Menhaden

Menhaden Capital PLC
Annual Report for the period from incorporation on
30 September 2014 to 31 December 2015

Menhaden Capital PLC – Annual Report

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 wide spread use of the fish as a fertiliser. The Menhaden is a keystone species of the Atlantic, filtering vast quantities of water and playing a key role in the food chain. It has been argued that the environmental movement and fisheries ecology rose from the first Menhaden collapse as this collapse was used in the 1860's as a key example of mankind's impact on the oceans.

Company Summary

Menhaden Capital PLC (the "Company") is an 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. It is also listed on the Social Stock Exchange. The Company is a member of the Association of Investment Companies.

Investment Objective

The Company aims to generate long-term shareholder returns, predominantly in the form of capital growth, by investing in businesses and opportunities, delivering or benefiting from the efficient use of energy and resources irrespective of their size, location or stage of development.

Management

The Company employs Frostrow Capital LLP as its Alternative Investment Fund Manager ("AIFM"), which is responsible for the portfolio management and risk management of the Company. The day-to-day portfolio management activities are carried out by Ben Goldsmith and Alexander Vavalidis, who have been seconded to the AIFM from Menhaden Capital Management LLP and who identify and present investment opportunities for consideration to the Investment Committee. The Investment Committee, which is chaired by Graham Thomas, who has also been seconded to the AIFM, makes all investment and divestment decisions in respect of the Company.

Capital Structure

The Company's capital structure is composed of Ordinary Shares and Redeemable Preference Shares. Details are given on pages 22 and 23 and in note 10 to the financial statements on page 59.

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.

Key Dates

30 September 2014 – Incorporation
31 July 2015 – Launch (Initial Public Offering)
31 December 2015 – Year-End
31 March 2016 – Publication of first Annual Report
23 May 2016 – First Annual General Meeting

Frostrow
CAPITAL

Company Performance

	As at 31 December 2015
Share price	77.0p
Net asset value per share	83.9p
Discount of share price to the net asset value per share	8.2%

	Period from launch on 31 July 2015 to 31 December 2015
Share price (total return)	(23.0%)
Net asset value per share (total return)[1]	(14.1%)
MSCI World Total Return Index (in Sterling)[2]	0.8%
Ongoing charge ratio (annualised)	2.1%

[1](excluding IPO costs).

[2]Source – Morningstar.

Chairman's Statement

Sir Ian Cheshire

I am pleased to welcome shareholders and present our first annual report since the launch of the Company and the listing of its shares on the London Stock Exchange on 31 July 2015. Your Company raised £80 million at its launch and details of the Company's share capital are set out on pages 22 and 23. This report covers the period from incorporation on 30 September 2014 to 31 December 2015.

Performance and Outlook

Against a background of volatility and risks in world markets, the Company's net asset value ("NAV") per share decreased from 97.7p (post IPO expenses of 2.3p) to 83.9p, representing a decline of 14.1% for the five months from launch to 31 December 2015. During the same period the MSCI World Total Return Index (in Sterling) increased by 0.8% and the AIC Environmental Sector fell 6.2%. The WilderHill New Energy Global Innovation Index rose 3.0% in Sterling, but declined 17.8% in US Dollar terms. As at 31 December 2015, the discount of the share price to the Company's NAV per share stood at 8.2%.

In their report (beginning on page 10) our portfolio managers provide a description of how the funds raised at launch have been invested so far and a comprehensive analysis of all the factors contributing to the Company's performance during the period. The decline in the market value of the Company's renewable energy investments has been dramatic, in-line with the substantial sell off across the energy sector during the period. In particular, the portfolio was hard hit by the investments in Terraform Power, SunEdison and Abengoa.

Despite this disappointing start, your Board believes in the Company's long-term investment strategy and the Menhaden Team. The Company was launched with the aim of applying a patient yet opportunistic approach to a series of global energy and resources-linked mega trends – the 'green industrial shift'. Within this theme the portfolio managers are well placed, having unique access to ideas, world-class partners and opportunities – such as the co-investment in X-Elio (formerly Gestamp Solar) with KKR.

Revenue and Dividend

The Company complies with the United Kingdom's investment trust rules regarding distributable income and the Company's dividend policy is that the Company will pay a dividend as a minimum to maintain investment trust status. The Board has not recommended a dividend for the period, but in line with the prospectus, will target an annual dividend yield of 2% of the average NAV. It is anticipated that this policy will be implemented for the year ending 31 December 2017, subject to performance and prevailing market conditions.

Governance

In addition to presenting our review of your Company's financial performance and the corporate and investment strategies, this annual report sets out your Company's governance structures and policies including its compliance with the principles of the Association of Investment Companies ("AIC") Code of Corporate Governance.

The Company will separately publish an impact report in relation to its listing on the Social Stock Exchange. The impact report describes the Company's social and environmental purpose, as well as measuring the impact it delivers, or intends to deliver, in these areas. The report will be published at www.menhaden.com.

Annual General Meeting

The Board is keen to welcome all shareholders to the Annual General Meeting, which offers an opportunity to meet the Directors and also to hear the views of our portfolio managers. The first Annual General Meeting of the Company will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose St, London EC2A 2EG on 23 May 2016 at 12 noon, and we hope as many shareholders as possible will attend. Any shareholders who are unable to attend or who wish to discuss any matters with the Board are invited to contact me through the Company Secretary whose contact details are provided on page 75.

The notice of Annual General Meeting is set out at the end of this document on page 71. The explanatory notes to the resolutions start on page 74. The Directors consider that all the resolutions detailed in the formal notice are in the best interests of the Company and the shareholders taken as a whole and therefore unanimously recommend to shareholders that they vote in favour of each resolution, as the Directors intend to do in respect of their own holdings.

Sir Ian Cheshire
Chairman

31 March 2016

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, delivering or benefitting from the efficient use of energy and resources irrespective of their size, location or stage of development.

Whilst the Company pursues an active, non-benchmarked total return strategy, the Company is cognisant of the positioning of its portfolio against the MSCI World Total Return Index (in Sterling). Accordingly, the Board and the AIFM will take notice of the returns of that index with a view to outperforming it over the long term.

Investment strategy

The implementation of the Company's investment objective has been delegated to Frostrow Capital LLP ("Frostrow" or the "AIFM") by the Board. Ben Goldsmith, Alexander Vavalidis and Graham Thomas (together, the "Menhaden Team"), who have been seconded to Frostrow, carry out the portfolio management activities under Frostrow's supervision.

Details of the Menhaden Team's approach are set out in the next section on page 6 and in their review beginning on page 10.

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 Menhaden Team are required to manage the investments, as set out below.

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

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 of three main allocations:

- listed equity;
- yield assets; and
- special situations.

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 20 to 25 positions. Typically, the portfolio will not comprise fewer than 20 positions or more than 50 positions. For these purposes an investment in an external fund is treated as one position.

Geographic Focus

The portfolio is predominantly focused on investments in developed markets, though 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 at all times to any applicable investment restrictions contained in the Listing Rules from time to time, the Menhaden Team 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 with the prior approval of the Board, which the Menhaden Team may from time to time consider appropriate for the purposes of efficient portfolio management, and the Company may for these purposes leverage through the use of options, futures, options on futures, swaps and other synthetic or derivative financial instruments.

The Menhaden Team does not expect to engage in currency hedging on a regular basis. However, given that a proportion of the Company's assets are denominated in currencies other than Sterling, the Company is subject to foreign exchange risks which could adversely affect the net asset value. Accordingly, the Menhaden Team may, within such parameters as are approved by the AIFM and the Board and in accordance with the Company's investment policy, seek to hedge the Company's exposure to non-Sterling assets.

No hedging has been undertaken in the period.

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 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 Menhaden Team 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).

In addition under the AIFMD rules the Company is required to set maximum leverage limits. Leverage is defined under the AIFMD as any method by which the total exposure of an AIF is increased. Further explanation is provided in the Glossary on page 67.

The Board and Frostrow have set the maximum leverage limits of 200% on a gross basis and 120% on a commitment basis.

The Company is not currently geared.

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 currently 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.

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 an announcement to the Stock Exchange.

Investment Process and Themes

Investment Process

The day-to-day portfolio management services, for which the AIFM has overall responsibility, are carried out by Ben Goldsmith and Alexander Vavalidis. They identify and present investment opportunities to the Investment Committee, of which they are members and which is chaired by Graham Thomas.

As part of their process for determining which investments to pursue, Mr Goldsmith and Mr Vavalidis will assess whether each opportunity actively addresses the challenges of resource efficiency, either for the benefit of its business or its customers. Mr Goldsmith and Mr Vavalidis analyse the resource efficiency attributes demonstrated by the potential investment opportunities and assess whether those attributes are likely to contribute to cost savings and margin enhancements for that business or its customers thereby making them more attractive investments than they would otherwise have been. It may, for example, be companies that use fossil fuels efficiently or alternative energy sources intelligently.

This assessment is combined with other valuation and investment methodologies to form a view on whether the asset provides an attractive medium to long-term investment opportunity.

Investment Committee

The Investment Committee meets weekly in order to consider the investment opportunities presented by Mr Goldsmith and Mr Vavalidis. All investment decisions must be made by 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.

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

Strategic Advisory Group

The Menhaden Team is supplemented by a Strategic Advisory Group, which assists them in implementing the Company's investment objective and policy. The Strategic Advisory Group does not have a formal mandate or responsibilities, but meets with the Menhaden Team from time to time to discuss the macroeconomic environment, factors affecting the broad investment theme of the Company, market conditions and portfolio construction.

Investment Network

The Menhaden Team has access to a proprietary investment network, which includes a group of investment managers of external funds in which the Company may invest and, from time to time, external experts and advisers. The Menhaden 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.

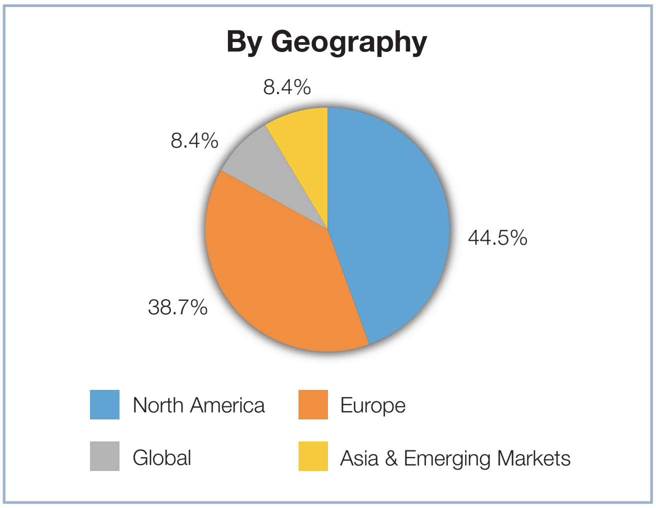
Listed Equity Portfolio Management

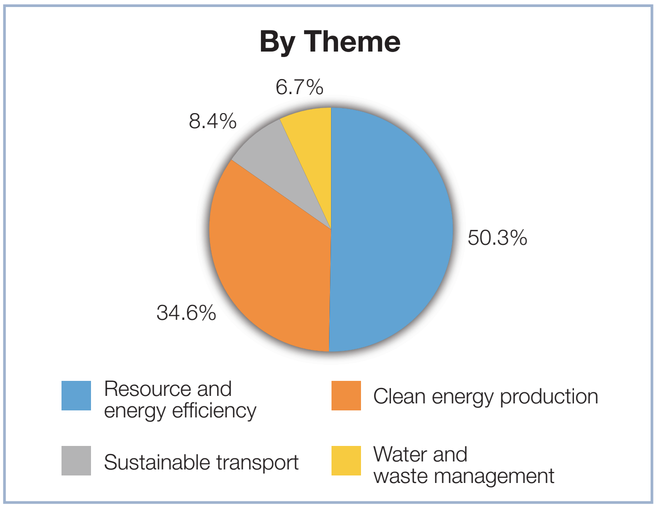
The Investment Committee allocates a portion of the portfolio to be managed by WHEB Asset Management LLP ("WHEB AM"). Further information on the contractual arrangements are provided on page 15.

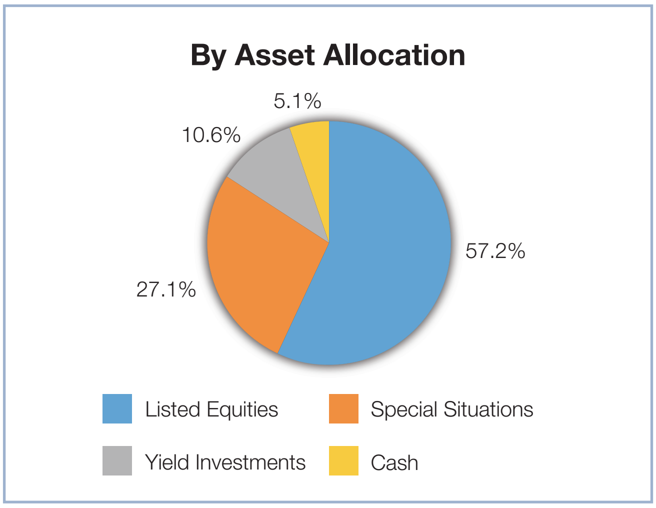
Investment Themes

Theme	Description
Clean energy production	Companies producing power from clean sources such as solar or wind
Resource and energy efficiency	Companies focused on improving energy efficiency (e.g. in buildings or manufacturing processes) or creating emissions reduction products or services
Sustainable transport	Transport sector-related companies helping to reduce harmful air emissions/distance travelled
Water and waste management	Companies with products or services that enable reductions in usage/volumes and/or smarter ways to manage water and waste

Portfolio Distribution







Portfolio

Investments held as at 31 December 2015

Investment	Country/region	Fair Value £'000	% of investments
X-Elio[1]	Spain*	8,523	13.4
WHEB Ventures Private Equity Fund 2 LP	UK*	7,798	12.2
Osmosis MoRE World Resources Efficiency Fund	Global	5,376	8.4
TerraForm Power	USA	3,889	6.1
Roper Technologies	USA	2,712	4.3
SunEdison	USA	2,587	4.1
Acuity Brands	USA	2,562	4.0
Canadian Solar	Canada	2,527	3.9
Ecolab	USA	2,364	3.7
AO Smith	USA	2,263	3.5
Top 10 investments		**40,601**	**63.6**
Praxair	USA	2,105	3.3
Rockwell Automation	USA	2,102	3.3
TerraForm Global	Emerging Markets	2,075	3.3
BorgWarner	USA	1,965	3.1
Shimano	Japan	1,947	3.1
Stericycle	USA	1,912	3.0
Kingspan Group	Ireland	1,893	3.0
Alpina Partners Fund LP[2]	UK*	1,852	2.9
Johnson Matthey	UK	1,744	2.7
Nibe Industrier	Sweden	1,692	2.7
Top 20 investments		**59,888**	**94.0**
Wabtec	USA	1,421	2.2
China Longyuan Power Group	China	1,276	2.0
Abengoa Senior Notes 8.5% 2016	Spain	674	1.1
Abengoa Senior Notes 8.875% 2017	Spain	450	0.7
Total investments		**63,709**	**100.0**

[1] Investment made through Helios Co-Invest L.P. X-Elio was formerly known as Gestamp Solar.

[2] Formerly WHEB Ventures Private Equity Fund 3 LP

* Unquoted

Business Description	Theme
Developer and operator of solar energy products	Clean energy production
Growth capital fund managed by specialist green PE firm, Alpina Partners	Resource and energy efficiency
Open-ended fund investing in resource efficient public companies	Resource and energy efficiency
Operator of contracted renewable energy assets	Clean energy production
Manufactures and distributes industrial equipment	Resource and energy efficiency
Developer of solar energy projects	Clean energy production
Provider of LED lighting, lighting controls and related products and services	Resource and energy efficiency
Manufacturer and provider of solar energy solutions	Clean energy production
Provider of water, hygiene and energy technologies	Water and waste management
Manufacturer of commercial and residential water heaters	Resource and energy efficiency
Provider of industrial gases	Resource and energy efficiency
Provider of integrated systems for process manufacturing	Resource and energy efficiency
Operator of contracted renewable energy assets in emerging markets	Clean energy production
Supplier of motor vehicle parts and systems	Sustainable transport
Manufacturer and distributor of cycling and fishing equipment and accessories	Sustainable transport
Provides medical and pharmaceutical waste management	Water and waste management
Provider of insulation and building envelope technologies	Resource and energy efficiency
Growth capital fund managed by specialist green PE firm, Alpina Partners	Resource and energy efficiency
Manufactures catalysts, pharmaceutical materials and pollution control systems	Resource and energy efficiency
Producer of heat pumps	Resource and energy efficiency
Manufactures braking equipment and other transportation parts	Sustainable transport
Manufacturer and producer of wind energy	Clean energy production
Operator and developer of renewable energy assets	Clean energy production
Operator and developer of renewable energy assets	Clean energy production

Portfolio Review

Ben Goldsmith

Investment & Business Review

Menhaden Capital PLC launched in an initial public offering on the main market of the London Stock Exchange (and in parallel on the Social Stock Exchange) on 31 July 2015. Our aim is to create an investment company that applies a patient yet opportunistic investment approach to a series of global energy and resources-linked megatrends – 'the green industrial shift'. We are building a concentrated portfolio, with a long-term perspective, comprising both listed and privately held investments.

Performance

For the five months under review, the Company's NAV per share decreased from 97.7p (post IPO expenses of 2.3p) to 83.9p. This represents a decline of 14.1% for the period. Total net assets decreased by £11.1 million (after £1.8 million in IPO expenses) to £67.1 million. The Company's share price traded at an 8.2% discount to NAV as at 31 December 2015.

For the same period the Company's relative hurdle, the MSCI World Total Return Index (in Sterling) returned 0.8%.

The contribution to the 14.1% NAV per share loss over the period is summarised below:

Asset Category	31 December 2015 % NAV	Contribution
Quoted Equities	57.2%	–0.4%
Private Investments	27.1%	–3.6%
Yield Investments	10.6%	–9.3%
Renewables Yield Investments	*8.9%*	*–4.1%*
Absolute Return & Credit	*1.7%*	*–5.2%*
Liquidity	5.1%	–
Ongoing charges	–	–0.8%
Net Assets	**100.0%**	**–14.1%**

Quoted Equity

The Quoted Equity portfolio's contribution to the decline was -0.4% for the period.

As communicated in the Company's prospectus we initially allocated circa 50% of the portfolio to Quoted Equities whilst we looked for private and yield investment opportunities. Since year end, in light of heightened concerns over global economic growth, the allocation to Quoted Equities has been reduced to circa 40% of the portfolio.

Renewable Energy

National renewable energy plans almost everywhere are increasingly ambitious, and governments are creating the regulatory and fiscal environment to ensure that they are achieved. Furthermore, as the cost of equipment tumbles, especially of solar photovoltaic panels, there is a fast-growing list of situations and places in which renewables are becoming the cheapest options for power generation. In our view the most interesting investment opportunities currently are to be found downstream, amongst the beneficiaries of falling prices, those deploying equipment in new projects, and in the operating assets themselves. Investors have been badly burnt upstream, by investing in a string of manufacturers unable to compete with vast government-backed competitors in China, with immense economies of scale and more of an eye on volumes and job creation than on margins. With the exception of Canadian Solar, a manufacturer which is also a developer and operator of projects that are built using its panels, we have focused the Company's investments downstream (China Longyuan Power, Infigen Energy and SunEdison). We exited the position in Infigen Energy, the Australian wind farm operator and developer, after its shares appreciated quickly to the price target we set when entering the position.

The Company's position in SunEdison has performed poorly as the market has seriously questioned the sustainability of that company's business model. Though we are confident in SunEdison's long-term market opportunity (developing solar and wind products for customers that ultimately purchase the power through long-term contracts) and believe that the underlying assets and cash flow capability of the business have significant value, the capital consumptive nature of the business requires management to execute at a high level. We believe that we overestimated management's capital allocation and execution capabilities and the stewardship of investors' capital has been poor. The passage of time and numerous developments over the last few months have made us reconsider our conviction and we have transferred our exposure to the two associated yield companies.

Resource and Energy Efficiency
The world is undergoing a rapid and large-scale transition to the much more efficient use of energy and other resources. Some of the world's longest-established, greatest companies now derive a significant and growing proportion of their revenues from the technology and services that deliver these efficiency gains. The Company's portfolio includes names that lead the way in such markets as LED lighting (Acuity Brands) and building energy efficiency (Kingspan, A O Smith and Nibe Industrier). We have also allocated to the Osmosis MoRE efficiency fund, which provides exposure to companies which are less resource-intensive per unit of revenue than their sector peers.

Sustainable Transport
Supported by demands for increased resource efficiency, rising regulatory standards around automotive emissions, and growing levels of urbanisation and congestion, the sustainable transport theme is well-positioned for long-term growth. Key areas in the theme include emission reduction, fuel efficiency, hybrid and electric vehicles, bus and rail. Within this theme we have invested in Borg Warner, Johnson Matthey, Wabtec and Shimano.

Water and Waste Management
The natural resource with no substitute, water, is also increasingly under pressure as population growth and urbanisation and industrialisation in water-stressed regions adds to demand. Areas of focus for us include environmental consulting, waste treatment and recycling, and pollution control and monitoring. So far we have invested in two companies within this theme – Stericycle and Ecolab.

Private Investments

The Private Investments portfolio contributed –3.6% to the loss.

At launch we acquired Limited Partner interests in the two private equity funds managed by Alpina Partners (formerly WHEB Capital Partners). These funds invest in private businesses across Europe which have proven technology (within our theme of focus) and revenues of €10 million or more. This is an area of the market that we are not set up to access directly ourselves, and which in any case requires specific skills and a diversified portfolio of investments – hence our allocation to a specialist private equity firm operating in this area.

Since acquiring stakes in Alpina's two funds the underlying portfolios have suffered from mark-to-market losses on the back of weaker comparable company valuations and in certain instances operational setbacks. The team at Alpina Partners are working towards profitable exits from the earlier of the two funds during the course of 2016 which should, if successful, reverse the markdowns we have experienced on this fund.

In December we completed our first direct private equity investment in a high-quality private European solar development company, X-Elio (formerly Gestamp Solar), alongside the infrastructure arm of global investment firm KKR. X-Elio is an owner (~300MW of gross installed capacity – enough to power 300,000 homes), operator and developer of solar photovoltaic plants worldwide with a highly experienced and entrepreneurial management team, an outstanding track record at both constructing and developing its own assets, and an attractive advanced development portfolio. KKR, your Company and other partners have acquired an 80% controlling stake in X-Elio. It has a differentiated business model where it also manages the engineering, procurement and construction process of the projects it develops with an in-house team of engineers, and achieves an attractive return on capital on its development portfolio with marginal risk. We look forward to working with the company and KKR in growing X-Elio to take advantage of this global opportunity.

Yield Investments

Renewables Yield Investments
The Renewables Yield Investment portfolio contributed –4.1% to the decline.

Our aim is to invest the larger part of the Company's yield allocation in high-quality private, renewable energy assets. In the interim we made the decision to open positions in SunEdison's two associated yield companies, Terraform Power and Terraform Global, that buy (largely from SunEdison) and operate solar and wind assets and pay out a substantial portion of the underlying cash flow from the projects. Like the parent company, SunEdison, both of the subsidiaries suffered substantial share price falls in the last half of 2015. The market has heavily discounted

Portfolio Review
continued

the ability of these companies to grow their distributions over time and is concerned that their embattled parent, SunEdison, will use their balance sheets for its own gain. This has led to Terraform Power trading at a price below replacement value and with a cash yield in the double digits. These events have certainly not been good news for the Company and we have adjusted our own expectations; however we believe that the market has oversold these two yield companies and so we will continue to hold the positions until such a point that our expectations are matched by the market.

We continue to look for investment opportunities in renewable energy assets with contracted cash flows that provide us with stable cash yields, whether they be private or public companies.

Absolute Return & Credit
The Absolute Return & Credit portfolio contributed –5.2% to the total return.

In September we purchased the Company's position in certain of Abengoa's senior bonds at an average price of 0.48 cents based on what we have subsequently agreed was an overestimation of the company's net asset value, liquidity and the likelihood of a financing event by the creditor banks. We bought this position as our analysis led us to the conclusion that the Company's capital was safe, and that the short maturity bonds offered a very attractive cash yield to maturity. Abengoa has more than 70 years of experience in the engineering, procurement and construction market and maintained a competitive advantage in carrying out complex turn-key projects for solar-thermal plants, solar-gas hybrid plants, conventional generation plants, biofuels plants and water infrastructures as well as an extensive portfolio of proprietary concession assets that generate revenues governed by long-term sales agreements. Creditor banks committed to support a rights issue in October and the market price of the debt jumped. At this point we should have maintained our strict sell discipline and exited the position. However, after an additional equity investor fell away, the banks withdrew. In November Abengoa filed for creditor protection making a restructuring unavoidable. Since the year end Abengoa has reached an in principle agreement with its bank creditors and bondholders to refinance its debts and provide new loans. For the agreement to go into effect, it must be approved by 75% of Abengoa's creditors as well as its board of directors.

Conclusions
It is easiest to think about the Company's 2015 results in two parts: what resulted from decisions we made and what resulted from the environment in which we operated.

We have described the three largest detractors in Abengoa, SunEdison and Terraform Power.

With respect to the broader investing environment, the public markets of 2015 were difficult to navigate. Opportunities for significant gains were largely confined to a small number of companies. Most portfolios without those names moved sideways, at best. Those with exposure to the energy sector, as the Company's portfolio has, performed far worse. Performance in the energy sector was driven by a dramatic decline in commodity prices.

We are disappointed with the performance to date, however, we believe that the portfolio is well positioned and that the energy and resource efficiency and clean energy sectors will continue to offer attractive investment opportunities.

Ben Goldsmith
Menhaden Team
31 March 2016

Ben Goldsmith has been seconded to act for Frostrow Capital LLP from Menhaden Capital Management LLP.

Business Review

The Directors present their Strategic Report for the Company for the period from incorporation on 30 September 2014 to 31 December 2015. The Strategic Report, set out on pages 2 to 19, contains a review of the Company's business model and strategy, an analysis of its performance during the period and its future developments, and details of the principal risks and challenges it faces. Its purpose is to inform the shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company.

Business Model

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

The Company is an Alternative Investment Fund ("AIF") under the European Union's Alternative Investment Fund Managers Directive ("AIFMD") and has appointed Frostrow Capital LLP as its 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 service providers. As a result, the Company has no executive directors, employees or internal operations.

The Board

Details of the Board of Directors of the Company are set out on pages 20 and 21.

All Directors will seek election by shareholders at the Annual General Meeting to be held on 23 May 2016.

Board Focus and Responsibilities

With the day-to-day management of the Company outsourced to service providers the Board's primary focus at each Board meeting is reviewing the investment performance and associated matters such as future outlook and strategy, gearing, asset allocation, investor relations, marketing and industry issues.

In line with its primary focus, the Board retains responsibility for all the key elements of the Company's strategy and business model, including:

- continuous review of the investment objective and policy, incorporating the investment guidelines and limits;
- review of the maximum levels of gearing and leverage the Company may employ;
- review of performance against the Company's KPIs and peer group;
- review of the performance and continuing appointment of service providers; and
- maintenance of an effective system of oversight, risk management and corporate governance.

The investment objective and policy, including the related limits and guidelines, are set out on pages 4 and 5, along with the details of the leverage and gearing levels allowed.

Details of the principal KPIs and further information on the principal service providers, their performance and continuing appointment, along with details of the principal risks, and how they are managed, follow within this Business Review.

The Corporate Governance Statement, on pages 27 to 35, includes a statement of compliance with corporate governance codes and best practice, together with the outline of the internal control and risk management framework within which the Board operates.

Key Performance Indicators ("KPIs")

The Board monitors the following KPIs, details of which can be found on page 2:

- Net asset value ("NAV") per share total return
- Share price total return
- Discount/premium of share price to NAV per share
- Ongoing charges ratio
- Performance against the MSCI World Total Return Index (in Sterling) and the Company's peer group;

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 the dividends paid to shareholders.

Business Review

continued

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.

Share price discount/premium to NAV per share
The share price discount/premium to 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.

The Board considers how share price performance may be enhanced, including the effectiveness of marketing and the possibility of share issuance and buybacks, where appropriate.

The Company has not issued any shares since its launch on 31 July 2015, nor has it bought back any shares.

Ongoing charges ratio
The Board is conscious of expenses and aims to ensure there is a balance between good quality services and costs.

The ongoing charge ratio reflects the costs incurred directly by the Company calculated in accordance with the AIC guidance on ongoing charges. In addition, the Company has invested 23.5% of its portfolio in investments managed by external fund managers. The fees charged by such managers are incurred indirectly by the Company as they are netted off within the investment valuations and therefore form part of the investment return. Many of these managers net these costs off within their valuations and it is not practical to calculate an ongoing charge from the information they provide.

MSCI World Total Return Index
Whilst the Company pursues an active, non-benchmarked total return strategy, the Board considers the NAV per share total return performance against the MSCI World Total Return Index measured on a net total return, Sterling-adjusted basis.

A full description of performance during the period under review and the portfolio is contained in the Portfolio Review commencing on page 10 of this report.

Principal Service Providers

The principal service providers to the Company are Frostrow Capital LLP ("Frostrow" or the "AIFM"), the members of Menhaden Capital Management LLP who have been seconded to Frostrow to carry out portfolio management responsibilities, and J.P. Morgan Europe Limited (the "Depositary"). Details of their key responsibilities and their contractual arrangements with the Company follow.

AIFM
The Board has appointed Frostrow as the designated AIFM for the Company on the terms and subject to the conditions of the 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 the AIFMD. Frostrow, under the terms of the AIFM Agreement provides, *inter alia*, the following services:

- portfolio management 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.

The notice period on the AIFM Agreement with Frostrow, following an initial two year period, is six months and termination can be initiated by either party.

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 £150 million, 0.220% per annum of the net assets in excess of £150 million and up

to £500 million, and 0.175% per annum of the net assets in excess of £500 million.

Menhaden Team

Ben Goldsmith, Alexander Vavalidis and Graham Thomas (together, the "Menhaden Team") have been seconded to Frostrow from Menhaden Capital Management LLP ("MCM") for the purpose of performing the following portfolio management responsibilities:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies 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.

The Menhaden Team comprise the Investment Committee. The Investment Committee has allocated a portion of the portfolio to be managed by WHEB Asset Management LLP ("WHEB AM") under a portfolio management agreement. The portfolio management activities delegated to WHEB AM (including investment and divestment decisions in respect of its investment allocation) are closely reviewed and monitored by the Investment Committee. The Investment Committee has the ability to adjust any allocation to WHEB AM at its discretion. The fees payable to WHEB AM are paid out of the portfolio management fee and the payment of such fees is the sole responsibility of MCM.

Once MCM becomes authorised by the FCA to perform portfolio management activities in its own capacity, the secondment of the Menhaden Team to Frostrow will end and Frostrow will delegate the Company's day-to-day portfolio management activities to MCM by way of a portfolio management agreement.

Portfolio Management Fee

Frostrow has assigned to MCM the right to receive the portfolio management fee, which is a periodic fee equal to 1.25% of the Company's net assets up to £150 million and 1.00% of the Company's net assets in excess of £150 million.

Performance Fee

Dependent on the level of the long-term performance of the Company, the AIFM is entitled to a performance fee. Frostrow has assigned to MCM the right to receive the performance fee.

In respect of a given three year 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 on the gross proceeds of the IPO of 5% per annum; and (b) a high watermark*. 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.

Depositary

The Company has appointed J.P.Morgan Europe Limited as its Depositary in accordance with the AIFMD on the terms and subject to the conditions of the 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, the 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 0.175% of the net assets of the Company up to £150 million, 0.15% of the net assets in excess of £150 million and up to £300 million, 0.1% of the net assets in excess of £300 million and up to £500 million and 0.05% of the net assets in excess of £500 million. In

** See glossary on page 67.*

Business Review
continued

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, following an initial one year period, is 90 days if terminated by the Company and 120 days if terminated by the Depositary.

Evaluation of the AIFM and the Menhaden Team

The performance of the AIFM and the Menhaden Team 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 Menhaden Team and receives regular reports and views from them. The MEC reviewed the appropriateness of the appointment of the AIFM and the Menhaden Team in December 2015 with a recommendation being made to the Board.

The Board believes the continuing appointment of the AIFM and the Menhaden Team, under the terms described above, 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 quality of the service provided and the quality and depth of experience of the company management, company secretarial, administrative and marketing team that the AIFM allocates to the management of the Company; and
- the quality of service provided by the Menhaden Team to the management of the portfolio and the level of performance in the portfolio in absolute terms and by reference to the MSCI World Total Return Index.

Principal Risks and Uncertainties

In fulfilling its oversight and risk management responsibilities the Board maintains a framework of key risks which affect the Company and the related internal controls designed to enable the Directors to manage/mitigate these risks as appropriate. The Directors confirm that they have carried out a robust assessment of the 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:

- investment risks;
- financial risks;
- operational risks (including accounting, cyber security, compliance and regulatory risks); and
- shareholder relations and share price performance risk.

Further information on the internal controls and the risk management framework can be found below. The following sections detail the risks the Board considers to be the most significant to the Company under these headings.

Investment Risks

The Board recognises that investment risk is the most significant risk the Company is exposed to through investing in quoted and unquoted securities, both in the UK and overseas, as a result of which it has exposure to the risk of changes in asset prices and foreign exchange rates. Investment risk is comprised of two main aspects: market risk and concentration risk.

Market risk is the risk that the value of investments will change due to the overall performance of financial markets or macro-economic factors. It cannot be eliminated through diversification, though it can be hedged against. It is the Company's current policy not to hedge market risks, although as set out on page 5, it can hedge against foreign currency risks.

Concentration risk is the risk that the value of an investment or a small number of similar investments changes due to factors specific to them or the sector in which they operate. This type of risk can be diversified away. The Board have set diversification requirements, relating to both individual investments and asset allocation, within which the investment portfolio is managed, but investors should be aware that the Company expects to invest in a concentrated portfolio of securities. The Company is therefore exposed to the potentially higher volatility arising from a concentrated portfolio and risks specific to the sectors in which it invests, such as global energy and commodity prices or withdrawal of government subsidies for renewable energy.

To manage investment risks the Board has appointed the AIFM and the Menhaden Team to manage the Company within the remit of the investment objective and policy, set out on pages 4 and 5. Compliance with the investment objective and policy is monitored daily by the AIFM and reported to the Board on a monthly basis.

Regular reports are received from the AIFM and the Menhaden Team on stock selection and asset allocation, and they report at each Board meeting on the portfolio and performance of the Company, including the rationale for stock selection decisions, the make-up of the portfolio, potential new holdings and the investment strategy.

Financial Risks

In addition to market and foreign currency risks, discussed above, the Company is exposed to credit risk arising from the use of counterparties. If a counterparty were to fail, the Company could be adversely affected through either delay in settlement or loss of assets.

The most significant counterparty the Company is exposed to is J.P. Morgan Europe Limited, the Depositary, which is responsible for the safekeeping of the Company's custodial assets.

Credit risk is managed by the Board through:

- reviewing the arrangements with, and services provided by, the Depositary to ensure that the security of the Company's custodial assets is being maintained;
- reviewing Frostrow's approved list of counterparties, the Company's use of those counterparties and the Menhaden Team's process for monitoring and adding to the approved counterparty list; and
- monitoring of counterparties, including reviewing their internal control reports and credit ratings, as appropriate.

Further information on the use of financial instruments and their risks, including credit risk, can be found in note 14 beginning on page 60.

Details of the work undertaken in regard to verifying ownership and the valuation of unquoted (non-custodial) assets is set out on page 37.

Operational Risk

The Company is an externally managed investment trust and as such has no employees or systems of its own. The Company is therefore dependent on its service providers, particularly the AIFM and the Menhaden Team. It is therefore exposed to the risk associated with: the departure of a key member of the AIFM or Menhaden Team, for whom there could be no guarantee of a suitable replacement being found; and, a disruption to, or a failure of, its service providers' systems, which could lead to a failure to comply with applicable law and regulations resulting in reputational damage and/or financial loss to the Company.

To manage these risks the Board:

- monitors on a regular basis the performance of the AIFM and the Menhaden Team, including developments within their teams;
- receives a monthly compliance report from Frostrow, which includes, *inter alia*, details of compliance with applicable laws and regulations;
- reviews internal control reports and key policies, including measures taken to combat cyber security issues and the disaster recovery procedures of its service providers;
- maintains a risk matrix with details of risks to which the Company is exposed, the controls relied on to manage those risks and the frequency of the controls operation; and
- receives updates on pending changes to the regulatory and legal environment and progress towards the Company's compliance with such changes.

Shareholder Relations and Share Price Performance Risk

The Company is also exposed to the risk, particularly if the investment strategy and approach are unsuccessful, that the Company may underperform resulting in the Company becoming unattractive to investors and a widening of the share price discount to NAV per share.

Business Review

continued

In managing this risk the Board:

- reviews the Company's investment objective in relation to the market, economic conditions and the operation of the Company's peers;
- discusses at each Board meeting the Company's future development and strategy;
- reviews an analysis of the shareholder register at each Board meeting; and
- actively seeks to promote the Company to current and potential investors.

Company promotional activities have been delegated to Frostrow, who report to the Board at each Board meeting on these activities.

Company Promotion

The aim of the Company's promotional activities is to encourage demand for the Company's shares. The Company has appointed Frostrow to provide marketing services in the belief that a well-marketed company is more likely to grow over time, is more likely to have a diverse and stable shareholder register and be more likely to trade at a superior rating to its peers.

Frostrow looks to promote the Company in the following ways:

Engaging regularly with institutional investors, discretionary wealth managers and a range of execution only platforms:
Frostrow regularly meets with institutional investors, discretionary wealth managers and execution-only platform providers;

Making Company information more accessible:
Frostrow works to raise the profile of the Company by targeting key groups within the investment community, holding annual investment seminars, overseeing PR output and managing the Company's website and wider digital offering, including webcasts and social media. Frostrow also manages the investor database and produces all key corporate documents, distributes monthly factsheets, annual reports and updates from the Menhaden Team on portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders:
Frostrow maintains regular contact with sector broker analysts and other research and data providers, and provides the Board with up-to-date and accurate information on the latest shareholder and market developments.

Board Diversity

The Board strongly supports the principle of boardroom diversity, of which gender is one important aspect, and the recommendations of Lord Davies' review. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit against objective criteria, including diversity. The Board currently comprises one woman and three men, meeting Lord Davies' original recommendation.

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 which deliver or benefit from the more efficient use of energy or resources. It does not have any employees, premises, nor does it undertake any manufacturing or other operations. All its functions are outsourced to third party service providers and therefore the Company does not have any employee or direct human rights issues, nor does it have any direct environmental impact.

The Board believes that the integration of financially material environmental, social and governance ("ESG") issues into investment decision-making can reduce risk and enhance returns. In addition, the on-going engagement and dialogue with investee companies, including through proxy voting, are key parts of an asset stewardship role. Accordingly, the Directors require the Menhaden team to use their best endeavours 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 AIFM and Menhaden Team's statement of compliance with the Financial Reporting Council UK Stewardship Code and proxy voting policy are available at www.frostrow.com. The Board has reviewed this statement and policy, as well as the proxy voting decisions made on the Company's behalf.

The Company will produce an annual impact report setting out the social and environmental purpose of the Company and the impact it has, or intends to deliver. The report will be published on www.menhaden.com.

Performance and Future Developments

An outline of performance, investment activity and strategy, and market background during the year, as well as the future outlook, is provided in the Chairman's Statement on page 3 and the Portfolio Review on pages 10 to 12.

The Menhaden Team believes that companies that 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 continue to believe that the environmental sector together with the Menhaden Team's investment strategy should provide good returns for the long-term investor.

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

A continuation vote will be put to shareholder at the AGM to be held in 2020 and every five years thereafter.

This Strategic Report on pages 2 to 19 has been signed for and on behalf of the Board.

Sir Ian Cheshire
Chairman
31 March 2016

Board of Directors

The Board of Directors, all of whom are non-executive, supervise the management of the Company and look after the interests of shareholders. The Board considers that all Directors are independent and there are no relationships or circumstances which are likely to affect or could appear to affect their judgement.

Sir Ian Cheshire (Chairman)

Sir Ian Cheshire was the Group Chief Executive of Kingfisher plc from January 2008 until February 2015. Prior to that he was Chief Executive of B&Q Plc from June 2005. Before joining Kingfisher in 1998 he worked for a number of retail businesses including Sears plc where he was Group Commercial Director.

Sir Ian is Chairman of Debenhams plc, Senior Independent Director of Whitbread plc and Government lead non-executive Director. He is also President of the Business Disability Forum President's Group and Chairman of the Advisory Board of the Cambridge Institute for Sustainability Leadership.

In addition, Sir Ian chaired the Ecosystem Markets Task Force, an independent business-led initiative aimed at helping UK business to find new opportunities to drive green economic growth and profit from valuing and protecting nature.

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

Duncan Budge

Duncan Budge is Chairman of Spencer House Ltd, Dunedin Enterprise Investment Trust plc, Artemis Alpha Trust plc, and a non-executive director of The World Trust Fund, Lowland Investment Company plc and Asset Value Investors Ltd.

He was previously a director of J. Rothschild Capital Management from 1988 to 2012 and a director and chief operating officer of RIT Capital Partners plc from 1995 to 2011. Between 1979 and 1985 he was with Lazard Brothers & Co. Ltd.

Meeting Attendance

The number of scheduled meetings of the Board and its committees held since the Company's launch and each Directors' attendance, is shown below:

Type and number of meetings held in 2014/2015	Board (2)	Audit Committee (1)	Management Engagement Committee (1)
Sir Ian Cheshire	2	N/A	1
Duncan Budge	1	0	1
Emma Howard Boyd	2	1	1
Howard Pearce	2	1	1

In addition to the above, a number of *ad hoc* special purpose Board and committee meetings were held prior to the Company's launch in July 2015 for the review and approval of documents relating to the IPO.

Emma Howard Boyd

Emma Howard Boyd has spent her 25-year career working in financial services, initially in corporate finance, and then in fund management, specialising in sustainable investment and corporate governance.

As Director of Stewardship at Jupiter Asset Management, Emma was integral to the development of their reputation in the corporate governance and sustainability fields. This work included research and analysis on companies' environmental, social and governance performance, engaging with companies at board level and public policy engagement.

Emma currently serves on various boards and advisory committees including the Environment Agency (Acting Chairman), Future Cities Catapult (Vice Chair), Share Action (Chair of Trustees), the Aldersgate Group, the 30% Club Steering Committee, the Executive Board of The Prince's Accounting for Sustainability Project and the Carbon Trust Advisory Panel. She is an ex officio Defra board member.

Howard Pearce

Howard Pearce is the founder and Executive Director of HowESG Ltd, a specialist environmental, stewardship and governance consultancy business. His non-executive roles include independent Chair of the F&C Responsible Investment Advisory Council, independent Chair of the Boards of the Avon, Berkshire and Wiltshire Pension Funds, Non-Executive Director of Response Global Media Limited, Board member of Cowes Harbour Commission (a UK trust port), and a Trustee member of the Board, plus Investment and Audit Committees of the NHS 'Above and Beyond' charity.

Between 2003 and 2013 Howard was the Head of the Environment Agency £2.3 billion 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. Prior to this, Howard held senior executive roles in the environment, water, leisure and e-publishing sectors.

Directors' Interests

The Directors' beneficial interests together with those of their families, as at the date of this report, are set out below.

	Ordinary shares of 1p each
Sir Ian Cheshire	45,000
Duncan Budge	10,000
Emma Howard Boyd	8,000
Howard Pearce	4,957
Total	**67,957**

Directors' Report

The Directors present their Annual Report on the affairs of the Company together with the audited financial statements and the Independent Auditors' Report for the period ended 31 December 2015.

The Corporate Governance Statement on pages 27 to 35 forms part of this Directors' Report. Disclosures relating to performance, future developments and risk management can be found within the Strategic Report on pages 2 to 19.

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 Social Stock Exchange and the main market of the London Stock Exchange, which are regulated markets as defined in Section 1173 of the Act.

The Company has received approval from HM Revenue & Customs as an authorised investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 effective for all years commencing after 1 April 2012. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. 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, shareholders will have an opportunity to vote on the continuation of the Company at the 2020 Annual General Meeting and every five years thereafter.

Results and Dividends

The results attributable to shareholders for the period are shown on page 49. No dividends were declared during the period.

Capital Structure

The Company's capital structure at the end of the period under review and to the date of this report was comprised of 80,000,001 Ordinary Shares of 1p nominal value each and 5,000,000 Redeemable Preference Shares of 1p nominal value each.

The 5,000,000 Redeemable Preference Shares were issued, together with 1 Ordinary Share, on 30 September 2014, in order to satisfy certain statutory capital requirements for the incorporation of a public limited

Substantial Interests in Share Capital

The Company was aware of the following substantial interests in the voting rights of the Company as at 29 February 2016, the latest practicable date before publication of the Annual Report.

Shareholder	29 February 2016 Number of Ordinary Shares	29 February 2016 % of issued share capital*	31 December 2015 Number of Ordinary Shares	31 December 2015 % of issued share capital*
Cavenham Private Equity & Directs	12,408,604	15.5	12,408,604	15.5
Generali Versicherung	6,000,000	7.5	6,000,000	7.5
Kendall Family Investments	5,000,000	6.3	5,000,000	6.3
Aachen Meunchener Versicherung	4,000,000	5.0	4,000,000	5.0
Ravenscroft	3,366,100	4.2	3,366,100	4.2
Atzori Holdings	3,250,000	4.1	3,250,000	4.1
Santino Global Assets	3,000,000	3.8	3,000,000	3.8
UBS Wealth Management	2,922,451	3.7	2,922,451	3.7
Rathbones	2,853,000	3.6	2,834,800	3.6

*Does not include Redeemable Preference Shares, which have no voting rights.

As at 31 December 2015 and to the date of this report, the Company had 80,000,001 Ordinary Shares in issue.

company. The Company's solicitors are progressing an application to cancel the Redeemable Preference Shares.

80,000,000 Ordinary Shares were issued at the Company's launch on 31 July 2015. No shares were repurchased during the period.

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.

At the end of the period under review and to the date of this report, the Company had Shareholder authority to issue a further 120,000,000 Ordinary Shares and to repurchase no more than 14.99% of its issued share capital per annum. No Shares have been repurchased to the date of this report.

Redeemable Preference Shares

The Redeemable Preference Shares have no dividend, economic or voting rights unless no other shares are in issue.

Going Concern

The content of the investment portfolio, trading activity, the Company's cash balances and revenue forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Directors, having made relevant enquiries, are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as a significant proportion of the Company's holdings are readily realisable and, accordingly, the Company has adequate financial resources to continue in operation for at least the next 12 months.

Longer-Term Viability

In accordance with the UK Corporate Governance Code and the Listing Rules, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision. In order to address this new requirement, the Board must take into account the Company's current position and the principal risks as set out on pages 16 to 18 so that the Directors may state that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

To provide this assessment the Board has considered the Company's financial position and its ability to liquidate its portfolio and meet its expenses as they fall due:

- the portfolio includes investments traded on major international stock exchanges and there is a spread of investments by size of company. 68% of the portfolio could be liquidated, in normal market conditions, within 7 trading days;
- 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 non-executive Directors and consequently does not have redundancy or other employment related liabilities or responsibilities.

The Board, as well as considering the principal risks on pages 16 to 18 and the financial position of the Company as set out above, has also considered the following assumptions in considering its longer-term viability:

- the Board and the Menhaden Team will continue to adopt a long-term view when making investments;
- the Company invests principally in the securities of companies that deliver or benefit from the efficient use of energy and resources, to which investors will wish to continue to have exposure;
- there will continue to be demand for investment trusts;
- regulation will not increase to a level that makes the running of the Company uneconomical; and

Directors' Report

continued

- the performance of the Company will be satisfactory and should performance be less than the Board deem acceptable it has powers to take appropriate action.

The Company is intended to operate over the long-term, however due to the limitations and uncertainties inherent in predicting market conditions the Directors have determined that five years is the longest period for which it is reasonable to make this assessment.

Based on the results of this review, the Directors have a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due over the next five years.

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.

Greenhouse Gas Emissions

As the Board has engaged external firms to undertake the investment management, corporate secretarial and custodial activities of the Company, the Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

However, the Company will produce an annual impact report for the Social Stock Exchange and this will be published on www.menhaden.com. The impact report will provide further detail on the environmental purpose and impact 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 2015. It is intended that this policy will continue for the year ending 31 December 2016 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 any 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 would be governed by the Companies Act 2006.
- 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 powers shall not be limited by any special powers given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all the powers exercisable by the Directors. The Directors powers to

issue and buy back shares, in force at the end of the year, are recorded on page 23.

- there are no agreements:
  (i) to which the Company is a party that might affect its control following a takeover bid; and/or
  (ii) between the Company and its directors concerning compensation for loss of office.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Political Donations

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

Whistleblowing Policy

As the Company has neither executive directors nor employees, a formal whistleblowing policy has not been adopted. However, the Board has agreed a procedure by means of which any directors or employees of external service providers can bring to the attention of the Chairman matters of concern to them.

Disclosure of Information to Auditors

The Directors at the time of approving the Directors' Report are listed on pages 20 and 21. Each Director in office at the date of this report confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditors are 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 Auditors are 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.

By order of the Board

Frostrow Capital LLP
Company Secretary
31 March 2016

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 judgments 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 and via Frostrow's website www.frostrow.com. The maintenance and integrity of these websites, so far as it relates to the Company, is the responsibility of Frostrow. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on these websites. Visitors to the websites 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 20 and 21, 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 period ended 31 December 2015; 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 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

Sir Ian Cheshire
Chairman
31 March 2016

Corporate Governance Statement

This corporate governance statement, on pages 27 to 35, forms part of the Directors' Report on pages 22 to 25.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code) will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as follows:

The UK Corporate Governance Code includes certain provisions relating to:

- The role of the Chief Executive;
- Executive Directors' remuneration; and
- The need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, as it is an externally managed investment company. In particular, all of the Company's day to day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. Therefore with the exception of the need for an internal audit function which is addressed further on page 35, the Company has not reported further in respect of these provisions.

The Principles of the AIC Code

The AIC Code is made up of 21 principles split into three sections covering:

– The Board

– Board Meetings and relations with the AIFM

– Shareholder communications

Corporate Governance Statement

continued

The Board

AIC Code Principle	Compliance Statement
1. The Chairman should be independent	The Chairman, Sir Ian Cheshire, is independent of Frostrow and Menhaden Capital Management LLP. There is a clear division of responsibility between the Chairman, the Directors, Frostrow and the Company's other third party service providers. The Chairman is responsible for the leadership of the Board and for ensuring its effectiveness. There are no relationships that may create a conflict of interest between the Chairman's interests and those of shareholders.
2. A majority of the Board should be independent of the AIFM and the portfolio managers	The Board consists of four non-executive Directors, each of whom is independent of Frostrow and Menhaden Capital Management LLP. No member of the Board is a director of another investment company managed by Frostrow or the Menhaden Team, nor has any Board member been an employee of the Company, Frostrow or any of its service providers. None of the Directors has any relationships or conflicts which are likely to affect their independent judgement.
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance	All Directors will submit themselves for election by shareholders at the AGM to be held in May 2016. Thereafter, the Directors will submit themselves for re-election every three years in accordance with the AIC Code. The individual performance of each Director standing for re-election will be evaluated annually by the remaining members of the Board and, if considered appropriate, a recommendation will be made that shareholders vote in favour of their re-election at the Annual General Meeting.
4. The Board should have a policy on tenure, which is disclosed in the annual report	The Board subscribes to the view expressed within the AIC Code that long-serving directors should be not be prevented from forming part of an independent majority. It does not consider that a director's tenure necessarily reduces his/her ability to act independently and, following appropriate, formal performance evaluations, believes that directors may be considered independent in character and judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit has been imposed. In view of its non-executive nature, the Board considers that it is not appropriate for directors to be appointed for a specified term, although new directors will be appointed with the expectation that they will serve for a minimum period of three years subject to shareholder approval. The terms and conditions of the Directors' appointments are set out in letters of engagement which are available for inspection on request at Frostrow's offices, and at the Annual General Meeting.
5. There should be full disclosure of information about the Board	The Directors' biographical details, set out on pages 20 and 21 demonstrate the wide range of skills and experience that they bring to the Board. Details of the Board's committees and their composition are set out on page 34. Due to the Board's size, the nominations and remuneration functions are carried out by the full Board under the chairmanship of the Chairman of the Company.

AIC Code Principle	Compliance Statement
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the company	The Board will consider annually the skills possessed by the Directors and identify any skill shortages to be filled by new directors. When considering new appointments, the Board will review the skills of the Directors and seek to add persons with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates and recognises the value of diversity in the composition of the Board. When Board positions become available as a result of retirement or resignation, the Company will ensure that a diverse group of candidates is considered.
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors	During the course of 2016 the performance of the Board, its committees and individual Directors (including each Director's independence) will be evaluated through a formal assessment process led by the Chairman. The Board is satisfied that the structure, mix of skills and operation of the Board continues to be effective and relevant for the Company.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent	The Board will periodically review the fees paid to the Directors and compare these with the fees paid by the Company's peer group and the investment trust industry generally, taking into account the level of commitment and responsibility of each Board member. Details on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Policy and Directors' Remuneration Report on pages 39 to 41 and in note 4 on page 56. As all the Directors are non-executive, the Board considers that it is acceptable for the Chairman of the Company to chair meetings when discussing Directors' fees. The Chairman takes no part in discussions regarding his own remuneration. The Board may periodically take advice from external independent advisers on Directors' remuneration.
9. The Independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the annual report	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. The Chairman will not chair the meeting when the Board is dealing with the appointment of his successor. Details of the Board's commitment to diversity are set out on page 18.

Corporate Governance Statement

continued

AIC Code Principle	Compliance Statement
10. Directors should be offered relevant training and induction.	New appointees to the Board will be provided with a full induction programme. The programme will cover the Company's investment strategy, policies and practices. The Directors are given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that the Company complies with applicable rules and regulations. There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense.
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage	All of the Directors were brought into the process of the launch of the Company at an early stage, having been appointed 10 months prior to the IPO.
The Board and relations with the AIFM	
12. Boards should operate in a supportive, co-operative and open environment	The Board meets regularly throughout the year and representatives of Frostrow and the Menhaden Team are in attendance at each Board meeting. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.
13. The primary focus at regular board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's share issuance and share buy back policies. The Board at its regular meetings, undertakes reviews of key investment and financial data, revenue and expenses projections, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues. The Audit Committee reviews the Company's risk matrix and the Management Engagement Committee reviews the performance and cost of the Company's third party service providers.

AIC Code Principle	Compliance Statement
14. Boards should give sufficient attention to overall strategy	The Board is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.
15. The Board should regularly review both the performance of, and contractual arrangements with, the investment manager and the manager (or executives of a self managed company)	The Management Engagement Committee meets at least once a year. It reviews annually the performance of Frostrow and the Menhaden Team and the Company's other principal service providers. The Committee considers the quality, cost and remuneration of the service provided by Frostrow and the Menhaden Team against their contractual obligations and the Board receives regular reports on compliance with the investment restrictions which it has set. The Audit Committee reviews the compliance and control systems of Frostrow in operation as so far as they relate to the affairs of the Company and the Board undertakes periodic reviews of the arrangements with and the services provided by the Custodian and the Depositary to ensure that the safeguarding of the Company's assets and the security of the shareholders' investment is being maintained.
16. The Board should agree policies with the investment manager and the manager covering key operational issues.	The AIFM Agreement sets out the limits of Frostrow's authority, beyond which Board approval is required. The Board has also agreed investment guidelines with Frostrow and the Menhaden Team, which are considered at each Board meeting. Representatives of Frostrow and the Menhaden Team attend each Board meeting to address questions on specific matters and to seek approval for specific transactions which they are required to refer to the Board. The Board has delegated discretion to Frostrow and the Menhaden Team to exercise voting powers on its behalf, other than for contentious or sensitive matters which are to be referred to the Board for consideration. The Board has reviewed the AIFM and Menhaden Team's Statement of Compliance with the UK Stewardship Code, and their Proxy Voting Guidelines, which are available on Frostrow's website www.frostrow.com.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it	The Board considers any imbalances in the supply of and the demand for the Company's shares in the market and will take appropriate action when considered necessary. The Board considers the discount or premium to net asset value of the Company's share price at each Board meeting. At each meeting the Board reviews reports from Frostrow on marketing and shareholder communication strategies. It also considers their effectiveness as well as measures of investor sentiment and any recommendations on share buy-backs and issuance.

Corporate Governance Statement

continued

AIC Code Principle	Compliance Statement
18. The Board should monitor and evaluate other service providers.	The Management Engagement Committee reviews, at least annually, the performance of all the Company's third party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders. The Audit Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon, as well as reviewing service providers' anti-bribery and corruption policies to address the provisions of the Bribery Act 2010.
Shareholder Communications	
19. The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing views and for communicating the Board's views to shareholders.	A detailed analysis of the Company's shareholder register is provided to the Directors at each Board meeting. Representatives of Frostrow regularly meet with institutional shareholders and private client asset managers to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting. Reports from the Company's broker are submitted to the Board on investor sentiment and industry issues. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so in writing to the Company, for the attention of the Company Secretary at the offices of Frostrow. All shareholders are encouraged to attend the Annual General Meeting, where they will have the opportunity to question the Chairman, the Board and representatives of the Menhaden Team. The Menhaden Team will make a presentation to shareholders covering the investment performance and strategy of the Company at the forthcoming Annual General Meeting. The Directors welcome the views of all shareholders and place considerable importance on communications with them.
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from Frostrow, the Menhaden Team, the Auditors, legal advisers and the Company's stockbroker.

AIC Code Principle	Compliance Statement
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.	The Company places great importance on communication with shareholders and aims to provide them with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative Annual and Half Year Reports. This is supplemented by the monthly publication, through the London Stock Exchange, of the net asset value of the Company's shares and an accompanying fact sheet. The Annual Report provides information on investment performance, investment portfolio risk and operational and compliance issues. Further details on the risk/reward balance are set out in the Strategic Report on pages 16 to 18 and in note 14 beginning on page 60. The investment portfolio is listed on pages 8 and 9. The Company's website, www.menhaden.com, is regularly updated with the monthly factsheets and provides useful information about the Company, including the Company financial reports and announcements.

Corporate Governance Statement
continued

The Board and Committees

Responsibility for effective governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company, it has no employees and outsources portfolio management, risk management, company management, company secretarial, administrative and marketing services to Frostrow.

The Board

Chairman – Sir Ian Cheshire

Three additional non-executive Directors, all considered independent.

Key responsibilities:

– to provide leadership and set strategy, values and standards within a framework of prudent 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

Chairman – Sir Ian Cheshire

All Directors

Key responsibilities:

– to review regularly the contracts, the performance and the remuneration of the Company's principal service providers.

Audit Committee

Chairman – Howard Pearce

Duncan Budge, Emma Howard Boyd

Key responsibilities:

– to review the Company's financial reports;

– to oversee the risk and control environment and financial reporting; and

– to review the performance of the Company's external Auditors.

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 at www.menhaden.com.

Anti-Bribery and Corruption Policy

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when 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 from themselves or for the Company.

The Board applies the same standards to its service providers in their activities 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.

Internal Audit

The Audit Committee carries out an annual review of the need for an internal audit function. As the Company delegates to third parties its day to day operations and has no employees, it has determined that there are no requirements for an internal audit function.

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 to ensure all details are kept up to date. It was resolved at each Board meeting during the period under review 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.

Relations with Shareholders

Details of the Company's activities undertaken to promote the Company and manage relations with shareholders are set out on page 18.

The Board considers the shareholder register at each Board meeting and Frostrow has regular contact with the Company's institutional shareholders. The Board supports the principle that the Annual General Meeting be used to communicate with private investors. It is the intention that the full Board will attend the forthcoming AGM under the chairmanship of the Chairman of the Board. Details of proxy votes received in respect of each resolution will be made available to shareholders at the meeting and will also be published on the Company's website www.menhaden.com. Representatives of the Menhaden Team will attend the AGM and give a presentation on investment matters to those present.

The Board receives marketing and public relations reports from Frostrow. The Board reviews and considers the marketing plans on a regular basis.

The annual and half year financial reports and a monthly fact sheet are available to all shareholders. The Board considers the format and content of the annual and half-year financial reports so as to ensure they are useful to all shareholders and others taking an interest in the Company. In accordance with best practice, the annual report, including the notice of the annual general meeting, is sent to shareholders at least 20 working days before the meeting. Separate resolutions are proposed for substantive issues.

Exercise of Voting Powers

The Board has delegated authority to Frostrow (as AIFM) to vote the shares owned by the Company that are held on its behalf by its Custodian. The Menhaden Team and WHEB Asset Management LLP (who manage the listed equity portfolio under an investment manager agreement) have responsibility for carrying out the voting on Frostrow's behalf.

The Board has instructed that the Menhaden Team submit votes for such shares wherever possible and practicable. The Menhaden Team may refer to the Board on any matters of a contentious nature.

Further details of Company's voting record can be found in the Company's impact report.

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 meeting.

By order of the Board

Frostrow Capital LLP
Company Secretary
31 March 2016

Audit Committee Report

The Audit Committee (the "Committee"), which is comprised of Howard Pearce (Chairman of the Committee), Emma Howard Boyd and Duncan Budge, met once during the period from incorporation on 30 September 2014 to 31 December 2015. In the Company's first full year of operation in 2016 and ordinarily thereafter, the Committee will meet three times a year.

The extensive experience and qualifications of the Audit Committee members is set out on pages 20 and 21.

Responsibilities

The Company launched on 31 July 2015 and this is the first set of financial statements to be presented to shareholders. Accordingly, the Audit Committee had a reduced remit in this first five months of operation and the Committee's main responsibilities during the period under review were:

1. To review the risk management and internal control processes of the Company and its key service providers. Further details are provided in the Internal Controls and Risk Management section on page 37.

2. To recommend the appointment of the external Auditors, agreeing the scope of their work and their remuneration, and reviewing their independence. During the year the nature and scope of the first audit together with the audit plan were considered by the Committee. The Committee concluded that the appropriate areas of audit risk relevant to the Company had been identified and that there were suitable audit procedures in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements.

In addition to the above responsibilities, the Committee's duties throughout 2016 are:

3. To review the Company's annual and half-year reports. In particular, the Audit Committee has considered whether this annual report is fair, balanced and understandable, allowing shareholders to easily assess the Company's strategy, business model, financial position and performance. This review also includes scrutiny of the valuation of investments, accounting policies and other significant reporting matters.

4. To consider any non-audit work to be carried out by the Auditors. The Audit Committee will consider the extent and nature of non-audit work performed by the Auditors and seek assurance that such work does not impinge on their independence and is a cost effective way to operate.

5. To consider the need for an internal audit function. Since the Company delegates its day to day operations to third parties and has no employees, the Committee determined at its March 2016 meeting that there is no requirement for such a function. The Committee will consider the need for such a function on an annual basis.

The Committee's terms of reference are available for review on the Company's website at www.menhaden.com

Meetings and Business

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

October 2015

- Review of the Committee's terms of reference and non-audit services policy
- Review of the Auditors' plan and terms of engagement for the 2015 audit
- Review of risks, internal controls and compliance
- Review of the minutes of the Investment Committee meetings

March 2016

- Review of the Committee's terms of reference
- Review of the Company's results
- Approval of the Annual Report and financial statements
- Review of risk management, internal controls and compliance
- Review of the outcome and effectiveness of the audit and any matters arising
- Review of the need for an internal audit function

Internal Controls and Risk Management

The Board is responsible for the risk assessment and review of the internal controls of the Company, undertaken in the context of its investment objective.

The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgment of what risks the Company faces, the Board has 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 which it regards as acceptable for the Company to bear within its overall investment objective;
- the threat of such risks becoming a reality; and
- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, a risk matrix has been developed which covers all key risks that the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and mitigating controls in place. The Board has delegated to the Audit Committee the 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 any changes to the Company, its environment or service providers since the last review. Any significant changes to the risk matrix are discussed with the whole Board.

Significant Reporting Matters

In March 2016, the Committee considered the significant issues in respect of this Annual Report including the financial statements. The table below sets out the key areas of risk identified and also explains how these were addressed in respect of the year ended 31 December 2015.

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 53. 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 the Menhaden Team the process by which the unquoted investments are valued, and ownership documented, including the reconciliation process with the Depositary. They also reviewed the valuation of the unquoted investments as at 31 December 2015 to ensure that they were carried out in accordance with the accounting policy set out in note 1(b) on page 54. Having reviewed the valuations, the Committee confirmed that they were satisfied that the investments had been valued correctly.
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. In addition, the Committee reviewed the treatment of fixed income returns on debt securities.

In addition, the Committee considered the Company's compliance with sections 1158 and 1159 Corporation Tax Act 2010. HMRC have confirmed that the Company meets the eligibility conditions as outlined in section 1158 and the Committee monitors ongoing compliance with this eligibility criteria.

Audit Committee Report

continued

Financial Statements

The Board has 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 its review of the whole document, underpinned by involvement in the planning for its preparation and review of the processes to assure the accuracy of factual content.

The Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. The financial statements can be found on pages 49 to 65.

The Audit Committee also reviewed the financial position and principal risks of the Company in connection with the Board's statement on the longer-term viability of the Company, which is set out on pages 23 and 24 of the Directors' Report.

External Auditors

In addition to the reviews undertaken at the Committee meetings, I met with Grant Thornton UK LLP ("Grant Thornton") on 9 March 2016 to discuss the outcome of the audit and this draft Annual Report. The Committee also met with Grant Thornton without Frostrow or the Menhaden Team being present to discuss the outcome of the audit on 24 March 2016.

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

- the senior audit personnel in the audit plan for the year;
- the Auditors' arrangements concerning any conflicts of interest;
- the extent of any non-audit services provided; and
- the statement by the Auditors that they remain independent within the meaning of the regulations and their professional standards.

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

- the Auditors' fulfilment of the agreed audit plan;
- the report arising from the audit itself; and
- feedback from Frostrow.

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

The Audit Committee will monitor the level of non-audit work carried out by the Auditors, if any, and seek assurances from the Auditors that they maintain suitable policies and processes ensuring independence, and will monitor compliance with the relevant regulatory requirements on an annual basis. The Company operates on the basis whereby the provision of non-audit services by the Auditors is permissible where no conflict of interest arises, where the independence of the Auditors is not likely to be impinged by undertaking the work and the quality and objectivity of both the non-audit work and audit work will not be compromised.

Auditors' Reappointment

Grant Thornton UK LLP have indicated their willingness to continue to act as Auditors to the Company for the forthcoming year and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Committee has conducted a review of the performance of the Auditors during this first audit period and concluded that performance was satisfactory and there are no grounds for change.

Howard Pearce
Chairman of the Audit Committee

31 March 2016

Directors' Remuneration Report

This report has been prepared in accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and in accordance with the Listing Rules of the Financial Conduct Authority. 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 Auditors to audit certain disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditors' opinion is included in their report to shareholders on pages 42 to 48.

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.

The Board as a whole considered the level of Directors' fees at their meeting in December 2015 and determined that it was appropriate to maintain them at their current levels for 2016.

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.

No advice from remuneration consultants was received during the period under review.

As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer. The Company does not have employees. Therefore there is no CEO or employee information to disclose.

Single total figure of remuneration 2015 (audited)

Director	Date of appointment to the Board	Fees	Taxable expenses[3]	Total
Sir Ian Cheshire	3 October 2014	21,000	–	21,000
Duncan Budge	3 October 2014	16,770	–	16,770
Emma Howard Boyd	3 October 2014	16,770	–	16,770
Howard Pearce	3 October 2014	16,770	2,382	19,152
Aditya Mittal[1]	3 October 2014	–	–	–
Alastair Smith[2]	30 September 2014	–	–	–
Grant Challis[2]	30 September 2014	–	–	–
TOTAL		71,310	2,382	73,692

Alastair Smith and Grant Challis, from Frostrow Capital LLP, were appointed as the initial directors on incorporation and resigned once the Board had been formed. Aditya Mittal resigned prior to the launch of the Company.

[1] Resigned 1 July 2015

[2] Resigned 3 October 2014

[3] Under revised HMRC guidance, travel expenses and other out of pocket expenses are considered taxable benefits for UK-based directors. The expenses in this column comprise out of pocket travel and training expenses together with the associated tax liability incurred by the Directors in the performance of their duties, which are classed as taxable under HMRC guidance.

No payments have been made to any former directors. No loss of office payments were made to any person who has previously served as a director of the Company at any time during the period ended 31 December 2015. It is the Company's policy not to pay compensation upon leaving office for whatever reason. None of the fees referred to in the above table were paid to any third party in respect of the services provided by anyone who was a director in the period.

Directors' Remuneration Report

continued

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

	Ordinary Shares of 1p each as at 31 Dec 2015
Sir Ian Cheshire	25,000
Duncan Bridge	10,000
Emma Howard Boyd	8,000
Howard Pearce	4,957
Total	**47,957**

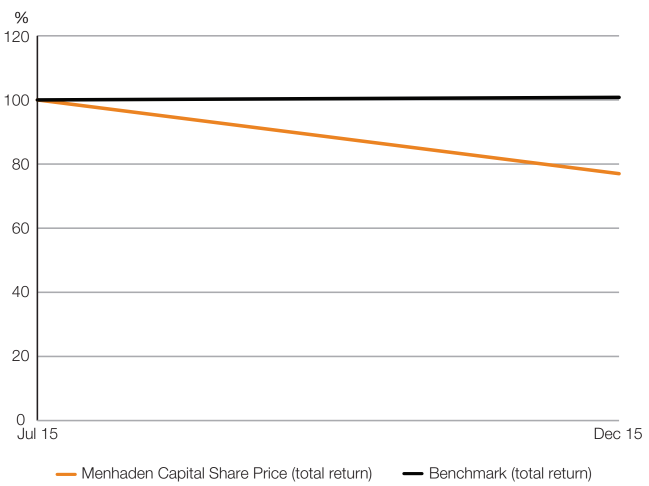
Sir Ian Cheshire purchased a further 20,000 Ordinary Shares on 15 January 2016. No further changes have been notified to the date of this report.

The Company does not have share options or a share scheme, and does not operate a pension scheme. None of the Directors are required to own shares in the Company.

None of the Directors who resigned during the period have notified the Company of any interests in the Company's Ordinary Shares.

Performance

The graph below shows the total shareholder return of the Company since its launch on 31 July 2015 against the total return of the MSCI World Total Return Index.



Rebased to 100 as at 31 March 2009

Source: Morningstar, Thomson Reuters and Bloomberg

This report is required to include a table showing actual expenditure by the Company on remuneration and distributions to shareholders for the current and prior year. However, as the Company launched on 31 July 2015 and the Directors have not yet declared or recommended payment of a dividend, and as the Company has not repurchased any of its shares, this information has not been included.

Annual Statement

On behalf of the Board I confirm that the Directors' Remuneration Report summarises as appropriate for the period ended 31 December 2015;

a) the major decisions on Directors' remuneration;

b) any substantial changes relating to Directors; remuneration made during the year; and

c) the context in which those changes occurred and decisions were taken.

By order of the Board

Sir Ian Cheshire
Chairman
31 March 2016

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 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.

An ordinary resolution for the approval of this policy will be considered by shareholders at the forthcoming Annual General Meeting. It is intended that this policy will remain in place for the following financial year and subsequent financial periods.

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

This policy, together with the Directors' letters of appointment, may be inspected at the Company's registered office.

The current and projected Directors' fees for 2015 and 2016 are shown in the table below. The Company does not have any employees.

Directors' Fees Current and Projected

	Fees (£) 2016	Total Fees (£)* 2015
Sir Ian Cheshire	50,000	21,000
Duncan Budge	40,000	16,770
Howard Pearce	40,000	16,770
Emma Howard Boyd	40,000	16,770
	170,000	71,310

*The directors earned a *pro rata* fee in 2015 as fees were payable from the date of the launch of the Company on 31 July 2015.

Any new director appointed to the Board will, under current remuneration levels, receive a fee of £25,000 per annum. Directors who serve on the Audit Committee receive an additional fee of £15,000 per annum. The Chairman receives an additional fee of £25,000 per annum.

All Directors are non-executive, appointed under the terms of letters of appointment and none has a service contract. 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. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Menhaden Capital PLC
Annual Report for the period ended 31 December 2015

Independent Auditors' Report to the Members of Menhaden Capital PLC

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its net loss for the period then ended;
- have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Who we are reporting to

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 auditors' 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.

What we have audited

Menhaden Capital PLC's financial statements for the period ended 31 December 2015 comprise the income statement, the statement of changes in equity, the statement of financial position, the statement of cash flows and the related notes.

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

Overview of our audit approach

- Overall materiality: £671,000, which represents 1% of the Company's net assets; and
- Key audit risks were identified as existence and valuation of unquoted and quoted investments.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
Existence and valuation of unquoted investments The Company holds a small number of significant holdings in unquoted investments. There is a risk that investments shown in the Statement of Financial Position may not exist or may be incorrectly valued. We identified existence and valuation of unquoted investments as significant risks that required special audit attention.	Our audit work included, but was not restricted to: • understanding management's process to value unquoted investments; • assessing the valuation process and the reliability of inputs; and • obtaining a confirmation of the investments held by the Company at the period end from the general partners of the unquoted investments. The Company's accounting policy on investments held at fair value through profit or loss is shown in Note 1(b) and its disclosures about investment movements are included in Note 7. The Audit Committee identified valuation, existence and ownership of investments, in particular unquoted investments, as significant risk matters in its report beginning on page 36 where the Committee also describes the action that it has taken to address these risks.

Independent Auditors' Report

continued

Audit risk	How we responded to the risk
Existence and valuation of quoted investments The Company is an investment trust and its primary activity is the holding of investments. The risks in relation to investments are the most significant risk the Company is exposed to through its investing activities and quoted investments make up the majority of the Company's assets. There is a risk that investments may not exist or the valuation of investments may be misstated. We identified existence and valuation of quoted investments as risks that required particular audit attention.	Our audit work included, but was not restricted to: • understanding management's process to value quoted investments; • obtaining a confirmation from the independent custodian of the investments they were holding at the period-end; • agreeing the valuation of 100% of the quoted investments to an independent source of market prices; and • in order to confirm investments are actively traded, obtaining recent trading volumes of the listed investments held at the period-end. The Company's accounting policy on investments held at fair value through profit or loss is shown in Note 1(b) and its disclosures about investment movements are included in Note 7. The Audit Committee identified valuation, existence and ownership of investments as significant risks in its report beginning on page 36 where the Committee also describes the action that it has taken to address these risks.

Audit risk	How we responded to the risk
Completeness of investment income We identified completeness of investment income as a risk that required particular audit attention.	Our audit work included, but was not restricted to: • assessing whether the Company's accounting policies for revenue recognition are in accordance with United Kingdom Generally Accepted Accounting Practice • obtaining an understanding of the Company's process for recognising revenue in accordance with its stated accounting policy; • testing whether a sample of income transactions had been recognised in accordance with the policy; and • for a sample of investments held in the period, obtaining the ex-dividend dates and rates for dividends declared during the period from an independent source and agreeing the expected dividend entitlements to those recognised in the general ledger. The Company's accounting policy on investment income is shown in Note 1(c) and the components of that income are included in Note 2. The Audit Committee identified the risk of revenue being misstated due to improper recognition of revenue as a significant risk in its report beginning on page 36, where the Committee also describes the action that it has taken to address this risk.

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

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £671,000, which is 1% of net assets. This benchmark is considered the most appropriate because net assets, which are primarily composed of the Company's investment portfolio, are considered to be the key driver of the Company's total return performance.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 60% of financial statement materiality. We also determine a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £33,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent Auditors' Report

continued

Overview of the scope of our audit

A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

We conducted our audit in accordance with the International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records are outsourced to third-party service providers. Accordingly, our audit work included:

- obtaining an understanding of, and evaluating relevant internal controls at both the Company and third party service providers by obtaining and evaluating internal controls reports on the description, design and operating effectiveness of controls at the AIFM and Custodian; and
- undertaking substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, our evaluation of the design and the implementation of controls over individual systems.

Other reporting required by regulations

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules, we are required to review:

- the Directors' statements in relation to going concern and longer-term viability, set out on page 23; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable; or
- the Annual Report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

We have nothing to report in respect of the above.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the or Company including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditors' Report

continued

Responsibilities for the financial statements and the audit

What the Directors are responsible for:

As explained more fully in the Statement of Directors' Responsibilities set out on page 26, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Julian Bartlett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
31 March 2016

Income Statement

For the period from incorporation on 30 September 2014 to 31 December 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Losses on investments at fair value through profit and loss	7	–	(10,753)	(10,753)
Exchange losses on currency balances		–	(4)	(4)
Income from investments	2	611	–	611
Impairment of interest	4	(206)	–	(206)
AIFM and Portfolio management fees	3	(87)	(350)	(437)
Other expenses	4	(221)	(22)	(243)
Net return/(loss) before finance charges and taxation		**97**	**(11,129)**	**(11,032)**
Finance costs		–	–	–
Net return/(loss) before taxation		**97**	**(11,129)**	**(11,032)**
Taxation on net return on ordinary activities	5	(24)	–	(24)
Net return/(loss) after taxation		**73**	**(11,129)**	**(11,056)**
Return/(loss) per share	6	**0.1p**	**(13.9)p**	**(13.8)p**

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 Association of Investment Companies.

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 53 to 65 are an integral part of these financial statements.

Statement of Changes in Equity

For the period from incorporation on 30 September 2014 to 31 December 2015

	Ordinary share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Issue of shares following placing and offer for subscription	800	79,200	–	–	80,000
Expenses of placing and offer for subscription	–	(1,829)	–	–	(1,829)
Net (loss)/return from ordinary activities after taxation	–	–	(11,129)	73	(11,056)
At 31 December 2015	**800**	**77,371**	**(11,129)**	**73**	**67,115**

The accompanying notes on pages 53 to 65 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2015

	Notes	2015 £000
Fixed assets		
Investments at fair value through profit and loss	7	63,709
Current assets		
Debtors	8	204
Cash		3,371
		3,575
Current liabilities		
Creditors: amounts falling due within one year	9	(169)
Net current assets		3,406
Total net assets		67,115
Capital and reserves		
Ordinary share capital	10	800
Share premium account		77,371
Capital reserve	15	(11,129)
Revenue reserve		73
Total shareholders' funds		67,115
Net asset value per share	11	83.9p

The financial statements on pages 49 to 65 were approved by the Board of Directors and authorised for issue on 31 March 2016 and were signed on its behalf by:

Sir Ian Cheshire
Chairman

The accompanying notes on pages 53 to 65 are an integral part of these financial statements.

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

Statement of Cash Flows

For the period from incorporation on 30 September 2014 to 31 December 2015

	Notes	2015 £'000
Net cash outflow from operating activities	12	**(194)**
Investing activities		
Purchases of investments		(76,636)
Sales of investments		2,174
Net cash outflow from investing activities		**(74,462)**
Net cash outflow before financing activities		**(74,656)**
Financing activities		
Issue of shares following placing and offer for subscription	10	80,000
Expenses of placing and offer for subscription		(1,969)
Net cash inflow from financing activities		**78,031**
Increase in cash and cash equivalents		**3,375**

	2015 £'000
Cash and cash equivalents at the start of the period	–
Exchange movements	(4)
Increase in cash and cash equivalents	3,375
Cash and cash equivalents at the end of the period	**3,371**

The accompanying notes on pages 53 to 65 are an integral part of these financial statements.

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the period 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, generally accepted accounting practice (UK GAAP), the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' dated November 2014 (the 'SORP'), the historical cost convention, as modified by the valuation of investments at fair value through profit or loss and on a going concern basis, as set out on page 23. As this is the Company's first period of account there are no comparatives.

In preparing these financial statements the Company has applied FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland'.

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.

In addition, for financial reporting purposes, 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 – Quoted prices in active markets;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data), either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable)

In preparing these financial statements the Company has early adopted 'Amendments to FRS102: Fair value hierarchy disclosures (March 2016)' published by the FRC.

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.

Statement of estimation uncertainty

Estimates and judgements 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 unquoted investments. These are valued by the AIFM in accordance with the policy set out below. Judgement is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgements include making assessments of the future earnings or revenue potential of portfolio companies, appropriate earnings/revenue multiples or discount rate to apply, and adjustments to comparable multiples. Further details on the valuation of unquoted investments are included in note 1(b) on page 54.

Notes to the Financial Statements continued

For the period from incorporation on 30 September 2014 to 31 December 2015

1. ACCOUNTING POLICIES continued

(b) Investments Held at Fair Value Through Profit or Loss

All investments are measured on initial recognition and at subsequent reporting dates at fair value.

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.

Changes in the fair value of investments and gains and losses on disposal are recognised in the Income Statement as ‘gains or losses on investments’. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its price at the time of purchase. 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.

- Limited partnership funds

  Funds set up by a third party, where the Company does not hold a majority share, are ordinarily valued using the third party manager’s valuation after adjustment for purchases and sales between the date of the valuation and the measurement date.

- Unquoted Investments

  The fair value of unquoted investments, other than limited partnership funds, are either calculated using primary valuation techniques, such as revenue or earning multiples, discounted cash flow analysis and recent transactions, in accordance with the International Private Equity and Venture Capital Association (IPEVCA) valuation guidelines, or at cost for recent transactions.

(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 grossed up at the appropriate rate of withholding tax.

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

1. ACCOUNTING POLICIES continued

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.

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 substantially 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. Monetary assets and liabilities denominated in overseas currencies are translated into sterling at the exchange rates ruling at the date of the balance sheet. Non-monetary items that are measured at historical cost are translated using the historical exchange rate at the date of the transaction.

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.

(h) 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 Expenses Policy.

Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve.

(i) Cost of share issues

Costs of share issuance have been offset against the proceeds of the relevant share issue and dealt with in the share premium account.

(j) Dividend Payments

Dividends paid by the Company on its shares are recognised in the financial statements in the year in which they are paid and are shown in the Statement of Changes in Equity.

Notes to the Financial Statements continued

For the period from incorporation on 30 September 2014 to 31 December 2015

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

	2015 £'000
Income from investments	
UK listed dividends	8
Overseas dividends	342
Fixed interest income	261
	611
Total income comprises:	
Dividends	350
Interest	261
	611

3. AIFM AND PORTFOLIO MANAGEMENT FEES

	Revenue £'000	Capital £'000	2015 Total £'000
AIFM fee	13	53	66
Portfolio management fee	74	297	371
	87	**350**	**437**

4. OTHER EXPENSES

	Revenue £'000	Capital £'000	2015 Total £'000
Directors' remuneration	71	–	71
Employers NIC on directors' remuneration	4	–	4
Auditors' remuneration for the audit of the Company's financial statements	32	–	32
Auditors' remuneration for non-audit services	3	–	3
Registrar fees	6	–	6
Broker fees	13	–	13
Legal and professional costs	4	22	26
Stock Exchange listing fees	8	–	8
Depositary fees	17	–	17
Marketing Costs	11	–	11
Other costs	52	–	52
Total expenses	**221**	**22**	**243**

Details of the amounts paid to Directors are included in the Directors' Remuneration Report beginning on page 39.

In addition to the above, the Auditors' received remuneration of £50,000 for reporting accountant work undertaken on the prospectus of the Company. This amount is included within the share premium account as an expense of the placing and offer for subscription.

As the Abengoa Senior Notes are in default, an impairment provision of £206,000 was made against accrued interest on these investments.

5. TAXATION ON NET RETURN ON ORDINARY ACTIVITIES

(a) Analysis of charge in period

	Revenue £'000	Capital £'000	2015 Total £'000
Corporation tax at 20.4%			
Overseas taxation	24	–	24

(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 for a large company of 20.4%. The difference is explained below.

	Revenue £'000	Capital £'000	2015 Total £'000
Net return/(loss) before taxation	97	(11,129)	(11,032)
Corporation tax at 20.4%	20	(2,270)	(2,250)
Non-taxable losses on investments	–	2,151	2,151
Overseas withholding taxation	24	–	24
Non taxable overseas dividends	(68)	–	(68)
Non taxable UK dividends	(2)	–	(2)
Excess management expenses	50	119	169
Total tax charge	24	–	24

(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 Company has not recognised a deferred tax asset of £169,000 (20% tax rate) as a result of excess management expenses and loan expenses. It is not anticipated that these excess expenses will be utilised in the foreseeable future.

Notes to the Financial Statements continued

For the period from incorporation on 30 September 2014 to 31 December 2015

6. RETURN/(LOSS) PER SHARE

	2015 £'000
The return per share is based on the following figures:	
Revenue return	73
Capital loss	(11,129)
	(11,056)
Weighted average number of ordinary shares in issue during the period from the IPO of the Company to 31 December 2015	80,000,001
Revenue return per ordinary share	0.1p
Capital loss per ordinary share	(13.9)p
	(13.8)p

The calculation of the total, revenue and capital returns per Ordinary Share is carried out in accordance with IAS 33 Earnings per share.

The weighted average number of ordinary shares since incorporation was 26,666,667 and the return per share figures calculated using this would be: revenue return per ordinary share 0.3p; capital loss per ordinary share (41.7)p; and, total loss per ordinary share (41.4)p.

7. INVESTMENTS

	Quoted Investments £'000	Unquoted Investments £'000	Total £'000
Movement in the period:			
Purchases at cost	55,651	20,985	76,636
Sales – proceeds	(2,174)	–	(2,174)
– losses on sales	(524)	–	(524)
Net movement in investment holdings losses	(7,417)	(2,812)	(10,229)
Valuation at 31 December 2015	**45,536**	**18,173**	**63,709**
Cost at 31 December 2015	52,953	20,985	73,938
Investment holding losses at 31 December 2015	(7,417)	(2,812)	(10,229)
Valuation at 31 December 2015	**45,536**	**18,173**	**63,709**

	2015 £'000
Losses on investments	
Losses based on historical cost – sales	(524)
Movement in investment holding losses in the period	(10,229)
Losses on investments	**(10,753)**

Purchase transaction costs were £115,000. These comprise mainly commission and stamp duty.

Sales transaction costs were £2,000. These comprise mainly commission.

8. DEBTORS

	2015 £'000
VAT recoverable	154
Prepayments and accrued income	50
	204

9. CREDITORS

	2015 £'000
Amounts falling due within one year	
Other creditors and accruals	169

10. SHARE CAPITAL

	Total Ordinary Shares in issue number	Total Redeemable Preference Shares in issue number
Issue of shares on incorporation	1	5,000,000
Issue of shares arising from the IPO of the Company	80,000,000	–
At 31 December 2015	80,000,001	5,000,000

	2015 £'000
Issued and fully paid:	
Ordinary shares of 1p	800

In 2015 80,000,000 Ordinary Shares were issued raising gross proceeds of £80,000,000. The costs of issue totalled £1,829,000. No Ordinary Shares were held in treasury at 31 December 2015.

The Redeemable Preference Shares carry no voting rights and carry no dividend or economic entitlements. It is the intention of the Directors to cancel the Redeemable Preference Shares.

11. NET ASSET VALUE PER SHARE

	2015
Net asset value per share	83.9p

Net asset value per share

The net asset value per share is based on the assets attributable to equity shareholders of £67,115,000 and on the number of Ordinary Shares in issue at the year end of 80,000,001.

Notes to the Financial Statements continued

For the period from incorporation on 30 September 2014 to 31 December 2015

12. RECONCILIATION OF LOSSES BEFORE FINANCE COSTS AND TAXATION FROM OPERATING ACTIVITIES

	2015 £'000
Losses before finance costs and taxation	(11,032)
Add: Losses made on investing activity	10,753
	(279)
Increase in debtors	(60)
Increase in creditors and accruals	169
Net taxation suffered on investment income	(24)
Net cash outflow from operating activities	**(194)**

13. RELATED PARTIES

The following are considered to be related parties:

- Frostrow Capital LLP
- The Directors of the Company

Details of the relationship between the Company and the Company's AIFM are disclosed in the Strategic Report section on page 14. Details of fees paid to Frostrow by the Company can be found in note 3 on page 56. All material related party transactions have been disclosed in note 3 on page 56. Details of the remuneration of all Directors can be found in note 4. Details of the Directors' interests in the capital of the Company can be found on page 21.

Ben Goldsmith, a member of the Menhaden Team who is seconded to Frostrow Capital LLP, holds a minority membership interest in WHEB LLP, the majority member of WHEB Asset Management LLP, and in Alpina Partners LLP (formerly WHEB Capital Partners LLP), the investment manager of the WHEB Ventures Private Equity Fund 2 LP and the Alpina Partners Fund LP. He also has a carried interest participation in each of these funds and may benefit from any further contributions or commitments made by the Company to these funds.

14. 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 secure its investment objective as stated on pages 4 and 5. 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, with the exception of liquidity risk, and the Directors' approach to the management of them, are set out in the Strategic Report on pages 16 to 18. The AIFM, in close co-operation with the Board and the Menhaden Team, co-ordinates the Company's risk management.

(i) Other price risk
In pursuance of the Company's Investment Objective the Company's portfolio is exposed to the risk of fluctuations in market prices and foreign exchange rates.

The Board manage these risks through the use of investment limits and guidelines as set out on pages 4 and 5, and monitor the risks through monthly compliance reports from Frostrow, with reports from Frostrow and the Menhaden Team also presented at each Board meeting. In addition, Frostrow monitor the exposure of the Company and compliance with the investment limits and guidelines on a daily basis.

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

If market prices at the date of the Balance Sheet had been 25% higher or lower while all other variables had remained constant: the revenue return would have decreased/increased by £56,000; the capital return would have increased/decreased by £15,760,000; and, the return on equity would have increased/decreased by £15,704,000. The calculations are based on the portfolio as at the respective Balance Sheet dates 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 managed and maintained in conjuction with other price risk as described above.

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

	2015		
	Current assets £'000	Current liabilities £'000	Investments £'000
U.S. dollar	6	(2)	39,458
Euro	–	–	4,419
Other	8	–	4,915
	14	(2)	48,792

Notes to the Financial Statements continued

For the period from incorporation on 30 September 2014 to 31 December 2015

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 against the relevant currency.

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 Balance Sheet date.

	2015		
	USD £'000	EUR £'000	Other £'000
Sterling depreciates	4,320	484	539
Sterling appreciates	(3,535)	(396)	(441)

(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;

– 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.

At 31 December 2015, the Company held 1.8% of the portfolio in debt instruments. The exposure is shown in the table below:

	2015	
	Fixed rate £'000	Floating rate £'000
Quoted debt investments*	–	–
Cash	–	3,371
		3,371

*Debt investments held, comprising the two Abengoa Senior Notes as shown in the portfolio on pages 8 and 9, are currently in default and are therefore not directly impacted by movements in the interest rate.

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 2015 and the net assets would increase/decrease by £34,000.

(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 16 on page 65. These commitments can be drawn down on 3 or 10 days notice, although it is considered unlikely that they would all be drawn at once. The company's portfolio manager is in regular contact with the managers of the limited partnership funds, as a part of which they would be made aware, and plan accordingly, of any material 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 a monthly basis to ensure that there is sufficient liquidity to meet the company's liabilities and any forthcoming drawdowns.

(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 quoted debt investments are managed as part of an investment portfolio, and their credit risk is considered in the context of their overall investment risk.

The carrying amounts of financial assets best represent the maximum credit risk at the Balance Sheet date. The Company's quoted securities are held on its behalf by J.P. Morgan Chase Bank N.A. acting as the Company's Custodian.

Credit risk exposure

	2015 £'000
Quoted debt investments	1,124
Current assets:	
Other receivables (amounts due from brokers, dividends and interest receivable)	50
Cash	3,371

The quoted debt investments, comprising the Abengoa Senior Notes, are in default.

(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 53.

As of December 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	45,536	–	18,173	63,709

Level 3 Investments comprise Helios Co-Invest L.P. (described as X-Elio in the portfolio), WHEB Ventures Private Equity Fund 2 L.P. and Alpina Partners Fund L.P. and the Company owns 8.0%, 9.7% and 10.2% of these entities respectively.

In addition, during the period the WHEB Ventures Private Equity Fund 2 L.P. was written down by £2,460,000 and the Alpina Partners Fund L.P. was written down by £577,000.

All level 3 investments were valued using non-observable market data and no income was recognised on the level 3 investments.

Notes to the Financial Statements continued

For the period from incorporation on 30 September 2014 to 31 December 2015

(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 consists of the equity share capital, retained earnings and other reserves as disclosed on the Statement of Financial Position on page 51.

The Board, with the assistance of the AIFM and the Menhaden Team, 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 Menhaden Team's view of the market;
- the need 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 in accordance with the Company's share buyback policy;
- the need for new issues of equity shares; and,
- the extent to which revenue in excess of that which is required to be distributed should be retained.

15. CAPITAL RESERVE

	Capital Reserves*		
	Other £'000	Investment Holding Losses £'000	Total £'000
Net losses on investments	(524)	(10,229)	(10,753)
Expenses charged to capital	(372)	–	(372)
Exchange loss on currency balances	(4)	–	(4)
At 31 December 2015	(900)	(10,229)	(11,129)

Sums within the Total Capital Reserve less unrealised gains (those on investments not readily convertible to cash) are available for distribution. In addition the Revenue Reserve is available for distribution.

16. FINANCIAL COMMITMENT

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

	Commitment	Notice of drawdown
• WHEB Ventures PE Fund 2 LP	£630,000	10 business days
• Alpina Partners Fund LP*	€9,827,000	10 business days
• Helios Co-Invest LP**	$562,300	3 business days

* Formerly WHEB Ventures PE Fund 3 LP
** Described as X-Elio in the portfolio listing.

17. The Company

The Company is a public limited company (PLC) incorporated in England and Wales, with registered office at One Wood Street, London, EC2V 7WS. The Company's principal place of business is 25 Southampton Buildings, London, WC2A 1AL.

Shareholder Information

Financial Calendar

31 December	Financial Year End
March	Final Results Announced
September	Half Year End Results Announced
May	Annual General Meeting

Annual General Meeting

The Annual General Meeting of Menhaden Capital PLC will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on Monday, 23 May 2016 at 12 noon.

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 Registrars, Capita Asset Services, 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 monthly via the London Stock Exchange.

Glossary

Alternative Investment Fund Managers Directive (AIFMD)

Agreed by the European Parliament and the Council of the European Union and transported into UK legislation, the 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

Prior to the payment of a performance fee, in addition to the Company's NAV being above the high watermark, the return on the gross proceeds from the IPO of the Company's has to exceed an annualised 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 the shareholders' assets is called 'gearing'. If the Company's assets grow shareholders' assets 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.

Potential gearing is the company's borrowings expressed as a percentage of shareholders' funds.

High Watermark

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

Leverage

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, 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 on a **gross** and a **commitment** method. 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 are offset against each other.

Glossary
continued

NAV per Share (pence)
The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV 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 which have been issued. 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 by the relationship between the demand and supply of the shares.

NAV Total Return
The theoretical total return on shareholders' funds per share, including the assumed £100 original investment at the beginning of the period specified, reflecting the change in NAV assuming that 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 discounts/premiums.

Ongoing Charges
Ongoing charges are calculated by taking the Company's annualised ongoing charges, excluding finance costs, taxation, performance fees and exceptional items, and expressing them as a percentage of the average daily net asset value of the Company over the year.

Share Price Total Return
Return to the investor on mid-market prices assuming that all dividends paid were reinvested.

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 relationship to non-mainstream investment procedures 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/
Alliance Trust Savings	http://www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	https://www.barclaysstockbrokers.co.uk/Pages/index.aspx
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
Fast Trade	http://www.fastrade.co.uk/wps/portal
FundsDirect	http://www.fundsdirect.co.uk/Default.asp?
Halifax Share Dealing	http://www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://investments.hsbc.co.uk/
iDealing	http://www.idealing.com/
IG Index	http://www.igindex.co.uk/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
James Brearley	http://www.jbrearley.co.uk/Marketing/index.aspx
Natwest Stockbrokers	http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.ashx
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Saxo Capital Markets	http://uk.saxomarkets.com/
TD Direct Investing	http://www.tddirectinvesting.co.uk/

How to Invest

continued

Capita Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrars, Capita Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your share certificate or dividend voucher. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service please contact: www.capitadeal.com (online dealing) or +44 (0) 371 664 0445 (telephone dealing).

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 8.00 am to 4.30 pm Monday to Friday excluding public holidays in England and Wales.

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 the share price is determined by the changing conditions in the relevant stockmarkets 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 stockmarket, 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 Capital PLC will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on Monday, 23 May 2016 from 12 noon for the following purposes:

Ordinary Business

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

1. To receive and accept the audited financial statements and the Directors' Report for the period ended 31 December 2015
2. To elect Sir Ian Cheshire as a Director of the Company
3. To elect Duncan Budge as a Director of the Company
4. To elect Emma Howard Boyd as a Director of the Company
5. To elect Howard Pearce as a Director of the Company
6. To appoint Grant Thornton UK LLP as the Company's Auditors and to authorise the Audit Committee to determine their remuneration
7. To receive and approve the Directors' Remuneration Report for the period ended 31 December 2015
8. To approve the Directors' Remuneration Policy

Special Business

To consider and, if thought fit, pass the following resolution as a special resolution:

General Meetings

9. THAT the Directors be authorised to call general meetings (other than the Annual General Meeting of the Company) on not less that 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:
One Wood Street
London EC2V 7WS

Frostrow Capital LLP
Company Secretary
31 March 2016

Notice of the Annual General Meeting

continued

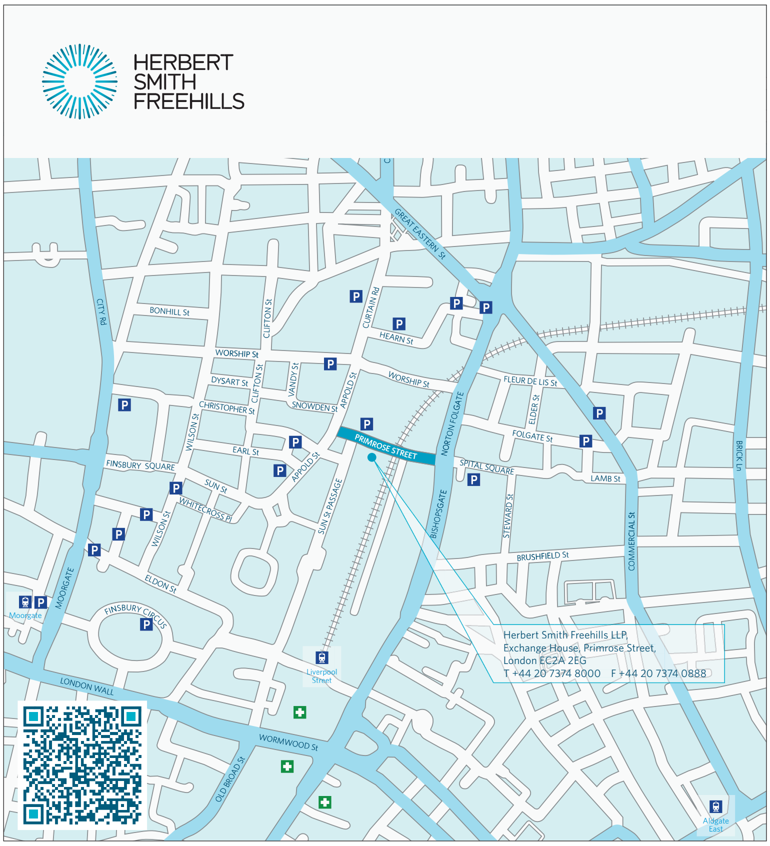
Notes

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. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
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. To be valid any proxy form or other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 12 noon on 19 May 2016.
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. 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.
6. 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.
7. 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.
8. 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 5.30 p.m. on Tuesday, 22 September 2015 (or, in the event of any adjournment, on the date which is two 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.
9. As at 30 March 2016 (being the last business day prior to the publication of this notice) the Company's issued share capital (with voting rights) consists of 80,000,001 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 30 March 2016 are 80,000,001.
10. 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.
11. 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 Ireland 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. 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.
12. 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.
13. 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.
14. 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).

15. 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.
16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Capita Asset Services on 0871 664 0300 (calls cost 12p per minute plus network extras). Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday.
17. 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.
18. 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 Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

    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 (see page 72) then, subject to paragraph 4, the proxy appointment will remain valid.

Location of the Annual General Meeting
Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG



Nearest tube/rail station: Liverpool Street Station (Central, Circle, Hammersmith & City and Metropolitan lines, London Overground and National Rail)

Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report and Financial Statements
The Annual Report and Financial Statements for the period ended 31 December 2015 will be presented to the Annual General Meeting (AGM). These accounts accompany this Notice of Meeting and shareholders will be given an opportunity at the meeting to ask questions.

Resolutions 2 to 5 – Election of Directors
Resolutions 2 to 5 deal with the election of each Director. Biographies of each of the Directors can be found on pages 20 and 21 of the annual report.

Resolution 6 – Appointment of Auditors and the determination of their remuneration
Resolution 6 relates to the appointment of Grant Thornton UK LLP as the Company's independent Auditors 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 Auditors' service agreement.

Resolutions 7 and 8 – Directors' Remuneration
It is mandatory for all listed companies to put their report on Directors' remuneration to a shareholder vote every year and their report on the Directors' remuneration policy to a shareholder vote every three years.

The Directors' Remuneration Report is set out in full in the annual report on pages 39 and 40 and the Remuneration Policy Report is set out on page 41.

Resolution 9
Special Resolution No. 9 seeks shareholder approval for the Company to hold General Meetings (other than the AGM) on 14 clear days' notice.

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 the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM as the Directors intend to do in respect of their own beneficial holdings totalling 67,957 shares.

Company Information

Directors
Sir Ian Cheshire (Chairman)
Duncan Budge
Emma Howard Boyd
Howard Pearce

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 in England and Wales on 30 September 2014. The Company was incorporated as BGT Capital PLC.

Website
Website: www.menhaden.com

Registered Office
One Wood Street
London EC2V 7WS

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.

Menhaden Team
Menhaden Capital Management LLP
14 Curzon Street
London
W1J 5HN

Depositary
J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

Auditors
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Corporate Broker
Numis Securities Limited
London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone (in UK): 0871 664 0300†
Telephone (from overseas): + 44 208 639 3399
Facsimile: + 44 (0) 1484 600911
E-mail: shareholderenquiries@capita.co.uk
Website: www.capitaassetservices.com

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

†Calls cost 12p per minute plus your phone company's access charge and may be recorded for training purposes. 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 monthly and is available, together with the share price, on the TrustNet website at www.trustnet.com.

Identification Codes

Shares:	SEDOL	:	BZ0XWD0
	ISIN	:	GB00B20XWD04
	BLOOMBERG	:	MHN LN
	EPIC	:	MHN

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, Capita Registrars, 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.

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Menhaden Capital PLC
1 Wood Street,
London EC2V 7WS

www.menhaden.com

Tel +44(0) 203 008 4910

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