	**185,358**	**185,795**	**2,677**	**188,472**

1 Barbara Donoghue was appointed as a Director with effect from 1 February 2022.
2 Soyara Chabarek was appointed as a Director with effect from 1 March 2023.
3 Duncan Budge retired from the Board on 21 June 2023.
4 Emma Howard Boyd retired from the Board on 22 June 2022.

No payments have been made to any former directors. It is the Company's policy not to pay compensation upon leaving office for whatever reason. No signing-on bonuses or pay supplements are made when directors are recruited. None of the fees referred to in the above table were paid to any third party in respect of the services provided by any of the Directors.

Directors' Interests in the Company's Shares (audited)

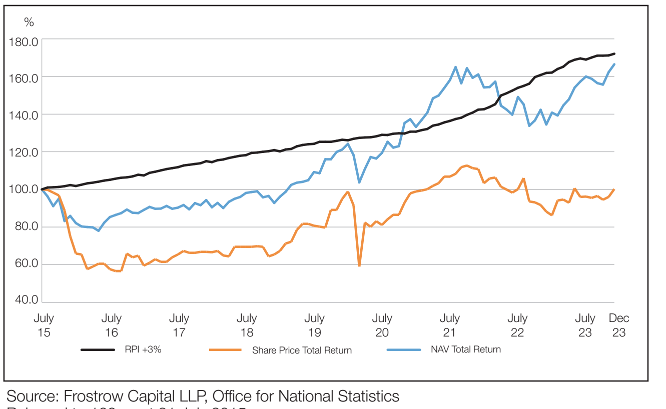
	Ordinary shares of 1p each as at 31 Dec 2023	Ordinary shares of 1p each as at 31 Dec 2022
Howard Pearce	50,062	40,000
Sir Ian Cheshire	115,000	115,000
Barbara Donoghue	216,693	216,693
Soraya Chabarek	45,000	n/a
Duncan Budge[3]	n/a	10,000
Total	**426,755**	**381,693**

No changes have been notified to the date of this report.

The Company does not have share options or a share scheme, and does not operate a pension scheme. Directors are not required to own shares in the Company.

Performance

The graph below shows the total shareholder return of the Company since its launch on 31 July 2015 against the RPI plus 3% over the same period.



Source: Frostrow Capital LLP, Office for National Statistics
Rebased to 100 as at 31 July 2015

Directors’ Remuneration Report
continued

Relative Cost of Directors’ Remuneration
The table below shows the comparative cost of Directors’ fees compared with the level of dividend distribution and Company expenses for the years ended 31 December 2023 and 2022.

	2023 £’000	2022 £’000	Change %
Total returns	24,093	(20,540)	217.3
Directors’ fees	182	186	(2.2)†
Dividends paid	316	160	97.6
Total ongoing expenses	2,040	2,018	1.1

† There have been no changes in the annual fee rates payable to directors from 2022 to 2023. The change in total fees reflects the recruitments and retirements of Directors during 2022 and 2023.

Statement of Voting at the AGM
At the Annual General Meeting held on 21 June 2023 the results of voting on the resolution to approve the Directors’ Remuneration Report were as follows:

Resolution	Votes cast for	Votes cast against	Votes withheld*
Directors’ Remuneration Report	34,515,221	7,394	11,813
	100.0%	0.0%	

*Votes withheld are not votes by law and are therefore not counted in the calculation of votes for or against a resolution.

By order of the Board

Howard Pearce
Chairman
19 April 2024

Directors’ Remuneration Policy

The Company’s remuneration policy is that the remuneration of each Director should be commensurate with the duties, responsibilities and time commitment of each respective role and consistent with the requirement to attract and retain directors of appropriate quality and experience. The remuneration should also be comparable to that of investment trusts of a similar size and structure.

Directors are remunerated in the form of fixed fees payable monthly in arrears. There are no long or short-term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors’ performance, either individually or collectively.

The Directors’ remuneration is determined within the limits set out in the Company’s Articles of Association. The present limit is £500,000 in aggregate per annum.

It is the Board’s intention that the remuneration policy will be considered by shareholders at the annual general meeting at least once every three years. If, however, the remuneration policy is varied, shareholder approval will be sought at the AGM following such variation. The Board will formally review the remuneration policy at least once a year to ensure that it remains appropriate.

The above policy will also apply to new Directors.

This policy was last approved by shareholders at the Annual General Meeting held on 22 June 2022.

No communications have been received from shareholders regarding Directors’ remuneration. The Board will consider any comments received from shareholders on the remuneration policy.

All Directors are non-executive, appointed under the terms of letters of appointment and none has a service contract. The Directors’ letters of appointment may be inspected at the Company’s registered office. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment and to re-election every three years thereafter. However, the Directors submit themselves for annual re-election by shareholders, in line with the AIC Code of Corporate Governance. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office. No notice period is stipulated for resignations.

Independent Auditor's Report to the Members of Menhaden Resource Efficiency PLC

Opinion

We have audited the financial statements of Menhaden Resource Efficiency PL (the 'company') for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
- Reviewing the directors' going concern assessment based on a 'most likely' (base case) scenario and a 'worst case scenario' as approved by the board of Directors on the 16 April 2024.
- Making enquiries of the directors to understand the period of assessment considered by the Directors, the completeness of the adjustments taken into account and the implication of those when assessing the 'most likely' scenario and the 'worst case scenario'. This included examining the minimum cash inflow and committed outgoings under the 'base case' cash flow forecasts and evaluated whether the directors' conclusions that liquidity headroom remained in all events was reasonable.
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios.
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts.
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to the Company's reporting on how it has applied the AIC Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Valuation, existence and ownership of the investment portfolio The Company has a significant portfolio of quoted and unquoted investments, these are measured in accordance with the requirements of FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice issued by the Association of Investment Companies. The investments are made up of quoted and unquoted investments and there are different valuation approaches applied across the portfolio. Within these valuations there are a significant level of judgements made in ascertaining the fair value. There is a risk that the judgements made in the valuation approaches may lead to a misstatement in the value recorded in the Statement of Financial Position. There is also a risk that investments recorded might not exist or might not be owned by the Company.	Our audit procedures included, but were not limited to: Quoted investments • understanding management's process to value quoted investments through discussions with management and examination of control reports on the third-party administrator; • agreeing the valuation of quoted investments to an independent source of market prices; • obtaining and agreeing confirmation from the custodian of investments held in order to obtain comfort over existence and ownership; • testing on a sample basis additions and disposals of investments throughout the year back to supporting documentation (bank statements and list of trade confirmations); and • reviewing the adequacy of the disclosure in the financial statements and ensuring that the methodology applied is in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice issued by the Association of Investment Companies.

Independent Auditor's Report
continued

Key Audit Matter	How our scope addressed this matter
	Unquoted investments • understanding management's process to value unquoted investments through discussions with management and examination of control reports on the third-party service organisations; • obtaining and agreeing confirmation of investments held in order to obtain comfort over existence and ownership; • engaging with our valuation expert in considering whether the methodology and assumptions applied for valuing unquoted investments were in accordance with published guidance, principally the International Private Equity and Venture Capital Valuation Guidelines. This included reviewing the investment valuation policies of the private equity funds, reviewing the funds' latest available audited financial statements, reviewing the funds' latest reports and discussion with the funds' management where applicable; • reviewing whether there are any going concern issues and uncertainties in relation to market factors for the actual portfolio companies as well as their underlying investments and agreeing the valuation of unquoted investments to year end fair values as reported in valuation statements received directly from the investee funds; • testing on a sample basis additions and disposals of investments throughout the year back to supporting documentation (bank statements and notifications from the investee funds); and • reviewing the adequacy of the disclosure in the financial statements including valuation methodology, assumptions and fair value hierarchy used, taking into account market factors. Ensuring the methodology applied is in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice issued by the Association of Investment Companies. Our observations Based on the work performed and evidence obtained, we consider the methodology and assumptions used to value the investments are appropriate. We did not note any issues with regard to the existence or the ownership of the investments held as at 31 December 2023.

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

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1,266,000
How we determined it	This has been calculated with reference to the Company's net assets, of which it represents approximately 1%.
Rationale for benchmark applied	Net assets has been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders. Approximately 1% of net assets has been chosen to reflect the level of understanding of the stakeholders of the Company in relation to the inherent uncertainties around accounting estimates and judgements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality was £950,000, which is approximately 75% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £38,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the company, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report
continued

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- a corporate governance statement has not been prepared by the Company.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the AIC Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 39;
- Directors' explanation as to their assessment of the entity's prospects, the period this assessment covers and why the period is appropriate, set out on pages 31 and 32;
- Directors' statement on fair, balanced and understandable, set out on page 43;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 29;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 52; and;
- The section describing the work of the audit committee, set out on page 51.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: HMRC Investment Trust Conditions.

Independent Auditor's Report

continued

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as, the Companies Act 2006

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to unquoted investment valuation and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non- detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the audit committee on 12 December 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ending 31 December 2019 to 31 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules, these financial statements will form part of the electronic reporting format prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the annual financial report will be prepared using the correct electronic format.

Stephen Eames (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard Milton Keynes
MK9 1FF
19 April 2024

Income Statement

	Notes	For the year ended 31 December 2023 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2022 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	8	–	25,374	25,374	–	(21,413)	(21,413)
Income from investments held at fair value through profit or loss	2	1,692	–	1,692	1,309	–	1,309
Investment and portfolio management fees	3	(336)	(2,175)	(2,511)	(323)	387	64
Other expenses	4	(319)	–	(319)	(404)	–	(404)
Net income/(loss) before taxation		**1,037**	**23,199**	**24,236**	**582**	**(21,026)**	**(20,444)**
Taxation	5	(143)	–	(143)	(96)	–	(96)
Net income/(loss) after taxation		**894**	**23,199**	**24,093**	**486**	**(21,026)**	**(20,540)**
Income/(loss) per share – basic and diluted (pence)	6	**1.1**	**29.3**	**30.4**	**0.6**	**(26.3)**	**(25.7)**

The "Total" column of this statement is the Income Statement of the Company. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the AIC.

All revenue and capital items in the above statement derive from continuing operations.

The Company has no recognised gains and losses other than those shown above and therefore no separate Statement of Total Comprehensive Income has been presented.

The accompanying notes on pages 72 to 87 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Ordinary share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 December 2022		800	77,371	–	24,970	690	**103,831**
Net income after taxation		–	–	–	23,199	894	**24,093**
Repurchase of ordinary shares for cancellation		(10)	(929)	10	–	–	**(929)**
Dividends paid	7	–	–	–	–	(316)	**(316)**
At 31 December 2023		**790**	**76,442**	**10**	**48,169**	**1,268**	**126,679**

For the year ended 31 December 2022

	Notes	Ordinary share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 December 2021		800	77,371	45,996	364	124,531
Net (loss)/income after taxation		–	–	(21,026)	486	(20,540)
Dividends paid	7	–	–	–	(160)	(160)
At 31 December 2022		**800**	**77,371**	**24,970**	**690**	**103,831**

The accompanying notes on pages 72 to 87 are an integral part of these financial statements.

Statement of Financial Position

	Notes	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Fixed assets			
Investments	8	110,027	93,809
Current assets			
Debtors	10	928	104
Derivative financial instruments	9	1,917	4,200
Cash		14,898	6,061
		17,743	10,365
Current liabilities			
Performance fee payable	12	(829)	–
Creditors	11	(262)	(343)
Net current assets		16,652	10,022
Net assets		126,679	103,831
Capital and reserves			
Ordinary share capital	13	790	800
Special reserve		76,442	77,371
Capital redemption reserve	13	10	–
Capital reserve	18	48,169	24,970
Revenue reserve		1,268	690
Total shareholders' funds		126,679	103,831
Net asset value per share – basic and diluted (pence)	14	160.3	129.8

The financial statements on pages 68 to 87 were approved by the Board of Directors and authorised for issue on 19 April 2024 and were signed on its behalf by:

Howard Pearce
Chairman

The accompanying notes on pages 72 to 87 are an integral part of these financial statements.

Menhaden Resource Efficiency PLC – Company Registration Number 09242421 (Registered in England and Wales)

Statement of Cash Flows

	Notes	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Net cash outflow from operating activities	15	(489)	(751)
Cash flows from investing activities			
Purchases of investments		(27,624)	(10,321)
Sales of investments		33,684	28,903
Settlement of derivatives	9	4,497	(12,488)
Net cash inflow from investing activities		10,557	6,094
Cash flows from financing activities			
Repurchase of ordinary shares for cancellation		(929)	–
Dividends paid	7	(316)	(160)
Net cash outflow from financing activities		(1,245)	(160)
Increase in cash and cash equivalents		8,823	5,183
Cash and cash equivalents at start of the year		6,061	878
Exchange rate movement		14	–
Cash and cash equivalents at the end of the year		14,898	6,061

The accompanying notes on pages 72 to 87 are an integral part of these financial statements.

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these financial statements, are set out below:

(a) Basis of Preparation

The financial statements have been prepared in accordance with United Kingdom company law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP"), and the historical cost convention, as modified by the valuation of investments at fair value through profit or loss. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of substantial falls in markets and significant reductions in market liquidity, on the Company's financial position and cash flows. Further information on the assumptions used in the stress scenarios is provided in the Audit Committee report on pages 53 and 54. The results of the tests showed that the Company would have sufficient cash, or the ability to liquidate a sufficient proportion of its listed holdings, to meet its liabilities as they fall due. Based on the information available to the Directors at the time of this report, including the results of the stress tests, the Company's cash balances, and the liquidity of the Company's listed investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to adopt the going concern basis in preparing these financial statements.

The Company's financial statements are presented in sterling, being the functional and presentational currency of the Company. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Fair value measurements are categorised into a fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – fair values measured using valuation techniques for which any significant input to the valuation is not based on observable market data (unobservable inputs).

Details in respect of the fair value of the Company's financial assets and liabilities are disclosed in note 17 to the Financial Statements.

Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Sections 1158 and 1159 of the Corporation Tax Act 2010. Refer to 1(d) for details on how expenses are allocated to revenue and capital.

1. ACCOUNTING POLICIES continued

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of the Company's unquoted (Level 3) investments. £12,260,000 or 11.1% (2022: £16,864,000 or 18.0%) of the Company's portfolio is comprised of unquoted investments. These are all valued in line with accounting policy 1(b) below. Under the accounting policy the reported net asset value or price of recent transactions methodologies have been adopted in valuing those investments, as set out on page 86.

As the Company has judged that it is appropriate to use reported NAVs in valuing unquoted investments as set out in note 17 (vi), the Company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Whilst the Board considers the methodologies and assumptions adopted in the valuation of unquoted investments to be supportable, reasonable and robust, because of the inherent uncertainty of valuation, the values used may differ significantly from the values that would have been used had a ready market for the investment existed. These values may need to be revised as circumstances change and material adjustments may still arise as a result of a reappraisal of the unquoted investments' fair value within the next year. As set out on page 86, a 25% discount to NAV has been employed by the Company as a sensitivity test for the impact of the inherent valuation risk associated with its unquoted investments.

Segmental Analysis

The Board is of the opinion that the Company is engaged in a single segment of business, namely investing in accordance with the Company's Investment Objective, and consequently no segmental analysis is provided.

(b) Financial Instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets:

The Company's basic financial assets include cash at bank and debtors. These financial assets are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method.

Investments held at fair value through profit or loss:

Investments are initially measured and subsequently remeasured at fair value as at the reporting dates.

Purchases and sales of quoted investments are recognised on the trade date where a contract exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. Transaction costs associated with purchases and sales of investments are charged in the capital column in the Company's Income Statement.

Notes to the Financial Statements
continued

1. ACCOUNTING POLICIES continued

(b) Financial Instruments continued

Changes in the fair value of investments and gains and losses on disposal are recognised in the capital column in the Income Statement as ‘gains or losses on investments’. The fair value of the different types of investment held by the Company is determined as follows:

- Quoted Investments

  Fair value is deemed to be bid or last trade price depending on the convention of the exchange on which it is quoted.

- Unquoted Investments

  Fair value is determined using recognised valuation methodologies in accordance with the International Private Equity and Venture Capital Association valuation guidelines (“IPEVCA Guidelines”).

Where an investment has been made recently, or there has been a transaction in an investment, the Company may use the transaction price as the best indicator of fair value. In such a case changes or events subsequent to the relevant transaction date would be assessed to ascertain if they imply a change in the investment’s fair value.

The Company’s unquoted investments comprise limited partnerships or other entities set up by third parties to invest in a wider range of investments, or to participate in a larger investment opportunity than would be feasible for an individual investor, and to share the costs and benefits of such investment.

For these investments, in line with the IPEVCA Guidelines, and in the absence of transactions in the investments, the fair value estimate is based on the attributable proportion of the reported net asset value of the unquoted investment derived from the fair value of underlying investments. Valuation reports provided by the manager or general partner of the unquoted investments are used to calculate fair value where there is evidence that the valuation is derived using fair value principles that are consistent with the Company’s accounting policies and valuation methods. Such valuation reports may be adjusted to take account of changes or events to the reporting date, or other facts and circumstances which might impact the underlying value.

If a decision to sell an unquoted investment or portion thereof has been made then the fair value would be the expected sales price where this is known or can be reliably estimated.

Where a portion of an unquoted investment has been sold the level of any discount implicit in the sale price will be reviewed at each measurement date for that unquoted investment, taking account of the performance of the unquoted investment and any other factors relevant to the value of the unquoted investment.

Derivatives

Derivatives comprise foreign currency forwards that were used to hedge the Company’s foreign currency exposure. The forwards comprise sterling receivable and a foreign currency deliverable. Derivatives are classified as financial assets or financial liabilities at fair value through profit or loss, initially recognised at fair value on the date derivative contracts are entered into and are subsequently remeasured at their fair value as at the reporting date. Changes in the fair value of derivative contracts are recognised as capital income or expense in the Income Statement.

(c) Investment Income

Dividends receivable are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company’s right to receive payment is established. UK dividends are shown net of tax credits and foreign dividends are gross of the appropriate rate of withholding tax.

1. ACCOUNTING POLICIES continued

(c) Investment Income continued

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield when it is probable that economic benefit will flow to the Company. Where income accruals previously recognised, but not received, are no longer considered to be reasonably expected to be received, due to doubt over their receipt, then these amounts are reversed through expenses.

Income distributions from limited partnership funds are recognised when the right to the distribution is established.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement; and
- expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the portfolio management and AIFM fees have been charged to the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income, from the Company's portfolio. As a result 20% of the portfolio management and AIFM fees are charged to the revenue column of the Income Statement and 80% are charged to the capital column of the Income Statement.

Performance fee provisions are recognised when a present obligation arises from past events, it is probable that the obligation will materialise and it is possible for a reliable estimate to be made, but the timing of settlement or the exact amount is uncertain. Any performance fee accrued or paid is charged in full to the capital column of the Income Statement.

(e) Taxation

The tax effect of different items of expenditure is allocated between capital and revenue using the marginal basis. Deferred taxation is provided on all timing differences that have originated but not been reversed by the Statement of Financial Position date other than those differences regarded as permanent. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the reversal of timing differences can be deducted. Any liability to deferred tax is provided for at the rate of tax enacted or substantively enacted.

(f) Foreign Currency

Transactions recorded in overseas currencies during the year are translated into sterling at the exchange rate ruling on the date of the transaction. Assets and liabilities denominated in overseas currencies are translated into sterling at the exchange rates ruling at the date of the Statement of Financial Position.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or the revenue column of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

(g) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Notes to the Financial Statements

continued

1. ACCOUNTING POLICIES continued

(h) Share Capital

Ordinary shares issued by the Company are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs net of tax are deducted from equity.

(i) Capital Reserves

The following are transferred to this reserve: gains and losses on the realisation of investments; changes in the fair values of investments; and expenses, together with the related taxation effect, charged to capital in accordance with the Company's accounting policy on expenses in 1(d).

Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve. The amounts within capital reserve less unrealised gains are available for distribution.

(j) Special Reserve

The special reserve arose following court approval in 2016 to cancel the share premium account. This reserve is distributable.

(k) Revenue Reserve

The revenue reserve represents the surplus of accumulated revenue profits being the excess of income derived from holding investments less the costs associated with running the Company. This reserve may be distributed by way of dividends, when positive.

2. INCOME FROM INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 £'000	2022 £'000
Income from investments		
Unquoted distributions	469	419
Dividends from quoted investments	1,175	883
	1,644	1,302
Bank interest	48	7
Total income	1,692	1,309

3. INVESTMENT AND PORTFOLIO MANAGEMENT FEES

	Revenue £'000	Capital £'000	2023 Total £'000	Revenue £'000	Capital £'000	2022 Total £'000
AIFM fee	52	208	260	50	198	248
Portfolio management fee	284	1,138	1,422	273	1,092	1,365
Performance fee provisions	–	829	829	–	(1,677)	(1,677)
	336	2,175	2,511	323	(387)	(64)

4. OTHER EXPENSES

	Revenue £'000	Capital £'000	2023 Total £'000	Revenue £'000	Capital £'000	2022 Total £'000
Directors' remuneration	182	–	182	186	–	186
Employers NIC on directors' remuneration	14	–	14	18	–	18
Auditor's remuneration for the audit of the Company's financial statements	46	–	46	41	–	41
Registrar fee	18	–	18	18	–	18
Broker retainer	30	–	30	30	–	30
Custody and depositary fees	43	–	43	47	–	47
Other expenses	(14)	–	(14)	64	–	64
Total expenses	**319**	**–**	**319**	**404**	**–**	**404**

The Company has no employees and details of the amounts paid to Directors are included in the Directors' Remuneration Report beginning on page 56. Other expenses balance for the year ended 31 December 2023 includes non-recurring credits of £39,000 relating to historic periods.

5. TAXATION ON NET RETURN

(a) Analysis of charge in period

	Revenue £'000	Capital £'000	2023 Total £'000	Revenue £'000	Capital £'000	2022 Total £'000
UK corporation tax	–	–	–	–	–	–
Overseas withholding tax	143	–	143	96	–	96

(b) Factors affecting current tax charge for the year

Approved investment trusts are exempt from tax on capital gains made within the Company.

The tax charged for the period is lower than the standard rate of corporation tax in the UK of 23.25% (2022: 19%). The difference is explained below.

	Revenue £'000	Capital £'000	2023 Total £'000	Revenue £'000	Capital £'000	2022 Total £'000
Net income/(loss) before taxation	**1,037**	**23,199**	**24,236**	**582**	**(21,026)**	**(20,444)**
Corporation tax at 23.25% (2022: 19%)	244	5,457	5,701	110	(3,995)	(3,885)
Non-taxable gains on investments held at fair value through profit or loss	–	(5,969)	(5,969)	–	4,068	4,068
Overseas withholding tax	143	–	143	96	–	96
Non-taxable overseas dividends	(387)	–	(387)	(247)	–	(247)
Excess management expenses*	143	512	655	137	(73)	64
Tax charge for the year	**143**	**–**	**143**	**96**	**–**	**96**

*Excess management expenses are expenses that are not relieved in full against income generated by the Company.

Notes to the Financial Statements

continued

5. TAXATION ON NET RETURN continued

(c) Provision for deferred tax

No provision for deferred taxation has been made in the current period. The Company has not provided for deferred tax on capital profits and losses arising on the revaluation or disposal of investments, as it is exempt from tax on these items because of its status as an investment trust company.

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom would increase from 19% to 25% for companies with taxable profits between £50,000 and £250,000, but with a marginal relief applying as profits increase. The Company has not recognised a deferred tax asset of £3,725,000 (25% tax rate) (2022: £3,042,000, 25% tax rate) as a result of unutilised excess management expenses of £14,900,000 (2022: £12,168,000). It is not anticipated that these excess expenses will be utilised in the foreseeable future.

6. INCOME/(LOSS) PER SHARE

The capital, revenue and total return per ordinary share are based on the net income/(loss) shown in the Income Statement on page 68 and the weighted average number of ordinary shares in issue 79,199,042 (2022: 80,000,001).

No dilutive instruments have been issued by the Company.

7. DIVIDENDS PAID

Under UK GAAP, final dividends are not recognised until they are approved by shareholders and interim dividends are not recognised until they are paid. They are also debited directly from reserves. Amounts recognised as distributable in these financial statements were as follows:

	2023 £'000	2022 £'000
2022 final dividend of 0.4p per share	316	–
2021 final dividend of 0.2p per share	–	160

In respect of the year ended 31 December 2023, a final dividend of 0.9p per share or £711,000 (2022: 0.4p per share or £316,100) in total has been recommended to shareholders and, if the resolution is passed at the AGM, will be reflected in the Annual Report for the year ending 31 December 2024. Details of the ex-dividend and payment dates are shown on page 39.

The Board's current policy is to only pay dividends out of revenue reserves. The amount of revenue reserve available for distribution as at 31 December 2023 is £1,268,000 (2022: £690,000). The Company generated a revenue profit in the year ended 31 December 2023 of £894,000 (2022: £486,000).

8. INVESTMENTS

	2023 Quoted Investments £'000	2023 Unquoted Investments £'000	2023 Total £'000	2022 Quoted Investments £'000	2022 Unquoted Investments £'000	2022 Total £'000
Opening balance						
Cost at 1 January	58,985	9,132	68,117	68,965	17,901	86,866
Investment holdings gains/(losses) at 1 January	17,960	7,732	25,692	40,874	(2,125)	38,749
Valuation at 1 January	**76,945**	**16,864**	**93,809**	**109,839**	**15,776**	**125,615**
Movement in the year:						
Purchases at cost	20,084	7,540	27,624	9,669	652	10,321
Sales proceeds	(20,204)	(14,347)	(34,551)	(13,197)	(3,218)	(16,415)
Net movement in investment holdings gains/(losses)	20,942	2,203	23,145	(29,366)	3,654	(25,712)
Valuation at 31 December	**97,767**	**12,260**	**110,027**	**76,945**	**16,864**	**93,809**
Closing balance						
Cost at 31 December	66,263	12,088	78,351	58,985	9,132	68,117
Investment holding gains at 31 December	31,504	172	31,676	17,960	7,732	25,692
Valuation at 31 December	**97,767**	**12,260**	**110,027**	**76,945**	**16,864**	**93,809**

Proceeds from investments sold during the year were £34,551,000 (2022: £16,415,000), of which £867,000 were receivable as at 31 December 2023 (2022: £nil). The book cost of these investments was £17,390,000 (2022: £29,070,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.The Company also received £4,497,000 (2022: paid £12,488,000) in cash on currency forward contracts (Note 9) expired during the period.

Net movement in investment holding gains/(losses) on investments

	2023 £'000	2022 £'000
Net movement in investment holding gains/(losses) in the year	23,145	(25,712)
Net movement in derivative holding (losses)/gains in the year	2,229	4,299
Gains/(losses) on investments	**25,374**	**(21,413)**

Total unrealised gains, including transfers, during the year were £5,984,000 (2022: £13,057,000).

Purchase transaction costs were £27,000 (2022: £3,000). These comprise mainly commission and stamp duty.

Sales transaction costs were £5,000 (2022: £3,000). These comprise mainly commission.

Notes to the Financial Statements
continued

9. DERIVATIVES

	2023 £'000	2022 £'000
Fair value of currency forward contracts	1,917	4,200

Forward contracts were used during the year to hedge the Company's exposure to the euro and US dollar. See note 17(ii) for further details. The Company received £4,497,000 (2022: paid £12,488,000) on contracts closed during the year. The forward contracts are revalued over time and any gains or losses (both realised and unrealised) are included in gains/(losses) on investments in the capital column of the Income Statement.

The currency forward contracts expired post year end and the Company received £1,614,000 in cash on expiry. As disclosed in the Portfolio Manager's Review and the Business Review in the Strategic Report, the Company has discontinued hedging activities since the year end.

10. DEBTORS

	2023 £'000	2022 £'000
Amounts due from brokers	867	–
Withholding tax recoverable	29	68
Prepayments and accrued income	32	36
	928	104

11. CREDITORS

	2023 £'000	2022 £'000
Performance fees payable	829	–
Other creditors and accruals	262	343
	1,091	343

12. PERFORMANCE FEE PROVISIONS

The three-year performance period that commenced on 1 January 2021 ended on 31 December 2023 and £829,000 has been charged in the Income Statement with a corresponding payable balance in the Statement of Financial Position. Settlement of performance fee provisions will take place following approval of the annual results for the year ended 31 December 2023, in April 2024.

Full details of the performance fee arrangement can be found in the Performance Fee section in the Strategic Report.

13. SHARE CAPITAL

	2023 £'000	2022 £'000
Issued and fully paid:		
79,025,001 (2022: 80,000,001) ordinary shares of 1p per share	790	800

There is a single class of shares in issue, being ordinary shares. The voting rights of the ordinary shares on a poll are one vote for each share held. There are no:

- restrictions on transfer of, or in respect of the voting or dividend rights of, the Company's ordinary shares;
- agreements, known to the Company, between holders of securities regarding the transfer of ordinary shares;

or

- special rights with regard to control of the Company attaching to the ordinary shares

The Company repurchased 975,000 ordinary shares during the year ended 31 December 2023 (2022: none) and all repurchased ordinary shares were subsequently cancelled. The nominal amount of £9,750 related to these cancelled shares was credited to the capital redemption reserve.

14. NET ASSET VALUE PER SHARE

	2023	2022
Net asset value per share	160.3p	129.8p

The net asset value per share is based on the assets attributable to equity shareholders of £126,679,000 (2022: £103,831,000) and on the number of ordinary shares in issue at the year end of 79,025,001.

No dilutive instruments have been issued by the Company.

15. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2023 £'000	2022 £'000
Gains/(losses) before taxation	24,236	(20,444)
(Gains)/losses on investments	(25,374)	21,413
	(1,138)	969
Decrease in other debtors	5	133
Increase/(decrease) in creditors	748	(1,738)
Withholding taxation suffered on investment income	(104)	(115)
Net cash outflow from operating activities	**(489)**	**(751)**

Notes to the Financial Statements
continued

16. RELATED PARTIES

The following are considered to be related parties:

- Frostrow Capital LLP; and
- The Directors of the Company.

Details of the relationship between the Company and the Company's AIFM are disclosed in the Strategic Report on page 27. Details of fees paid to Frostrow by the Company can be found in note 3 on page 76. All material related party transactions have been disclosed in note 3 on page 76. Details of the remuneration of the Directors can be found in note 4 and in the Directors' Remuneration Report starting on page 56. Details of the Directors' interests in the capital of the Company can be found on page 57.

The balance outstanding to Frostrow at the year end was £24,000 (2022: £20,000). No balances were due to the Directors (2022: nil).

17. FINANCIAL INSTRUMENTS

Risk management policies and procedures

The Company's financial instruments comprise securities and other investments, cash balances and certain debtors and creditors that arise directly from its operations.

As an investment trust, the Company invests in equities and other investments for the long term so as to achieve its Investment Objective as stated on page 8. In pursuing its Investment Objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets.

The main risks that the Company faces arising from its use of financial instruments are:

(i) market risk (including foreign currency risk, interest rate risk and other price risk)

(ii) liquidity risk

(iii) credit risk

These risks and the Directors' approach to the management of them, are set out in the Strategic Report on pages 29 to 31. The AIFM, in close co-operation with the Board and the Portfolio Manager, co-ordinates the Company's risk management.

(i) Other price risk

In pursuance of the Investment Objective, the Company's portfolio is exposed to the risk of fluctuations in market prices and foreign exchange rates.

The Board manages these risks through the use of investment limits and guidelines as set out on pages 8 and 9, and monitors the risks through monthly compliance reports from Frostrow, with reports from Frostrow and the Portfolio Manager also presented at each Board meeting. In addition, Frostrow monitors the exposure of the Company and compliance with the investment limits and guidelines on a daily basis.

17. FINANCIAL INSTRUMENTS continued

Other price risk sensitivity

Other price risk may affect the value of the quoted investments.

If market prices at the date of the Statement of Financial Position had been 25% higher or lower while all other variables had remained constant: the revenue return would have decreased/increased by £59,000 and £72,000 respectively (2022: decreased/increased by £46,000 and £81,000 respectively); the capital return would have increased/decreased by £21,763,000 and £23,324,000 respectively (2022: increased/decreased by £18,199,000 and £19,009,000 respectively); and, the return on equity would have increased/decreased by £21,704,000 and £23,252,000 respectively (2022: increased/decreased by £18,152,000 and £18,953,000 respectively). The calculations are based on the portfolio as at the respective dates of the Statement of Financial Position and are not representative of the year as a whole.

(ii) Foreign currency risk

A significant proportion of the Company's portfolio positions are denominated in currencies other than sterling (the Company's functional currency, and the currency in which it reports its results). As a result, movements in exchange rates can significantly affect the sterling value of those items.

Foreign currency risk is monitored in conjunction with other price risk as described above. The Portfolio Manager used foreign currency forwards to hedge some of the foreign currency risk historically, but as disclosed in the Manager's Review and the Business Review in the Strategic Report hedging activities ceased post the year ended 31 December 2023.

Foreign currency exposure

The fair values of the Company's assets and liabilities that are denominated in foreign currencies are shown below:

	2023				2022			
	Investments £'000	Derivatives* £'000	Current assets £'000	Net £'000	Investments £'000	Derivatives £'000	Current assets £'000	Net £'000
US dollar	62,963	(33,339)	868	30,492	69,885	(37,329)	2,003	34,559
Euro	38,242	(17,331)	29	20,940	16,074	(6,680)	68	9,462
Other	–	–	49	49	–	–	44	44
	101,205	(50,670)	946	51,481	85,959	(44,009)	2,115	44,065

* Derivatives comprise foreign currency forward contracts used to partially hedge the Company's exposure to the euro and US dollar. As at 31 December 2023, the fair value of the US dollar forward contract was £1,827,000 (2022: £4,096,000) and of the Euro forward contract was £90,000 (2022: £103,000).

Foreign currency sensitivity

The following table details the sensitivity of the Company's net return for the year and shareholders' funds to a 10% increase and decrease in sterling on the Company's net currency exposures after hedging.

These percentages have been determined based on market volatility in exchange rates over the period since launch. The sensitivity analysis is based on the Company's significant foreign currency exposures at each Statement of Financial Position date.

Notes to the Financial Statements
continued

17. FINANCIAL INSTRUMENTS continued

	2023 USD £'000	2023 EUR £'000	2023 Other £'000	2023 Impact on NAV £'000	2023 Impact on NAV %	2022 USD £'000	2022 EUR £'000	2022 Other £'000	2022 Impact on NAV £'000	2022 Impact on NAV %
Sterling depreciates	3,388	2,327	5	5,720	5%	3,840	1,051	5	4,896	5%
Sterling appreciates	(2,772)	(1,904)	(4)	(4,680)	(4%)	(3,142)	(860)	(4)	(4,006)	(4%)

(iii) Interest rate risk

Interest rate changes may affect:

– the level of income receivable from floating and fixed rate securities and cash at bank and on deposit; and

– the fair value of investments in fixed interest securities.

Interest rate exposure

The exposure of financial assets and liabilities to fixed and floating interest rates, is shown below.

	2023 Fixed rate £'000	2023 Floating rate £'000	2022 Fixed rate £'000	2022 Floating rate £'000
Cash	–	14,898	–	6,061
	–	14,898	–	6,061

Interest rate sensitivity

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's net return for the year ended 31 December 2023 and the net assets would increase/decrease by £149,000 (2022: £61,000).

(iv) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The main liquidity requirements the Company may face are its commitments to the investments in limited partnership funds, as set out in note 19 on page 87. These commitments can be drawn down on 3 or 10 days notice. Having reviewed the nature of the investment and the track record of the underlying mandate for the most significant commitment, to TCI Real Estate Fund III Limited and TCI Real Estate Fund IV Limited, the Board expects that it will be drawn down gradually over the life of the investment and as such poses a low risk to the liquidity of the Company. Frostrow and/or the Portfolio Manager are in regular contact with the managers of the limited partnership funds, as a part of which they would be made aware of, and plan accordingly for any drawdowns under those commitments.

The Company's assets comprise quoted securities (equity shares, fixed income and fund investments), cash, and unquoted limited partnership funds and investments. Whilst the unquoted investments are illiquid, short-term flexibility is achieved through the quoted securities, which are liquid, and cash which is available on demand.

The liquidity of the quoted securities is monitored on at least a monthly basis to ensure that there is sufficient liquidity to meet the company's liabilities and any forthcoming drawdowns.

17. FINANCIAL INSTRUMENTS continued

(v) Credit risk

Credit risk is the risk of failure of a counterparty to discharge its obligations resulting in the Company suffering a financial loss. The Company invests in both quoted and unquoted equities in line with its investment objective and policy. The Company's investments are held by J.P. Morgan Europe Limited("the Depositary"), which is a large and reputable international banking institution. The Depositary is liable for the loss of any financial assets under its custody, and in accordance with its agreement with the Company, is required to segregate such assets from its own assets.

Credit risk exposure

	2023 £'000	2022 £'000
Derivative financial instruments	1,917	4,200
Current assets:		
Other receivables	928	104
Cash	**14,898**	6,061

(vi) Hierarchy of investments

The Company's investments are valued within a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements as described in the accounting policies beginning on page 72.

At 31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	97,767	–	12,260	**110,027**
Derivatives	–	1,917	–	**1,917**

At 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	76,945	–	16,864	93,809
Derivatives	–	4,200	–	4,200

Level 3 investments at 31 December 2023

	Cost '000	Value £'000	Ownership	Valuation basis
TCI Real Estate Partners Fund IV Limited	US$7,849	6,021	5.72%	NAV
KKR Aqueduct Co-Invest LP[1]	£4,000	4,504	1.12%	NAV
TCI Real Estate Partners Fund III Limited	US$2,461	1,736	1.18%	NAV

[1] Described as John Laing Group in the portfolio statement

Level 3 investments at 31 December 2022

	Cost '000	Value £'000	Ownership	Valuation basis
KKR Aqueduct Co-Invest LP[1]	£4,000	4,646	1.15%	NAV
Helios Co-Invest LP[2]	US$4,458	10,672	4.73%	NAV
TCI Real Estate Partners Fund III Ltd	US$1,715	1,546	1.18%	NAV

[1] Described as John Laing Group in the portfolio statement
[2] Described as X-ELIO in the portfolio statement

Notes to the Financial Statements
continued

17. FINANCIAL INSTRUMENTS continued

In November 2023, the Company received a final distribution of US$16.9 million (£13.8 million) from its investment in Helios Co-Invest LP, following the disposal of the partnership's remaining holding in X-ELIO.

Unquoted investment valuations are provided by the underlying investment managers, who follow industry recognised guidelines and a stringent valuation process, which includes independent review by third parties. The Company is satisfied that the valuations received represent fair value of the investments it holds, but retains the discretion to make adjustments if there are indicators that suggest otherwise.

If a 25% discount to NAV was applied to the NAV of the level 3 investments as at 31 December 2023, the impact would have been a decrease of £2,191,000 (2022: £4,154,000) in net assets and the net return for the year.

(vii) Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise the income and capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to limit gearing to a maximum of 20% of the Company's net assets. Currently the Company does not have any gearing and there are no facilities in place.

The capital structure of the Company comprises the equity share capital (ordinary shares), retained earnings and other reserves as disclosed on the Statement of Financial Position on page 70.

The Board, with the assistance of the AIFM and the Portfolio Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This includes a review of:

– the planned level of gearing, which takes into account the Portfolio Manager's view of the market;

– whether to buy back equity shares, either for cancellation or to hold in treasury, in light of any share price discount to net asset value per share;

– whether to issue new equity shares; and,

– the extent to which revenue in excess of that required for distributions should be retained.

18. CAPITAL RESERVE

	2023 Capital Reserve			2022 Capital Reserve		
	Realised gains/ (losses) £'000	Unrealised gains/ (losses) £'000	Total £'000	Realised gains/ (losses) £'000	Unrealised gains/ (losses) £'000	Total £'000
At 1 January	(4,921)	29,891	24,970	7,347	38,649	45,996
Net gains/(losses) on investments	17,161	8,213	25,374	(12,655)	(8,758)	(21,413)
Expenses charged to capital	(2,175)	–	(2,175)	387	–	387
At 31 December	10,065	38,104	48,169	(4,921)	29,891	24,970

Realised capital reserve and revenue reserve are available for distribution. Unrealised gains, which are not readily convertible to cash are not considered distributable.

19. FINANCIAL COMMITMENT

The Company has made commitments to provide additional funds to the following investments:

	Sterling Commitment	Local currency Commitment	Notice of drawdown
TCI Real Estate Partners Fund IV Limited	£13,664,000	US$17,419,000	10 business days
TCI Real Estate Partners Fund III Limited	£2,200,000	US$2,805,000	10 business days

20. THE COMPANY

The Company is a public limited company (PLC) incorporated in England and Wales. Its principal activity is that of an investment trust company within the meaning of sections 1158/1159 of the Corporation Tax Act 2010 and its registered office and principal place of business is 25 Southampton Buildings, London, WC2A 1AL.

21. POST BALANCE SHEET EVENT

As disclosed in the Portfolio Manager's Review on page 19, in January 2024 the Company ceased to hedge its currency exposures. There are no other post balance sheet events which would require adjustment of or disclosure in the financial statements.

Shareholder Information

Financial Calendar

31 December	Financial Year End
March/April	Final Results Announced
June/July	Annual General Meeting, Dividend Payable (if any)
30 June	Half Year End
September	Half Year Results Announced

Annual General Meeting

The Annual General Meeting of Menhaden Resource Efficiency PLC will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on 27 June 2024 at 11.30 a.m.

Share Prices

The Company's ordinary shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrar, Link Group (contact details on page 101), under the signature of the registered holder.

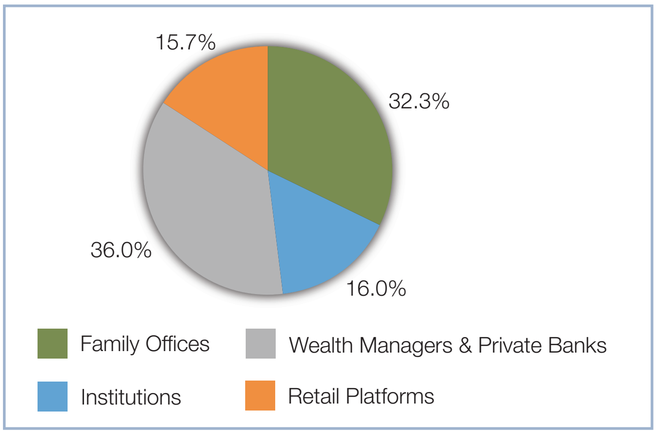
Net Asset Value

The net asset value of the Company's shares can be obtained on the Company's website at www.menhaden.com and is published daily via the London Stock Exchange.

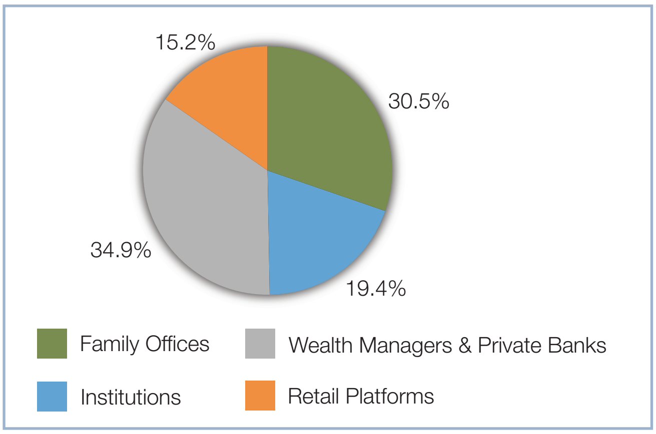
Profile of the Company's Ownership

% of ordinary shares held at:

31 December 2023



31 December 2022



Menhaden Resource Efficiency PLC trends 2015-2023

Annual data at 31 December (note 1)	Units	2015	2016	2017	2018	2019	2020	2021	2022	2023	9 year Trend	
Share Ownership												
Family offices	%	–	–	41.6	47.1	48.6	43.5	34.0	30.5	32.3	Falling	↓
Wealth managers & private banks	%	–	–	26.9	24.7	25.2	29.5	33.1	34.9	36.0	Rising	↑
Institutions	%	–	–	21.3	19.5	15.3	16.8	19.9	19.4	16.0	Falling	↓
Retail platforms	%	–	–	10.2	8.7	10.9	10.2	13.0	15.2	15.7	Rising	↑
Financial performance												
Net asset value (NAV)	£m	67.1	68.3	73.7	72.5	94.0	106.1	124.5	103.8	126.7	Rising	↑
Share price	Pence	77	66.4	68.5	67.0	96.5	99.0	112.0	89.0	100.8	Rising	↑
NAV per share	Pence	83.9	85.4	92.1	90.6	117.5	132.7	155.7	129.8	160.3	Rising	↑
Share price discount to NAV	%	-8.2	-22.2	-25.6	-26.1	-17.9	-25.4	-28.1	-31.4	-37.2	Falling	↓
Investment return (Nav per share total return)	%	-14.1	1.8	7.8	-1.6	30.5	13.2	17.3	-16.5	23.8	Rising	↑
Share price return	%	-23	-13.8	3.2	-2.2	45.3	3.0	13.1	-20.3	13.6	Rising	↑
Dividend per share	Pence	0	0.0	0.0	0.7	0.4	0.0	0.2	0.4	0.9	Rising	↑
Ongoing charges	%	2.1	2.1	2.1	2.1	2.0	2.0	1.8	1.8	1.7	Falling	↓
Relative financial performance												
Absolute benchmark UK RPI+3%	%	2.4	5.7	7.4	5.9	5.5	4.4	10.8	13.7	8.4		
MHN NAV total return relative to UK RPI+3%	%	-16.5	-3.9	0.4	-7.5	25.0	8.8	6.5	-30.2	15.4	Rising	↑
AIC Environmental Sector benchmark return	%	-2.8	21.0	13.0	-8.0	33.1	23.7	16.1	-15.9	8.8		
MHN NAV total return relative to AIC Environmental Sector	%	-11.3	-19.2	-1.3	6.4	-2.6	-10.5	1.2	-0.6	15.0	Rising	↑
AIC Global sector return benchmark	%	0.1	23.6	20.7	-2.8	23.8	21.0	13.8	-14.8	16.0		
MHN NAV total return relative to AIC Global Sector	%	-14	-21.8	-12.9	1.2	6.7	-7.8	3.5	-1.7	7.8	Rising	↑
Portfolio size												
Number of investment holdings	Number	24	24	20	19	15	17	15	16	–	Falling	↓
Top 5 investments relative % to total assets	%	44.4	37.6	46.3	55.7	53.8	67.6	73.6	61.2	–	Rising	↑
Asset Allocation												
Public equity	%	57.2	35.0	44.8	48.2	51.3	78.8	86.8	77.3	77.2	Rising	↑
Private equity	%	27.1	23.3	27.8	29.1	27.3	16.2	12.5	16.9	13.1	Falling	↓
Cash and equivalents	%	5.1	23.0	14.1	9.5	18.2	2.9	0.7	5.8	9.7	Falling	↓
Yield (excluded from allocation criteria from 2021)	%	10.6	18.7	13.3	13.2	3.2	2.1	–	–	–	Falling	↓
Geographic split												
North America	%	44.5	38.8	21.2	39.6	47.1	63.4	72.6	63.1	56.7	Rising	↑
Europe	%	38.7	39	52.5	45.1	36.3	27.5	21.3	28.5	35.3	No trend	–
UK (* note 2)	%	8.4 *	15.8	16.2	8	7.3	5.9	3.2	5	4.1	Falling	↓
Emerging Markets	%	8.4	6.4	10.1	7.3	9.3	3.2	2.9	3.4	3.9	Falling	↓
Thematic split (note 3)												
Resources and energy efficiency (theme revised 2021)	%	50.3	29.1	18.3	29.4	49.2	58.2	–	–	0	Falling	↓
Clean energy	%	34.6	43.6	44.8	38	23.1	10.8	8.1	11.4	0	Falling	↓
Water and waste management	%	6.7	4.3	1.6	2.6	2.1	1.8	0.9	0.9	0.8	Falling	↓
Sustainable Infrastructure and Transportation (new 2021)	%	8.4	23	35.3	30	25.6	29.2	42.4	36.5	55.7	Rising	↑
Digitalisation (new 2021)	%	_	_	_	_	_	_	42.1	41.7	33.2	Falling	↓
Industrial emissions reduction (new 2021)	%	_	_	_	_	_	_	6.5	9.5	10.3	Rising	↑
Environmental performance (note 4)												
Renewable energy consumed	MWh	–	–	–	–	–	–	–	596	832	Rising	↑
Renewable energy generated	MWh	–	–	69	54	47	–	94	87.6	58	No trend	–
Carbon Dioxide emissions (Scope 1 and 2)	tCo2e	–	–	–	–	–	–	–	2,233	2,329	No trend	–

Notes

Note 1. Data extracted from Menhaden Resource Efficiency PLC (“MHN”) annual reports

Note 2. In 2015 labelled global, since then UK

Note 3. Two new themes added 2021 and Resources and energy efficiency theme discontinued.

Note 4. New methodology adopted 2022 and 2023. Prior year data not shown as it was calculated on different methodology

Glossary

Alternative Investment Fund Managers Regulations ("UK AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the UK AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Compounding Hurdle

The payment of a performance fee is conditional on the Company's NAV being above the high-water mark and the return on the gross proceeds from the IPO of the Company exceeding an annualised compound return of 5%.

Discount or Premium

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

Gearing

In simple terms gearing is borrowing. An investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on shareholders' funds is called 'gearing'. If the Company's assets grow, shareholders' funds grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing represents borrowings at par less cash and cash equivalents expressed as a percentage of shareholders' funds.

High Watermark

The high watermark is the highest net asset value that the Company has reached on which a performance fee has been paid. Its initial level was set at 100p on the launch of the Company.

Leverage

For the purposes of the UK AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated using **gross** and **commitment** methods. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions (as detailed in the UK AIFMD) are offset against each other.

Net Asset Value ("NAV")

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV per share is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares in issue. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined principally by the relationship between the demand for and supply of the shares.

NAV Total Return (APM)

Total return on shareholders' funds per share, reflecting the change in NAV assuming that any dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in the share price.

	31 December 2023	31 December 2022
Opening NAV	129.8p	155.7p
Increase/(decrease) in NAV	30.5p	(25.9)p
Closing NAV	160.3p	129.8p
% increase/(decrease) in NAV	23.4%	(16.6%)
Impact of dividend reinvested	0.4%	0.1%
NAV total return/(loss)	23.8%	(16.5%)

Share Price Total Return (APM)

The return to the investor, on a last traded price to a last traded price basis, assuming that all dividends paid were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

	31 December 2023	31 December 2022
Opening share price	89.0p	112.0p
Increase/(decrease) in share price	11.8p	(23.0)p
Closing share price	100.8p	89.0p
% increase/(decrease) in share price	13.2%	(20.5%)
Impact of dividend reinvested	0.4%	0.2%
Share price total return/(loss)	13.6%	(20.3%)

Ongoing Charges Ratio (APM)

Ongoing charges ratio is calculated by taking the Company's annualised operating expenses and expressing them as a percentage of the average daily net asset value of the Company over the year. The costs of buying and selling investments are excluded, as are interest costs, taxation, costs of buying back or issuing shares and other non-recurring costs. These items are excluded because if included, they could distort the understanding of the Company's performance for the year and the comparability between periods. Performance fees are also excluded from the ongoing charges ratio calculation.

	31 December 2023 £'000	31 December 2022 £'000
Total Expenses	2,040	2,018
Average NAVs	117,147	111,560
Ongoing charge ratio	1.7%	1.8%

How to Invest

Retail Investors Advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock-broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	http://www.youinvest.co.uk
Barclays Stockbrokers	https://www.barclays.co.uk/smart-investor
Bestinvest	http://www.bestinvest.co.uk
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk
EQi	https://www.eqi.co.uk
FundsDirect	http://www.fundsdirect.co.uk
Halifax Investing	http://www.halifax.co.uk/investing
Hargreaves Lansdown	http://www.hl.co.uk
HSBC	https://hsbc.co.uk/investments
iDealing	http://www.idealing.com
interactive investor	http://www.ii.co.uk
IWEB	http://www.iweb-sharedealing.co.uk
Saga Share Dealing	https://www.saga.co.uk/money/share-dealing
Saxo Markets	https://www.home.saxo
Wealth Club	https://www.wealthclub.co.uk

Risk warnings

- *Past performance is no guarantee of future performance.*
- *The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because share price is determined by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.*
- *As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.*
- *Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.*
- *Investors should note that tax rates and reliefs may change at any time in the future.*
- *The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.*

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Menhaden Resource Efficiency PLC will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Thursday, 27 June 2024 at 11.30 a.m. for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive the Annual Report for the year ended 31 December 2023, including the financial statements and the directors' and auditor's reports therein.

2. To receive and approve the Directors' Remuneration Report for the year ended 31 December 2023.

3. To declare a final dividend of 0.9p per ordinary share for the year ended 31 December 2023.

4. To re-elect Soraya Chabarek as a Director of the Company.

5. To re-elect Sir Ian Cheshire as a Director of the Company.

6. To re-elect Barbara Donoghue as a Director of the Company.

7. To re-elect Howard Pearce as a Director of the Company.

8. To re-appoint Mazars LLP as the Company's Auditor to hold office from the conclusion of the meeting to the conclusion of the next Annual General Meeting at which accounts are laid, and to authorise the Audit Committee to determine their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 10, 11 and 12 will be proposed as special resolutions:

Authority to Issue Shares

9. THAT, in substitution for all existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to a maximum aggregate nominal amount of £79,025 (or if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is proposed) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2025 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Disapplication of Pre-emption Rights

10. THAT, in substitution of all existing powers, the Directors be and are hereby generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 9 set out in the notice

convening the Annual General Meeting at which this resolution is proposed or otherwise as if section 561(1) of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of section 560 of the Act, which includes the sale of relevant shares which, immediately before the sale, were held by the Company as treasury shares) for cash as if section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment of equity securities pursuant to:

(a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 1 penny each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

(b) (otherwise than pursuant to sub-paragraph (a) above) an offer or offers of equity securities of up to an aggregate nominal value of £79,025 (or if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is proposed) and expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

Authority to Repurchase ordinary shares

11. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1 penny each in the capital of the Company ("Shares") (either for cancellation or to be held, sold or otherwise dealt with as treasury shares in accordance with the Act) provided that:

(a) the maximum aggregate number of Shares authorised to be purchased is 11,845,847 or, if changed, the number representing approximately 14.99% of the issued share capital of the Company at the date of the meeting at which this resolution is proposed;

(b) the minimum price (exclusive of expenses) which may be paid for a Share is 1 penny;

(c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange;

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2025 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

Notice of the Annual General Meeting
continued

General Meetings

12. THAT the Directors be authorised to call general meetings (other than the Annual General Meeting of the Company) on not less than 14 clear days' notice, such authority to expire on the conclusion of the next Annual General Meeting of the Company or if earlier, on the expiry 15 months from the date of the passing of the resolution.

By order of the Board

Registered Office:
25 Southampton Buildings
London WC2A 1AL

Frostrow Capital LLP
Company Secretary
19 April 2024

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company, but must attend the meeting for your votes to be counted. Appointing the Chairman of the AGM as your proxy will ensure that your votes are cast in accordance with your wishes.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. Hard copy forms of proxy have not been included with this notice. Members can vote by: logging onto www.signalshares.com and following instructions, requesting a hard copy form of proxy directly from the registrars, Link Group, via telephone on +44 (0) 371 664 0300 or by emailing shareholderenquiries@linkgroup.co.uk or, in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. To be valid any appointment of a proxy must be completed, signed and received at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL no later than 11.30 a.m. on 25 June 2024.
4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.
5. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by Link. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by the latest time(s) for receipt of proxy appointments specified in this Notice in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
6. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
9. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") at close of business on 25 June 2024 (or, in the event of any adjournment, on the date which is two business days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.
10. As at 19 April 2024 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 79,025,001 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 19 April 2024 are 79,025,001.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and International Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting, excluding non-business days. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of the Annual General Meeting
continued

13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
16. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
17. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL.

    In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments then, subject to paragraph 4, the proxy appointment will remain valid.

Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report

The Annual Report for the year ended 31 December 2023, incorporating the financial statements and this Notice of Meeting, will be presented to the Annual General Meeting (AGM).

Resolution 2 – Directors' Remuneration Report

It is mandatory for listed companies to put their report on Directors' remuneration to an advisory shareholder vote every year. The Directors' Remuneration Report is set out on pages 56 to 58 of this Annual Report.

Resolution 3 – Dividend

It is necessary for the Company to pay a dividend in respect of the year ended 31 December 2023 in order for it to retain investment trust status. Accordingly, the Board is recommending the declaration of a dividend of 0.9p per ordinary share, payment of which will afford compliance with the requirement for the Company to retain no more than 15% of the income from shares and securities in the year.

Resolutions 4 to 7 – Re-election of Directors

Resolutions 4 to 7 deal with the re-election of the Directors. Biographies of each of the Directors can be found on pages 37 and 38 of this Annual Report.

Specific reasons why (in the Board's opinion) each Directors' contribution is, and continues to be, important to the Company's long-term sustainable success are as follows:

Soraya Chabarek

Soraya brings leadership experience in asset management and broad exposure to fund strategies including global macro, equities, emerging markets, credit and convertibles, providing a strong basis for portfolio management challenge.

Sir Ian Cheshire

Sir Ian draws on more than 30 years' experience in the retail, charity, and banking sectors. His focus is on long-term strategic issues, including the sustainability and environmental impact of the portfolio.

Barbara Donoghue

Barbara has a wealth of experience gained over more than 30 years to contribute to Board and Committee decision making, including from past board room appointments, corporate finance and private equity.

Howard Pearce

Howard has over 30 years' experience advising at Board level on green investment and significant expertise of audit committee chairmanship which aids the Company's financial and environmental impact reporting.

Resolution 8 – Re-appointment of the Auditor and the determination of their remuneration

Resolution 8 is for the re-appointment of Mazars LLP as the Company's independent Auditor to hold office until the next AGM of the Company and also authorises the Audit Committee to set their remuneration. Following the implementation of the Competition and Markets Authority order on Statutory Audit Services, only the Audit Committee may negotiate and agree the terms of the Auditor's service agreement.

Resolutions 9 and 10 – Issue of Shares

Ordinary Resolution 9 in the Notice of Annual General Meeting is to renew the authority to allot new ordinary shares up to an aggregate of 10% of the Company's existing issued share capital at the date of the Annual General Meeting. This authority (if granted) will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting unless previously renewed.

When shares are to be allotted, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 10 will, if passed, give the Directors power to allot (and/ or sell from treasury) for cash equity securities up to the equivalent of

Explanatory Notes to the Resolutions
continued

10% of the Company's existing share capital, as if Section 551 of the Act does not apply. This is the same nominal amount of share capital that the Directors are seeking the authority to allot pursuant to Resolution 9. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 9 and 10 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 11 – Share Repurchases

The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is considered to be in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 1 penny per share.

Special Resolution 11 in the Notice of Annual General Meeting seeks to renew the authority to purchase in the market a maximum of 14.99% of shares in issue (amounting to 11,845,847 shares at the date of this Annual Report). The authority (if granted) will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 12 – General Meetings

Special Resolution 12 seeks shareholder approval for the Company to hold General Meetings (other than the AGM) on 14 clear days' notice, which is the minimum notice period permitted by the Companies Act 2006. This is a routine resolution necessitated by the EU Shareholder Rights Directive, which has been transcribed into UK law.

The Company will only use this shorter notice period where it is merited by the purpose of the meeting and will endeavour to give at least 14 working days' notice if possible.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions, as the Directors intend to do in respect of their own beneficial holdings totalling 426,755 shares.

Company Information

Directors
Howard Pearce (Chairman)
Barbara Donoghue
Soraya Chabarek
Sir Ian Cheshire

Company Registration Number
09242421 (Registered in England and Wales)
The Company is an investment company as defined under Section 833 of the Companies Act 2006
The Company was incorporated on 30 September 2014. The Company was incorporated as BGT Capital PLC.

Website
Website: www.menhaden.com

Registered Office
25 Southampton Buildings
London WC2A 1AL

Alternative Investment Fund Manager, Company Secretary and Administrator
Frostrow Capital LLP
25 Southampton Buildings, London WC2A 1AL
Telephone: 0203 008 4910
E-mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Conduct Authority

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

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Shareholder Portal: www.signalshares.com
Website: www.linkgroup.eu
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

†Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

Share Price Listings
The price of your shares can be found in various publications including the Financial Times, The Daily Telegraph, The Times and The Scotsman.

The Company's net asset value per share is announced daily and is available, together with the share price, on the TrustNet website at www.trustnet.com.

Identification Codes

Shares:	SEDOL	:	BZ0XWD0
	ISIN	:	GB00BZ0XWD04
	BLOOMBERG	:	MHN LN
	EPIC	:	MHN

Legal Entity Identifier
2138004NTCUZTHFWXS17

Investment scams are often sophisticated and difficult to spot

How to avoid investment scams

1 Reject unexpected offers
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

2 Check the FCA Warning List
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without FCA authorisation.

3 Get impartial advice
Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report a firm or scam to the Financial Conduct Authority on 0800 111 6768 or through www.fca.org.uk/scamsmart

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

FCA FINANCIAL CONDUCT AUTHORITY
Be a ScamSmart investor

aic The Association of Investment Companies

A member of the Association of Investment Companies

Disability Act

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Asset Services, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888.
Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the RNID) you should dial 18001 followed by the number you wish to dial.

Environment

This report is printed on Revive 100% White Silk a totally recycled paper produced using 100% recycled waste at a mill that has been awarded the ISO 14001 certificate for environmental management.

The pulp is bleached using a totally chlorine free (TCF) process.

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