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This document is issued by Menhaden Resource Efficiency PLC solely in order to make certain particular information available to investors in Menhaden Resource Efficiency PLC (the “Company”) before they invest, in accordance with the requirements of the United Kingdom Financial Conduct Authority (“FCA”) Handbook rules implementing in the United Kingdom the UK version of the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended, as further amended by UK legislation (“UK AIFMD”) and the EU Regulation on Sustainability-related Disclosures in the Financial Services Sector (2019/2088). It is made available to investors (“investors” or “shareholders”) in the Company by being made available at [www.menhaden.com](http://www.menhaden.com).

**Menhaden Resource Efficiency PLC**  
**INVESTOR DISCLOSURE DOCUMENT**

**IMPORTANT INFORMATION**

<b>Name of Alternative Investment Fund ('AIF'):</b>	<b>Menhaden Resource Efficiency PLC</b>
<b>Name of Alternative Investment Fund Manager ('AIFM'):</b>	<b>Frostrow Capital LLP</b>
<b>Name of Portfolio Manager:</b>  <b>Names of the Investment Committee Members:</b>	<b>Menhaden Capital Management LLP</b>  <b>Ben Goldsmith</b> <b>Luciano Suana</b> <b>Graham Thomas</b>
<b>Name of Depository:</b>	<b>J.P. Morgan Europe Limited</b>
<b>Name of Custodian:</b>	<b>JPMorgan Chase Bank N.A., London Branch</b> <b>(“JPMCB”)</b>
<b>Name of Broker:</b>	<b>Numis Securities Limited</b>
<b>Name of Auditor:</b>	<b>Mazars LLP</b>
<b>Date of disclosure:</b>	<b>March 2023</b>
<b>Latest share price &amp; net asset value ('NAV') per share of the AIF:</b>	This can be found on the AIF’s website: <a href="http://www.menhaden.com">www.menhaden.com</a>

**Regulatory and legal status of the Company**

Menhaden Resource Efficiency PLC is an “alternative investment fund” (“AIF”) for the purposes of the UK AIFMD. It has appointed Frostrow Capital LLP (“Frostrow”) as its Alternative Investment Fund Manager (“AIFM”). Frostrow is authorised and regulated by the FCA as a “full scope UK AIFM” for the purposes of the UK AIFMD.

The Company is an investment trust and is incorporated as a public limited company in England and Wales. The Company's shares are listed on the premium segment of the Official List of the FCA and are admitted to trading on the main market of the London Stock Exchange. The operation of the Company is subject to its Articles of Association, the Listing Rules of the FCA (“Listing Rules”), the FCA Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code issued by the

Financial Reporting Council, the UK Companies Act 2006 and the Financial Services and Markets Act 2000.

The provisions of the Company's Articles of Association, which are binding on the Company and all of its shareholders, set out the respective rights and restrictions attaching to the Company's shares. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's Articles of Association. The Company's Articles of Association (the "Articles") are governed by English law.

#### **Limited purpose of this document**

This document is made available to investors in the Company by being made available at [www.menhaden.com](http://www.menhaden.com). It is issued for the sole purpose of making certain regulatory disclosures to investors in accordance with the requirements of the UK AIFMD. The Company and its AIFM, Frostrow and their directors and members will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

**This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in or disposal of the Company's shares.**

#### **No advice**

The Company and its AIFM, Frostrow, and their directors and members are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, the AIFM or any of their respective affiliates, officers, directors, members or employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment and any other related matters concerning the Company and an investment in the Company's shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

#### **Overseas investors**

The distribution of this document in certain jurisdictions will be restricted and accordingly any persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. No action has been taken by the Company that would permit an offer of the Company's shares or distribution of any offering or publicity material in any jurisdiction where action for that purpose is required, other than the United Kingdom and the Republic of Ireland, where the Company may market to professional investors. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. Accordingly, the Company's shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such legislation.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer and other disposal of the Company's shares; (b) any

foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Company's shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Company's shares.

## **THE COMPANY**

### **Investment objective**

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

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

### **Investment Policy**

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

#### *Asset allocation*

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

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

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

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

#### *Geographic focus*

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

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

#### *Investment restrictions*

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

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

In addition, 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 investment 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.

### *Hedging*

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

### *Cash Management*

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

### **Borrowing**

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

### **Leverage**

The UK AIFMD prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to contribute to gearing, such as derivatives.

The Company has currently set a limit of 200% on both the Gross Method and the Commitment Method (calculated after offset of hedging or netting arrangements). The Company's leverage calculated as at 31 December 2022 under the methods stipulated by the UK AIFMD was 141.1% under the Gross Method and 75.0% under the Commitment Method.

The Company will disclose the following on its website at the same time as it makes its annual report and accounts ("Annual Report") available to investors or more frequently in the event of the following:

- any changes to the maximum level of leverage that may be employed by the Company;
- any changes to the right of reuse of collateral or any guarantee granted under the leveraging arrangements; and
- the total amount of leverage employed by the Company.

## **Circumstances in which the Company may deploy leverage and the types of leverage permitted**

The Company may use leverage through the use of derivatives – typically currency forwards and options, equity index futures and options, used to hedge exposures.

Hedging: The Company may deploy derivatives to manage its exposure to foreign currency risk; The use of derivatives for hedging purposes is consistent with the investment objective. As a global investor, many of the shares owned are in foreign jurisdictions, exposing the Company's Sterling Net Asset Value to currency translation risk. To hedge against this, currency forwards may be employed to reduce foreign currency exposure and increase Sterling exposure.

The use of derivatives, including their nature and size, is disclosed in the "Notes to the Financial Statements" in the latest Report & Accounts.

## **Dividend policy**

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 only pay dividends sufficient to maintain investment trust status. Subject to these rules, any dividends and distributions will be at the discretion of the Board from time to time.

## **Changes to the Investment Policy**

The Company is required to obtain the prior approval of shareholders, by ordinary resolution, for any material change to its published Investment Policy. The Company will announce any such change through a Regulatory Information Service.

Any change in investment strategy or Investment Policy which does not amount to a material change to the Company's published investment policy may be made by the Company without shareholder approval.

## **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

### **The AIFM**

Frostrow Capital LLP

Frostrow Capital LLP ("Frostrow") has been appointed to act as the Company's AIFM for the purposes of the UK AIFMD and has also been appointed as the Company's administrator and company secretary under the AIFM Agreement. Frostrow has been authorised by the FCA to act as an AIFM and is responsible for ensuring compliance with the UK AIFMD.

Frostrow has overall responsibility to perform risk management, company secretarial and administration functions for the Company and to advise the Company on a day-to-day basis in accordance with the investment policy of the Company, subject to the supervision, review and control by the Company's Board.

As described elsewhere in this document, the AIFM has delegated a function with respect to its duties to a third party in accordance with the delegation arrangements of the UK AIFMD and has delegated the day-to-day management of the Company's portfolio to the Portfolio Manager. Notwithstanding any delegation the AIFM shall remain liable to the Company for the proper performance of the portfolio management, risk management and valuation. The Portfolio Manager will be responsible to the AIFM in respect of the management of the investment of the AIF's assets in accordance with its investment objectives and policies, subject always to the supervision and direction of the AIFM.

### *AIFM Fee*

Frostrow receives a monthly fee, payable in arrears, for risk management, company secretarial and administration services, equal to one twelfth of 22.5 basis points of the Company's net asset value up to £100 million, an additional one twelfth of 20 basis points of the net asset value in excess of £100

million and up to £500 million, and an additional one twelfth of 17.5 basis points of the net asset value in excess of £500 million.

### **The Portfolio Manager**

Menhaden Capital Management LLP

The Company and the AIFM have appointed the Portfolio Manager, Menhaden Capital Management LLP, to provide portfolio management and related services in respect of the Company pursuant to the Delegation Agreement.

The Portfolio Management Agreement is terminable on 6 months' written notice given by either party. The Portfolio Management Agreement can be terminated at any time in certain standard circumstances. The Portfolio Management Agreement is governed by the law of England and Wales.

Ben Goldsmith, Luciano Suana and Edward Pybus carry out the day-to-day portfolio management activities relating to the Company and Graham Thomas acts as non-executive chairman of the Investment Committee, which makes all investment and divestment decisions in respect of the Company.

### *Portfolio Management Fee*

MCM receives a portfolio management fee, which is payable monthly in arrears and calculated on the last day of each month as follows:

- (i) An amount equal to one-twelfth of 1.25% of the net asset value up to £100 million; and
- (ii) In addition, an amount equal to one-twelfth of 1.00% of the net asset value in excess of £100 million.

### *Performance Fee*

Dependent on the level of long-term outperformance of the Company, MCM is entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company's net asset value ("NAV") performance has exceeded the higher of (a) a compounding hurdle on the gross proceeds of 5% per annum; and (b) a high water mark, subject to a cap in each performance period, of an amount equal to the aggregate of 1.5% of the weighted average net asset value in each year (or part year, as applicable) of that performance period.

### **The Depositary**

J.P. Morgan Europe Limited

J.P. Morgan Europe Limited has been appointed as the Company's Depositary, as required by the UK AIFMD. The services provided by J.P. Morgan Europe Limited include:

- a) implementing and carrying out procedures as required by applicable laws to properly monitor the Company's cash flows and ensure that all payments made by or on behalf of shareholders have been received and that the cash of the Company has been booked in a cash account or cash accounts;
- b) safekeeping the assets of the Company, which includes (i) holding in custody all financial instruments that can be registered in a financial instrument account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary; and (ii) for other assets, verifying the ownership of such assets and maintaining records accordingly (the "Safekeeping Function");
- c) ensuring that the sale, issue, re-purchase, redemption and cancellation of shares in the Company are carried out in accordance with applicable law and the Company's constitution;

- d) ensuring that the net asset value per share is calculated in accordance with applicable law, the valuation policy applicable to the Company from time to time and the Articles;
- e) carrying out the instructions of the AIFM, unless they conflict with applicable law or the Articles;
- f) ensuring that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits which are acceptable market practice in the context of this particular transaction; and
- g) ensuring that the Company's income is applied in accordance with applicable law and the Articles.

The Depositary has delegated the performance of its safekeeping function in respect of certain assets to JPMorgan Chase Bank N.A., London Branch ("JPMCB"), who will act as the Company's custodian.

In this regard, the Company, the Depositary and JPMCB have entered into a Global Custody Agreement under which the Depositary has delegated custody of the Company's financial instruments to JPMCB. JPMCB has the authority to sub-delegate the custody of the Company's financial instruments provided that JPMCB must comply with the same requirements that would apply in the context of a delegation by the Depositary.

In relation to the duties of the Depositary regarding custody as referred to at paragraph (a) above, in respect of financial instruments which can be held in custody, the Depositary is liable to the Company or the shareholders for any loss of such financial instruments held by the Depositary or any delegate, including JPMCB.

In relation to all the other duties of the Depositary as referred to at paragraphs (b) - (g), the Depositary is liable to the Company or the shareholders for all other losses suffered by it or them as a result of negligent or intentional failure to properly fulfil such obligations.

The Depositary procures that none of the investments shall be re-used by JPMCB or any other custodial delegate.

The AIFM does not consider that any conflicts of interest arise from the delegation of the Depositary's safekeeping.

#### *Depositary Fees*

The Depositary receives a fee of 1.75 basis points of up to £150,000,000 of the net asset value of the Company, 1.50 basis points from £150,000,000 to £300,000,000, 1.00 basis point from £300,000,000 to £500,000,000, and 0.5 basis points for net asset value in excess of £500,000,000 or a minimum of £40,000 per annum. The fees for the delegated custody component of the Depositary's role are dependent on the type and location of the assets of the Company.

In accordance with the UK AIFMD, the AIFM will inform investors before they invest in the AIF of any arrangement made by the Depositary to contractually discharge itself of liability. The AIFM will also inform investors without delay of any changes with respect to Depositary liability.

#### **The Corporate Broker**

Numis Securities Limited ("Numis")

The Company pays Numis an annual retainer of £30,000 for the ongoing provision of advisory and corporate broking fees.

The AIFM does not consider that any conflicts of interest arise from the appointment of the Corporate Broker.

### **The Auditor**

Mazars LLP

The Auditor provides audit services to the Company.

The Auditor has a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss as well as confirming that the Company's financial statements have been prepared in accordance with the Company's Articles. The Auditor is also required to report by exception if there are certain matters on which they are not satisfied, including if adequate accounting records have not been kept by the Company or the Auditor has not received all the information and explanations required in order to carry out the audit.

#### *Audit Fees*

Details of the fees paid to the Auditor are set out in the Company's latest Annual Report which is published on the Company's website and can be accessed at [www.menhaden.com](http://www.menhaden.com)

### **The Registrar**

Link Asset Services

The Registrar maintains the Company's register of members.

#### *Registrar Fees*

Details of the fees paid to the Registrar are set out in the Company's latest Annual Report which is published on the Company's website which can be accessed at [www.menhaden.com](http://www.menhaden.com)

### **Other fees, charges and expenses**

Additional fees payable by the Company to those set out above include; legal fees, broker commissions, directors' fees, professional services fees and expected expenses. Details are set out in the Company's latest Annual Report which is published on the Company's website which can be accessed at [www.menhaden.com](http://www.menhaden.com)

Shareholders do not bear any fees, charges and expenses directly, other than those incurred as a consequence of acquiring, transferring, redeeming or otherwise selling shares in the Company.

## **SHAREHOLDER INFORMATION**

### **Annual Reports**

Copies of the Company's Annual and Half Year Reports are made available at [www.menhaden.com](http://www.menhaden.com) or by writing to the Company Secretary at 25 Southampton Buildings, London WC2A 1AL.

### **Publication of net asset values and share prices**

The cum-income net asset value of the Company is published every day through a Regulatory Information Service and may also be accessed at [www.menhaden.com](http://www.menhaden.com). The current share price is also published on the website.

### **Valuation Policy**



The Company's portfolio of assets will be valued on each day (a "Dealing Day") on which the London Stock Exchange is open for business. All instructions to issue or cancel shares in the Company given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

- (a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- (b) All transferable securities will be valued at fair value:
  - (i) fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted;
  - (ii) where the AIF trades in investments where prices are not available on an exchange, quotations from brokers are utilised as follows:
    - Where possible, at least two quotations will be obtained.
    - The quotation should come from active participants in the market.Where only one quotation can be obtained, the valuation will be considered in conjunction with other market-based observations such as comparable sources.
  - (iii) Unquoted investments are valued in accordance with International Private Equity and Venture Capital ("IPEVC") valuation guidelines.
    - The valuation of such unquoted investments will be updated at least once every six months, and more frequently where practical, or if there are indicators of a change in the value of the unquoted investment.
    - The AIF's Board and the Frostrow Valuation Committee will review and approve the valuation and methodology applied to each unquoted investment on a six-monthly basis.
- (c) All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price.
- (d) If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.
- (e) Added to the valuation will be:
  - (i) any accrued and anticipated tax repayments of the Company;
  - (ii) any money due to the Company because of shares issued prior to the relevant Dealing Day;
  - (iii) income due and attributed to the Company but not received; and
  - (iv) any other credit of the Company due to be received by the Company.

Amounts which are *de minimis* may be omitted from the valuation.

- (f) Deducted from the valuation will be:

- (i) any anticipated tax liabilities of the Company;
- (ii) any money due to be paid out by the Company because of shares bought back by the Company prior to the valuation;
- (iii) the principal amount and any accrued but unpaid interest on any borrowings; and
- (iv) any other liabilities of the Company, with periodic items accruing on a daily basis.

Amounts which are de minimis may be omitted from the valuation.

Valuations of Net Asset Value per Share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to a Regulatory Information Service.

### **Historical performance of the Company**

Details of the Company's historical financial performance are provided in the Company's Annual Reports and monthly factsheets, which will be available at [www.menhaden.com](http://www.menhaden.com).

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

### **Purchases and sales of shares by investors**

The issue of new shares by the Company is subject to the requisite shareholder authorities being in place and all Listing Rule requirements having been met. The Company's shares, as ordinary shares, can also be bought in the open market through a stockbroker or other financial intermediary. Ordinary shares qualify fully for inclusion within tax-efficient ISA wrappers. Further information on how the Company's shares may be purchased is set out in the section headed "How to Invest" on the Company's website [www.menhaden.com](http://www.menhaden.com).

The Company's shares are not redeemable. While the Company intends at each Annual General Meeting to request shareholder authority to issue and to buy back shares, shareholders do not have the right to have their shares re-purchased by the Company or to have new shares issued to them.

### **Jurisdiction and applicable law**

The agreement between the shareholders and the Company for the acquisition of shares in the Company is governed by English law and, by purchasing shares in the Company, shareholders agree that the courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of shares will be in English.

The UK has acceded to the Hague Convention on Choice of Courts Agreements 2005 (the "Hague Convention") which applies between the EU member states, Montenegro, Denmark, Mexico, Singapore and the UK and provides for the recognition of foreign judgments in respect of contracts which contain an exclusive jurisdiction clause. The UK has also applied to re-join the Lugano Convention 2007 which would permit for the recognition of judgments based on contracts under the laws of member states regardless of whether the contract contains an exclusive or a non-exclusive choice of law clause in the states that are parties to that convention (i.e. EU member states and Iceland, Norway and Switzerland). However, each member of the Lugano Convention (EU, Iceland, Norway and Switzerland) has a veto on the accession of new members and UK accession may not occur.

### **Fair treatment of investors**

The AIFM has procedures, arrangements and policies in place to ensure compliance with the principles more particularly described in the UK AIFMD relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the shareholders;

- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's Investment Policy and objective and risk profile;
- ensuring that the interests of any group of shareholders are not placed above the interests of any other group of shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and shareholders;
- taking all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of shareholders; and
- recognising and dealing with complaints fairly.

In addition, each Director has statutory duties under the Companies Act 2006 with which they must comply, including a duty to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest.

As at the date of this document, no investor has obtained preferential treatment or the right to obtain preferential treatment.

## **RISK FACTORS**

The Company's key risks and the procedures in place for the management of those risks are set out in the latest Annual Report which is published on the Company's website, at [www.menhaden.com](http://www.menhaden.com). The Company will report in its Half Year Reports, which are also found at [www.menhaden.com](http://www.menhaden.com), whether the key risks have changed since the year end.

## **RISK MANAGEMENT**

### **Risk Profile**

In accordance with the UK AIFMD, the AIFM ensures that the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks in relation to the Company's portfolio is published in the latest Company's Annual Report, which is made available on the Company's website [www.menhaden.com](http://www.menhaden.com)

### **Risk management systems**

The AIFM has established risk management systems in order to manage key risks. Further details regarding the risk management process is available from the AIFM, on request.

### **Liquidity risk management**

The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their shares from the Company but may trade their shares on the secondary market. However, there is no guarantee that there will be a liquid market in the Company's shares.

Further details regarding the liquidity management is available from the AIFM, on request.

In accordance with the UK AIFMD, the AIFM ensures that the following information in relation to the Company's portfolio is published in the Company's latest Annual Report, which is made available on the Company's website at [www.menhaden.com](http://www.menhaden.com) :

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Company; and

#### **Professional negligence liability risks**

The AIFM maintains professional indemnity insurance at the level required under the UK AIFM Directive in order to cover potential liability risks arising from professional negligence.

#### **The manner in which sustainability risks are integrated into the investment decisions of the AIFM.**

The AIFM has delegated its portfolio management function to Menhaden Capital Management LLP and therefore does not take any investment decisions on behalf of the Company.

The Company is an externally managed investment trust within the AIC Environmental Sector and invests in companies and markets that are demonstrably delivering or benefiting significantly from the efficient use of energy or resources. The Board believes that the integration of financially material environmental, social and governance ("ESG") factors into investment decision-making can reduce risk and enhance returns. The Portfolio Manager uses CPD ratings data as a basis for engagement with investee companies on ESG issues, including any considered to be climate related. More detail is included in the Company's Environmental Impact Statement in the latest Annual Report and available separately on the website. In addition, the ongoing engagement and dialogue with investee companies, including through proxy voting, are key parts of an asset stewardship role. The Board encourages the Portfolio Manager to ensure the Company's investments adhere to best practice in the management of ESG issues and encourages them to have due regard to the UN Global Compact and UN Principles of Responsible Investment.

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

#### **The likely impacts of sustainability risks on the returns of the Company**

Menhaden Capital Management LLP and the AIFM have determined that the sustainability risk (being the risk that the value of the Company could be materially negatively impacted by an environmental, social or governance event or condition) faced by the Company, given that ESG factors are integrated into the investment process, is low and it has not been listed amongst the Company's principal risks and uncertainties in its latest Annual Report.