Menhaden

Menhaden PLC Annual Report for the year ended 31 December 2020

Menhaden PLC
Annual Report for the year ended 31 December 2020

Company Summary

Menhaden PLC (the "Company") is an investment trust. Its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is a London Stock Exchange's Green Economy Mark issuer. The Company is also 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 that are demonstrably delivering or benefiting significantly from the efficient use of energy and resources irrespective of their size, location or stage of development.

Management

The Company employs Frostrow Capital LLP as its Alternative Investment Fund Manager ("AIFM") to provide company management, company secretarial, administrative and marketing services. Frostrow and the Company have jointly appointed Menhaden Capital Management LLP as the Portfolio Manager. Further details of these appointments are provided on pages 23 and 24.

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. Details are given on page 37 and in note 12 to the financial statements on page 75.

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.

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. Menhaden filter vast quantities of water and play a key role in the food chain. It has been argued that the environmental movement and fisheries ecology rose from the first collapse in the population of Menhaden in the 1860s as this was used as a prominent example of mankind's impact on the oceans and the importance of using resources sustainably.

Frostrow CAPITAL

PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

GREEN ECONOMY LONDON STOCK EXCHANGE

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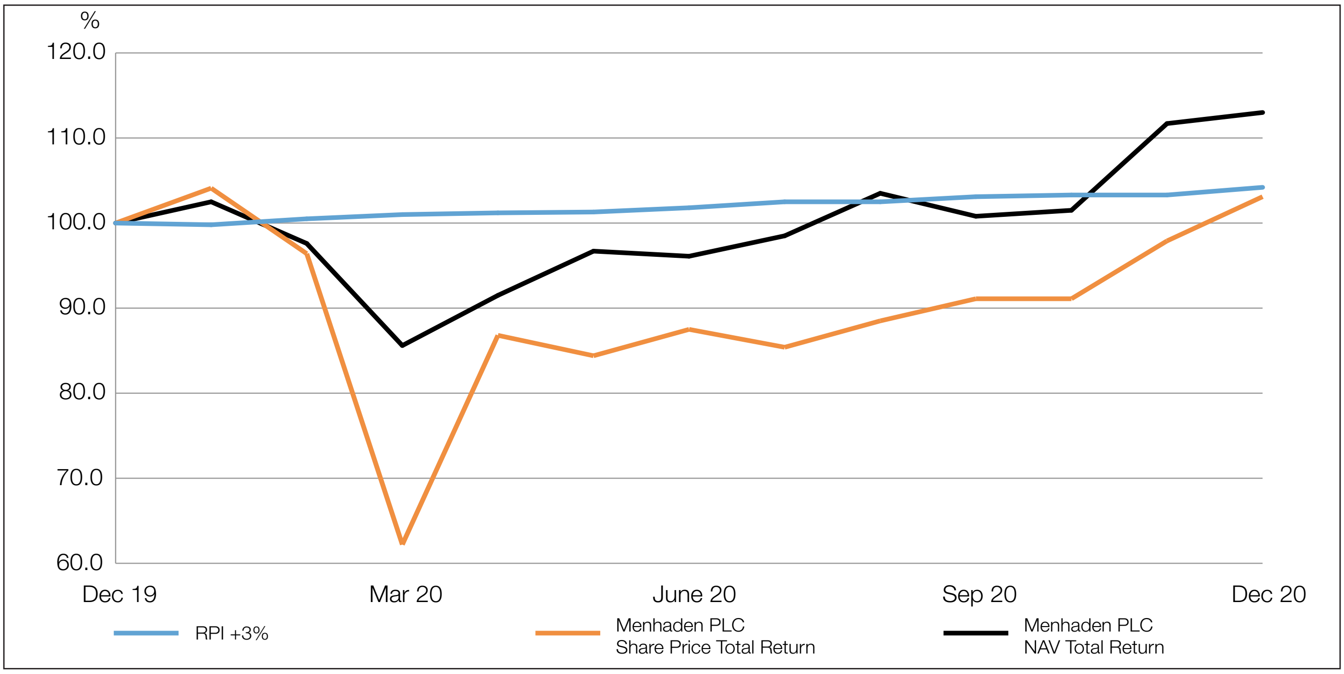
Company Performance

As at 31 December 2020	For the year ended 31 December 2020
132.7p NAV per share 2019: 117.5p	**13.2%** NAV per share (total return)* 2019: 30.5%
99.0p Share price 2019: 96.5p	**3.0%** Share price (total return)* 2019: 45.3%
25.4% Share price discount to NAV per share* 2019: 17.9%	**2.0%** Total ongoing charges* 2019: 2.0%

This report contains terminology that may be unfamiliar to some readers. The Glossary on pages 85 to 86 gives definitions for frequently used terms.

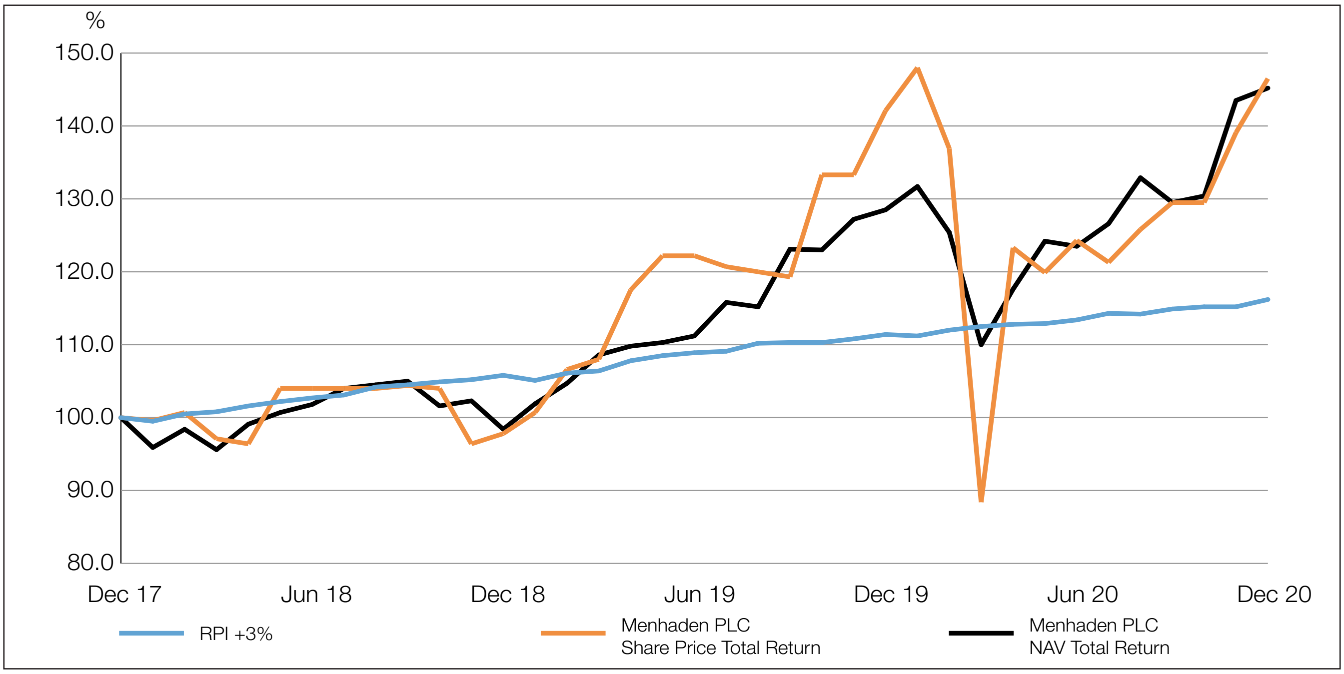
**Alternative performance measures (APMs)*

Total Return Performance – One Year



Source: Frostrow Capital LLP, Office for National Statistics
Rebased to 100 as at 31 December 2019

Total Return Performance – Three Years

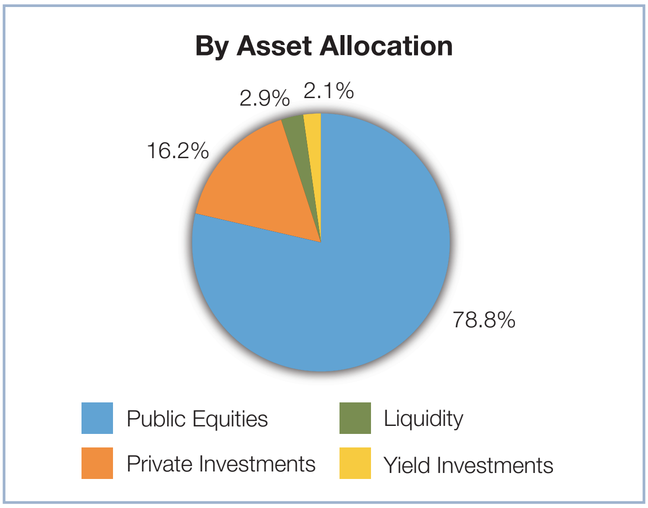


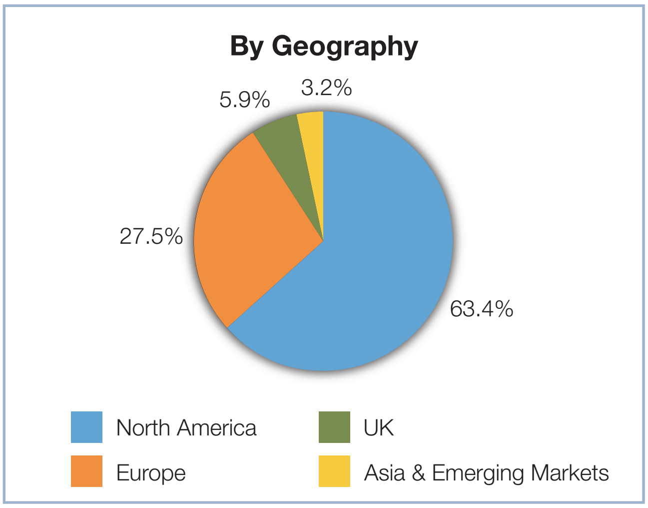
Source: Frostrow Capital LLP, Office for National Statistics
Rebased to 100 as at 31 December 2017

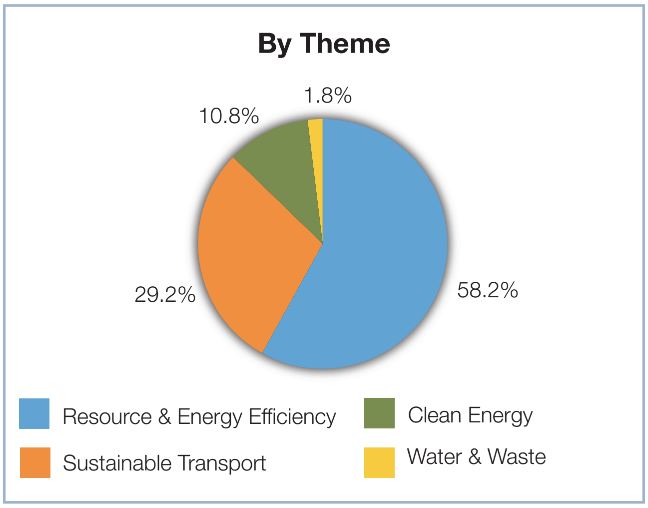
To better reflect our non-benchmarked total return investment strategy, the Board has decided to use Retail Price Index ("RPI") plus 3% as its primary long term financial performance comparator and to remove reference to the MSCI World Total Return Index from the investment objective. This more meaningfully aligns with the Company's investment strategy which does not consider any stock market index weightings.

Company Summary

Portfolio Distribution







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	Companies in the transport sector focused on 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

Chairman's Statement

Sir Ian Cheshire

I am pleased to present our sixth annual report since the launch of the Company in July 2015. This report covers the year ended 31 December 2020.

Performance

The Company's net asset value ("NAV") per share total return* for the year was 13.2%, adjusted for the dividend paid (2019: 30.5%) and the share price total return* was 3.0% (2019: 45.3%).

The Company does not have a formal benchmark and our Portfolio Manager does not invest by reference to an index and instead, to reflect our non-benchmarked total return strategy more meaningfully, the Company uses RPI+3% as its primary performance comparator. The year under review saw a RPI+3% total return of 4.2%. By way of additional comparison, the AIC Environmental Sector rose by 23.7% (2019: 27.4%).

Following a difficult start to the year, most asset classes in the Company's portfolio have recovered from the impact of the Covid-19 pandemic and provided good returns in the second half of the year. As the pandemic led to countries adopting varying degrees of social distancing, one of our largest holdings in the portfolio, Charter Communications now represents 19.4% of the Company's NAV having benefitted from the favourable market conditions for that business. Brazilian ports operator, Ocean Wilson, was a detractor from performance and suffered during the market turmoil brought about by the pandemic. It has yet to recover, although our Portfolio Managers remain optimistic for the long-term prospects for the business.

Overall, the Board remains encouraged by the positive performance of the portfolio which validates the Portfolio Manager's investment strategy of selecting competitively advantaged businesses that are demonstrably delivering or benefiting significantly from the efficient use of resources.

Our Portfolio Manager has provided a full description of the development and performance of the portfolio over the fifth full year of your Company's operation in the Portfolio Manager's Review on pages 14 to 17.

Environmental Impact

This year we have again integrated the Company's impact reporting within the annual report. The report will also be made available as a separate document, which will include the methodological detail, on the website www.menhaden.com. This Impact Statement shows the Company's holdings helped save 32,000 MWh of electricity in 2020, equivalent to powering roughly 10,850 houses for one year, and 30,000 tonnes of CO_2e emissions, equivalent to taking over 19,800 cars off the road.

2020 Continuation Vote

As already noted at the interim stage, the Board was pleased to see shareholders' strong support of the Company and its investment proposition at our last Annual General Meeting in June 2020. With 98% of votes cast in favour of the Company continuing as an investment trust for a further five years, we are delighted to have received a solid mandate to continue with our long-term plans for the development of the Company.

Following the successful continuation vote, the Board reviewed its future strategy for the Company in December 2020 and looks forward to implementing that strategy in the coming years.

Share Price Discount

At the year-end, the discount* to the NAV per share at which the Company's shares trade had widened to 25.4% (2019: 17.9%) and the discount currently remains at this level.

Alternative Performance Measure (see Glossary beginning on page 85)

Chairman's Statement
continued

The Company's share price discount continues to be a matter that the Board monitors closely.

The Board's aim is for the Company to eventually be in a position to grow through the issuance of new shares and the Board has asked shareholders to renew the Directors' share issuance authorities at this year's Annual General Meeting. Enlarging the capital base will reduce the annual ongoing charges and enhance the secondary market liquidity of the Company's shares, which the Board believes is in the interests of all shareholders. However, the Company can only issue new shares at a price representing a premium to the NAV per share and therefore the Board remains focused on improving the Company's share rating through investment performance and an effective marketing strategy.

As reported previously, the Board has been of the opinion that share buybacks are not always in the interests of shareholders, as this would reduce the size of the Company and increase the ongoing charges ratio. Instead, and in addition to monitoring the Portfolio Manager's performance, the Board and the AIFM have focused on the Company's marketing and distribution strategy. However, the Board keeps the possibility of share buybacks under continuous review. Accordingly, the Board has asked shareholders to renew the authority to repurchase existing shares in the market at the forthcoming Annual General Meeting.

Annual General Meeting

The Company's sixth Annual General Meeting ("AGM") will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Thursday, 3 June 2021 at 12 noon. The Notice convening the AGM together with explanations of the proposed resolutions can be found on pages 89 to 95.

At the time of writing, it is hoped that it will be possible to hold the AGM in its normal format at the venue set out above. The Board will keep the impact of the Covid-19 pandemic under review and will make necessary changes to the arrangements for the AGM should infection levels or continuing government restrictions dictate. In that case, the Board may decide to hold a truncated meeting or postpone the meeting to a later date. The situation will be kept under constant review and any changes to the AGM will be communicated on the Company's website. Shareholders are encouraged to consult the Company's website at www.menhaden.com for any final arrangements.

In case no physical AGM will be possible, the Board intends to host a webinar in addition of the AGM to enable the Portfolio Manager to give a presentation online. Shareholders should send any questions they may have to the Company Secretary at info@frostrow.com. Further details will be made available nearer the time.

The Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance. Shareholders can vote online by visiting www.signalshares.com and following instructions. Any shareholders who require a hard copy form of proxy may request one from the registrar, Link Group. Voting by proxy will ensure that your votes are registered in the event that attendance at the AGM is not possible or restricted, or if the meeting is postponed (your votes will still be valid when the meeting is eventually held). The Board will continue to monitor the Government's advice and urges all shareholders to comply with any restrictions in place at the time of the AGM.

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 only pay dividends sufficient to maintain investment trust status. Consequently, the Board is not recommending a final dividend for the year.

Outlook

The full extent of the economic and social impact of the pandemic is as yet unclear, with effective vaccines against Covid-19 having been administered to some of the most vulnerable in a number of countries. Progress with the roll out of the vaccines remains encouraging.

Meanwhile, focus continues to be placed on addressing the global climate crisis and consumer behaviour continues to evolve in response. The Board remains confident of the resilience and long-term prospects of the portfolio as well as the prospects of the environmental and resource-efficiency sectors.

Sir Ian Cheshire
Chairman
8 April 2021

Investment Objective and Policy

Investment Objective

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

To reflect its non-benchmarked total return investment strategy, the Company uses RPI+3% (previously MSCI World Total Return Index in sterling) 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 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 15 to 30 positions.

Geographic Focus

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

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

Investment Restrictions

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

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

Hedging

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

Cash Management

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

Borrowing and Leverage Limits

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

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

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 explanations are provided in the AIFMD Disclosures on page 84 and in the Glossary on pages 85 and 86.

Other Investment Restrictions

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

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

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

In the event of any material breach of the investment restrictions applicable to the Company, shareholders will be informed of the actions to be taken by the AIFM through an announcement to the Stock Exchange.

Investment Committee

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

Graham Thomas

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

Graham is currently CEO of private equity firm, Stage Capital, and on the investment committee of Apis Partners. He is a Rhodes Scholar with degrees from Oxford and the University of Cape Town.

Ben Goldsmith

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

Ben chairs the UK Conservative Environment Network, and is a Trustee of The Children's Investment Fund Foundation, a globally leading climate and health focused philanthropic foundation. Ben is a non-executive director of the UK Government's Department for Environment, Food and Rural Affairs.

Luciano Suana

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

Luciano holds a Licenciatura in business administration from Universitat Autònoma de Barcelona and was granted the Premio Extraordinario de Fin de Carrera for outstanding academic performance.

Investment Process

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

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

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

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

Investment Committee

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

Investment Network

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

Portfolio

Investments held as at 31 December 2020

Investment	Country/region	Fair Value £'000	% of Total Net Assets
Alphabet	United States	20,813	19.6
Charter Communications	United States	20,641	19.4
Safran	France	11,354	10.7
X-ELIO*[1]	Spain	11,120	10.5
Canadian Pacific Railway	Canada	7,860	7.4
Calisen PLC*[2]	UK	6,019	5.7
Canadian National Railway	Canada	5,141	4.8
Microsoft	United States	4,665	4.4
Airbus	France	4,340	4.1
Ocean Wilsons Holdings	Bermuda	3,258	3.1
Top Ten investments		**95,211**	**89.7**
TCI Real Estate*	United States	2,235	2.1
Waste Management	United States	1,898	1.8
Union Pacific	United States	1,369	1.3
ASML Holding	Netherlands	889	0.8
LAM Research	United States	725	0.7
KLA	United States	682	0.7
WCP Growth Fund LP*[3]	UK	26	–
Total investments		**103,035**	**97.1**
Net Current Assets		3,097	2.9
Total Net assets		**106,132**	**100.0**

[1] Investment made through Helios Co-Invest L.P.
[2] Investment made through KKR Evergreen Co-Invest L.P.
[3] The data regarding the WCP Growth Fund LP (the "Partnership") does not necessarily reflect the current or expected future performance of the Partnership and should not be used to compare returns of the Partnership against returns of other private equity funds.
* Unquoted

Business Description	Theme
Delivers a range of internet based products and services for users and advertisers, which are powered by renewable energy with the group being the largest corporate buyer of renewable power worldwide	Resource & energy efficiency
Owns and operates telecommunications infrastructure across the USA, which will underpin the Internet of Things	Resource & energy efficiency
Designs, manufactures and services next generation aircraft engines which offer significant fuel efficiency savings	Sustainable transport
Develops and operates solar energy assets	Clean energy production
Owns and operates (fuel-efficient) freight railways in Canada and the USA	Sustainable transport
Invests in utility infrastructure assets including smart meters	Resource & energy efficiency
Operates rail freight services across North America, which represent the most environmentally friendly way to transport freight over land	Sustainable transport
Provides cloud infrastructure and software services which deliver energy efficiency savings for customers versus legacy solutions	Resource & energy efficiency
Designs and manufactures next generation commercial aircraft which offer significant fuel efficiency savings	Sustainable transport
Operates ports and provides (lower climate impact) maritime services in Brazil	Resource & energy efficiency
Invests in energy-efficient real estate projects	Resource & energy efficiency
Provides waste management and environmental services in North America	Water & waste management
Operates rail freight services across North America, which represent the most environmentally friendly way to transport freight over land	Sustainable transport
Develops, manufactures & services advanced lithography systems used to produce more energy efficient semiconductor chips	Resource and energy
Develops, manufactures & services etching & deposition equipment used to produce more energy efficient semiconductor chips	Resource and energy
Develops, manufactures & services inspection and metrology equipment used to increase the efficiency of semiconductor manufacturing	Resource and energy
Growth capital fund managed by specialist environmental PE firm, Alpina Partners	Resource & energy efficiency

Portfolio Manager's Review

Performance

During 2020, the Company's NAV per share increased from 117.5p to 132.7p. This represents a total return of 13.2%, adjusted for the dividend paid, and compares to the RPI +3% total return of 4.2%. The Company's share price traded at a 25.4% discount to NAV as at 31 December 2020, having widened from 17.9% at the end of 2019. The contribution to the 13.2% NAV per share total return over the period is summarised below:

Asset Category	31 December 2020 NAV %	Contribution to NAV %
Public Equities	78.8	13.5
Private Investments	16.2	0.7
Yield Investments	2.1	0.3
Liquidity	1.1	0.0
Foreign exchange forwards	1.8	0.5
Dividend Paid		(0.3)
Expenses		(1.8)
Net Assets	**100.0**	
Net Return		**12.9**
Reinvested Dividend		0.3
Total Return		13.2
Net Assets	**100.0**	

Despite the coronavirus pandemic remaining a very real issue, equity markets in general still finished the calendar year higher than where they started. We were pleased to be able to deploy a significant portion of the crystallised gains from our private investments across our existing public equities portfolio in March and April. These investments helped the portfolio generate positive performance during this calendar year, and we believe are well positioned to continue to deliver good returns. In the second half of the year, we initiated positions in three new semiconductor capital equipment companies, ASML, Lam Research and KLA, which meet our strict resource efficiency and fundamental criteria.

Quoted Equities

Quoted equities represented 78.8% of total NAV at 31 December 2020, and delivered a total return of 17.9% during the period, adding 13.5% to our NAV. Quoted equities currently represent more of our portfolio than we aim for over the long run, due largely to our success in realising some of our private positions. We are actively looking for new private investments, but while we do so, we are pleased to be able to keep the Company's cash deployed in attractive investments in public equities.

Investment	Increase/ (Decrease) %	Contribution to NAV %
Charter Communications	31.1	5.2
Alphabet	26.0	4.6
Canadian Pacific	33.2	2.1
Microsoft Corp	35.9	1.3
Canadian National	22.2	1.0
ASML	23.2	0.2
Union Pacific	12.7	0.2
Lam Research	22.0	0.1
KLA	19.0	0.1
Waste Management Inc	4.8	0.1
Safran	(0.5)	(0.1)
Ocean Wilsons Holdings	(7.2)	(0.3)
Airbus	(17.8)	(1.0)

Charter Communications' underlying business has remained relatively resilient throughout the coronavirus pandemic and it remains one of our largest holdings, representing 19.4% of NAV. The enforced lockdown and quarantine measures have only served to emphasise reliance on broadband connectivity as an essential service, as people have been working and learning remotely. Since we initiated a position in April 2019, the shares had risen by approximately 85% by the end of the period. In our view Charter's hybrid fibre coax network will serve as a key piece of infrastructure in the ongoing digital transformation, with the company's moves to secure valuable wireless spectrum in recent auctions only set to further increase its importance. The Internet of Things (IoT) has the potential to drive significant energy efficiency savings across residential and commercial buildings, estimated by McKinsey to be worth

US$540 billion annually. We remain optimistic on the company's prospects and were also pleased to see that the CEO, Tom Rutledge, extended his contract until 2024.

Despite a coronavirus induced advertising slowdown, **Alphabet's** core business units continued to grow. The company remains one of the largest holdings in the portfolio, representing 19.6% of NAV, and we were able to take advantage of the lower share price to add to the position in March and April. Since we initiated a position in January 2018, the shares had risen by over 50% by the end of the period. We remain confident on the company's prospects, given its leading position in search and its ability to further monetise its unparalleled levels of user interaction, but we do continue to carefully monitor the various antitrust cases against it. Meanwhile Alphabet continues to push forward its sustainability agenda and remains one of the largest corporate buyers of renewable power worldwide, with agreements covering 5.5GW of wind and solar capacity, and we are pleased to see that it now aims to run on carbon-free energy everywhere, at all times, by 2030.

The North American freight rail operators, **Canadian National**, **Canadian Pacific** and **Union Pacific**, collectively represent 13.5% of the portfolio. These businesses possess strong competitive positions and benefit from genuine pricing power. Railroad traffic volumes in 2020 were naturally impacted by the economic slowdown but had mostly recovered on a weekly basis in the fourth quarter of 2020. Rail is the most environmentally friendly way to transport freight over land, with current locomotives four times more fuel efficient than trucking on a per unit basis, and we believe these companies can continue to take share from the trucking sector, especially on long distance routes. Furthermore, the ongoing application of technology to the railroad, such as autonomous track inspection vehicles, holds potential to drive further operational efficiencies over time.

Microsoft was a strong performer this year and we were happy to take advantage of the market dislocation to significantly add to our position in March. The holding now represents 4.4% of our NAV. Whilst, after an initial bounce, the shares remained flat to the end of the year, Microsoft continued to gain ground on Amazon, the market leader in cloud services. The company's Azure Cloud is at the forefront of putting the growth of data (and data centres) on a sustainable footing, with its services being up to 93% more energy efficient than traditional, onsite enterprise datacentres. Meanwhile the rapid deployment of the company's Teams product also continued, with the product reaching more than 115m daily users during the year. As the key technology partner for nearly all enterprises, we expect the group to continue benefiting from the secular digitisation theme for many years.

We initiated positions in a small basket of semiconductor capital equipment companies, comprising **ASML**, **Lam Research** and **KLA** in October 2020. In aggregate, these companies represent 2.2% of NAV. These companies provide specialised tools which are used in different stages of the semiconductor manufacturing process. The semiconductor industry's focus on productivity and efficiency is well documented. Over the last fifty years Moore's Law has foretold the doubling of computing power approximately every 2 years, whilst Koomey's law describes how energy efficiency has doubled every approximately 1.6 years, in terms of computations per unit of electricity (kWh). With the adoption of artificial intelligence accelerating demand growth for computational power, the onus remains on the semiconductor industry to continue developing and manufacturing more advanced and energy efficient chips. We believe these companies are an excellent way to obtain exposure to this resource efficient theme. Each of them has come to effectively dominate its respective niche and is tightly integrated with its customers' operations.

Waste Management was finally able to complete its acquisition of smaller peer Advanced Disposal Services in November 2020, more than 18 months after the transaction was announced, after agreeing to divest certain business units. The company is constantly working to improve the sustainability of its operations and opened two new fully automated recycling plants in Salt Lake City and Raleigh, complementing its first facility in Chicago. Waste Management's leadership team hopes that automation will significantly improve the economics of the recycling business. We continue to believe that the company offers an appealing combination of predictable free cash flow generation, solid competitive position and a shareholder friendly management team.

Whilst **Safran** and **Airbus** have suffered this year from the coronavirus epidemic's impact on the commercial aviation industry, we believe that both have responded positively. Each management team has reacted quickly to ensure their respective business can weather the current difficulties. We expect Safran's aftermarket services and sales to recover

Portfolio Manager's Review
continued

first as airlines resume operations and consequently chose to materially increase our position in May. Safran represents 10.7% of NAV, whilst Airbus represents 4.1% of NAV. Longer term, we do not believe that the current market turmoil fundamentally alters the drivers underpinning the secular growth of aviation, with an estimated 75% of the global population believed to have never flown. We still believe that Airbus and Safran have important roles to play in helping the industry transition to a more sustainable footing. Current industry targets include stabilising carbon emissions from 2020 to 2035 and then reducing emissions to half of 2005 levels by 2050, under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Both Airbus and Safran are working to realise the goal of presenting the first zero-emission commercial aircraft by 2035 as part of the French government's plan.

Brazilian ports operator, **Ocean Wilson**, suffered during the market turmoil and has yet to recover. Whilst container and towage volumes at its ports have been negatively impacted, we expect this to reverse as the Brazilian economy reopens. Longer term we still believe a growing Brazilian market will drive a significant improvement in the group's financial performance. Furthermore, we believe that there is significant value in the shares, with the current price implying a value for the ports business of only circa 3x normalised EBITDA.

Yield Investments

Our portfolio of yield investments represented 2.1% of our total NAV as at 31 December 2020, and delivered total returns of 15.1% during the period, adding 0.3% to our NAV.

Investment	Increase/ (Decrease) %	Contribution to NAV %
Brookfield Renewable Partners	11.5	0.2
TCI Real Estate	5.6	0.1

We continue to search for attractive yield investments in the current low interest rate environment, with prospective returns not suitably compensating investors for the associated risk. Whilst we did expect the **TCI Real Estate Partners Fund III**, which currently represents 2.1% of NAV, to draw down additional capital from our commitment over the coming year, the economic impact of the pandemic has made that less certain. Our current undrawn commitment stands at approximately US$12.0 million at the end of the period. This fund provides asset-backed loans to prime real estate development projects that are best in class in terms of energy efficiency and environmental standards. We believe these loans offer an outstanding risk-reward proposition with multiple layers of downside protection including seniority in the capital structure, loan-to-value ratios of below 65% and third party guarantees as additional collateral where required. The strategy has historically generated returns of circa 11% annually since inception.

We opted to sell all of our remaining stake in **Brookfield Renewable Partners** on valuation grounds during the period and in order to redeploy the proceeds into Safran. Since initiating this position in January 2016, and subsequently adding during periods of weakness, our investment in Brookfield delivered a total return (including dividends) of 1.8x over a period of just over four years.

Private Investments

Our portfolio of private investments represented 16.2% of our total NAV as at 31 December 2020, and delivered total returns of 4.2% during the period, adding 0.7% to our NAV.

Investment	Increase/ (Decrease) %	Contribution to NAV %
Calisen Group	32.5	1.6
Perfin Apollo 12	(2.2)	(0.1)
X-ELIO	(2.5)	(0.3)
WCP Growth Fund LP	(94.2)	(0.4)

After completing an initial public offering in February 2020, **Calisen Group** (formerly known as Calvin Capital), the smart meter operator, received a takeover offer from a consortium of infrastructure investors led by BlackRock in December. The takeover is expected to complete in April 2021, with the bid of 261p per share representing a premium of approximately 9% compared to its initial public offering price. This transaction marked the end of our original co-investment in Calvin Capital, which was made alongside KKR in January 2017, and generated a return on investment of approximately 1.7x over four years.

Electricity transmission infrastructure developer and operator, **Perfin Apollo 12**, completed its initial public offering in January. We received the cash proceeds arising from the sale of our entire holding. This completed a successful investment which has generated a return of nearly four times our initial sterling investment in just two and a half years.

X-ELIO, the Spanish solar operator and developer, remains our single largest private holding, representing 10.5% of NAV at the year end. This is after we received cash proceeds from the partial sale of our investment to Brookfield. We sold 30% of our holding, and approximately 20% of the proceeds from the sale were retained by the KKR-managed holding entity for the purpose of funding X-ELIO's near term growth, resulting in a distribution to Menhaden of $4.9 million. The transaction was completed in line with carrying value. X-Elio also successfully sold a portfolio of more than 500MW of Spanish solar assets to China Three Gorges Europe in August 2020.

The **WCP Growth Fund** continues to progress towards its full liquidation. We received a small distribution following the sale of one of its penultimate business interests, leaving Resysta, which produces an ecologically friendly wood replacement, as the one remaining asset. We continue to hold the position at a 50% discount to the manager's valuation. Subsequent to the period ended 31 December 2020, the Company's investment in WCP Growth Fund has been written off.

FX Hedges

The sole aim of our currency hedging is to lower the volatility of our sterling denominated returns by reducing our non-sterling exposure related to our investments denominated in other currencies. We have been using currency forward contracts to hedge between half and two thirds of our EUR and USD denominated exposures. The appreciation of sterling during the period meant that we benefited from a small gain on these currency forward contracts on a standalone basis, which added 0.5% to the NAV.

Outlook

The full impacts of record fiscal and monetary actions to protect against economic collapse remain unclear. Near term, with the United States Senate now controlled by the Democrats, and the likelihood of higher fiscal spending, inflation expectations appear to be rising. In our view, this provides further justification for our decision to focus on companies which demonstrably deliver or benefit from the efficient use of resources, have predictable financial performance and a reasonable valuation. At the same time, we have removed high barriers to entry as a core principle of our investment strategy.

From our private portfolio, we can now point to three successful full exits, and one partial. However, the presence of better opportunities within public markets has meant that both our yield and private buckets have remained below their target allocations. Whilst we continue to search diligently for suitable yield and private investments, which offer an attractive balance between risk and reward, we intend to make sure they only improve the quality of the portfolio.

The Company's net asset value has now successfully compounded at circa 9.6% annually, after fees, for over five years and we remain optimistic on both our current portfolio's prospects and the broader resource efficiency theme.

	Net Asset Value £'000	NAV per share pence
31 December 2015	67,115	83.9
31 December 2020	106,132	132.7
Annualised Net Return		9.6%

Menhaden Capital Management LLP
Portfolio Manager
8 April 2021

Environmental Impact Statement

Foreword

This Impact Report comes at a unique and testing time for investors and firms across the economy. Society as a whole is reckoning with the need to address not just a global pandemic, but also the intersecting crises of a warming planet and widespread biodiversity loss. As we approach the UN's COP26 conference in November 2021, there has never been a more important time for investors to prioritise sustainability returns alongside financial ones.

That is why, at Menhaden Capital Management LLP (Menhaden), our main objective is to generate long-term profits for our shareholders by investing in high-quality businesses that have a positive impact on society and our natural environment. In particular, as highlighted in this report, the theme of resource and energy efficiency underpins our approach. An analysis of whether investees and potential investees are embedding energy efficiency into their business models, reducing reliance on natural resources and promoting reuse is at the heart of our investment process. We also consider our holdings' approach to environmental commitments and reporting.

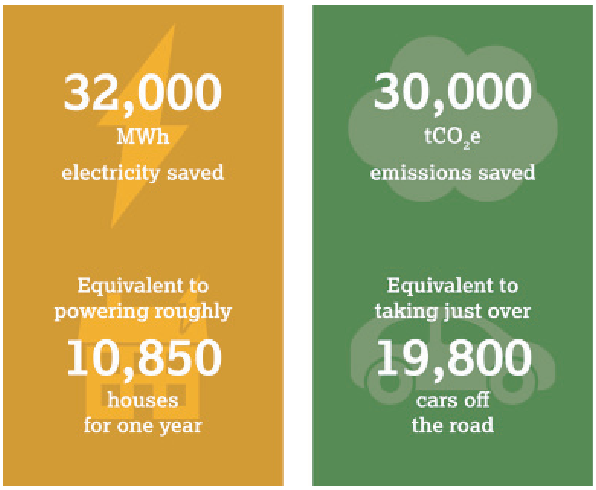
We are proud to be making investments that contribute to the circular economy and the low-carbon transition, including new portfolio additions in innovative firms like ASML and LAM Research which are at the forefront of semiconductor manufacturing technology. Their contribution to more energy-efficient technology and devices is particularly timely in a year of increased and accelerated digitisation.

This Impact Statement shows Menhaden's holdings helped save 32,000 MWh of electricity in 2020, equivalent to powering roughly 10,850 houses for one year, and 30,000 tonnes of CO2e emissions, equivalent to taking over 19,800 cars off the road.

This is an approach which has brought strong financial performance too. At our AGM in April 2020, we achieved a resounding vote in favour of continuation, a testament to our five-year track record of sustained and sustainable returns. Our portfolio has produced net investment performance of 9.6% annualised over the last 5 years, and 13.0% over the last year. Our share price has also now breached 100p.

Finally, in 2020, we were delighted to step up our active ownership activities. We engaged with several holdings in sectors from aviation to communications to encourage improved emissions disclosure, performance and target-setting. We look forward to continuing our dialogue with these companies into 2021 on how they can mitigate climate risks and reduce their carbon footprint in this all-important year for climate action. We encourage our investee companies to commit to the Net Zero Carbon Initiative.

Ben Goldsmith
Menhaden Capital Management LLP
Portfolio Manager



"By looking at environmental factors in its fundamental, research-oriented approach and by actively engaging with companies on climate risk, Menhaden is protecting value today and helping build the low carbon economy of tomorrow"

Our approach to impact

Our core mission, as a publicly-listed investment trust, is to generate long-term profits for shareholders by investing in opportunities that deliver, or benefit from, the efficient use of energy and resources.

Our hard-headed approach seeks to invest in those companies facilitating the transition to a more resource-efficient economy. Companies that help us do more with less, and protect our finite natural resources.

This includes investments such as X-ELIO, a global leader in renewable energy which currently has 25 solar plants in operation across 10 countries, and **Calisen Group** (formerly known as Calvin Capital), a provider of energy infrastructure that is playing a central role in helping the UK roll out smart metering across its energy network.

We see smart meters as crucial enablers of a more efficient future energy system. They empower end-users to manage their energy usage and are helping to unlock 'smart grid' predictive technology so energy companies can better build-in efficiency. Similarly, we invest in leading semiconductor firms (see case study below) that are supplying the tools to enable more efficiency in the way the world runs its devices, solar panels and data centres.

Driving efficiency in transportation

We take a similar future-focused approach to our analysis of the transport sector. We recognise that there will be continued demand for aviation, and therefore seek to support those companies facilitating the most low-carbon ways in which to meet that demand.

Our investee Airbus, for example, recently announced its ambition to develop the world's first zero-emission commercial aircraft by 2025 by exploring hydrogen propulsion, which they estimate has the potential to reduce the CO2 emissions of the aviation sector by up to 50%. The high energy density of hydrogen means it carries more energy per unit of weight than other fuels, such as kerosene, this innovation presents real energy-saving opportunities compared to electricity being stored in heavy batteries which produce less energy for their relative weight.

By investing in transport companies with best-in-class approaches to sustainability, we calculate that Menhaden's transport investments have helped save over 12,800 tCO2e of carbon emissions in 2020.

Powering sustainable digitisation with semiconductor technology

This year, remote working has increased our reliance on technology and accelerated the digitalisation of the global economy. This provokes an important question: How can we make the digital transition a sustainable one?

Remote data centres required to run our interconnected devices are thought to use more than 2% of the world's electricity and generate the same amount of carbon emissions as the global airline industry. One study suggested that if each person in the UK sent one fewer email a day it could cut carbon output by more than 16,000 tonnes a year. So improving the efficiency of the electronic devices at the heart of our ever more connected lives is therefore a crucial element of global attempts to reduce emissions.

Menhaden invests in three companies that are pre-eminent in the drive to increase energy efficiency using semiconductor chips. Semiconductors are used in the manufacturing of a wide range of devices from smartphones, to data centres to solar panels, to televisions and underpin artificial intelligence, 5G and connected internet technology.

Innovation in the semiconductor sector is already delivering reductions in the amount of energy needed to run these devices and process data. This has contributed to the trend known as Koomey's Law, that states that the energy efficiency of computers doubles roughly every 18 months.

ASML Corp is at the forefront of lithography printing for integrated circuits, **KLA Corp** is a leader in process control solutions for semiconductor manufacturing **and LAM Research Group** is a manufacturer of semiconductor chips that leverages advanced etching technology to make chips more energy efficient. These three new additions to our portfolio in 2020 are helping make the fundamental building blocks of digitisation and computing more efficient, and therefore greener too.

Environmental Impact Statement
continued

Active ownership: Leveraging our voice on climate

As a responsible steward of our shareholders' capital, Menhaden is committed to using its voice to influence more sustainable industry practices, both by engaging directly with companies in our portfolio and working in collaboration with other investors and initiatives.

In particular, we believe climate-change related risks, including a company's greenhouse gas emissions, will have an increasingly material effect on long-term profitability. Therefore, we are keen to see management teams proactively managing climate change risks like regulation, taxation, competitive advantage, brand impairment and physical asset impairment. In 2020, for the first time, the Company actively engaged with several holdings in our portfolio to help us understand their exposure to those risks, as well as try to influence more thorough climate risk management via disclosure and emissions reductions targets.

In 2020, Menhaden supported the Children's Investment Fund (TCI)'s 'Say on Climate' campaign, which filed resolutions at seven US-listed issuers: Moody's Corp, S&P Global, Union Pacific Railroad, Charter Communications, Alphabet, Canadian Pacific Railway and Canadian National. TCI outlined its expectation for companies to have a credible, publicly-disclosed plan to reduce greenhouse gas emissions, including science-based targets that align with the Paris Agreement. TCI also requested that its portfolio companies disclose their current greenhouse gas emissions in a manner consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Menhaden is an investor signatory to CDP, a public recognition of our commitment to engaging with companies on environmental issues and part of our efforts to promote industrial scale environmental disclosure aligned with the TCFD. Menhaden is also a member of the FAIRR investor network, which is helping promote greener practices in global animal agriculture, and has gained the London Stock Exchange Green Economy Mark.

Engaging Airbus on climate risks

In February 2020, Menhaden engaged with **Airbus** on its climate risk management, disclosure and target-setting. The Portfolio Manager recommended that Airbus upgrade their GHG emissions targets to measurable science-based targets that align with the Paris Agreement, disclose their Scope 3 emissions fully, make public its disclosure to CDP, engage in carbon offsetting to mitigate its footprint, and implement best practices for the sourcing and managing of energy across all its buildings.

These steps will help **Airbus** continue to play a leading role in establishing industry best practices and rapidly de-carbonize aviation given the industry estimates for growth in air passenger traffic in the coming years.

Since our engagement started, **Airbus** has made its 2019 CDP disclosure public and followed the recommendation to define their emissions commitments against Science Based Targets methodology, in line with a pathway of well below 2°C. Airbus has committed to reassess these targets at least every five years to ensure it remains consistent with the most recent climate science.

SDG Impacts

The Menhaden Board and the Portfolio Manager support the UN Sustainable Development Goals (SDGs) and many of the Company's holdings contribute to the challenge of achieving them. The examples below offer a snapshot of how the Company's investments contribute to at least six SDGs:

About this report

All impact data in this report is based on the proportion that Menhaden holds of each entity as of 31 December 2020. Analysis refers to the Company's listed portfolio and the biggest private holding, X-ELIO. It is calculated on best estimates using publicly disclosed data and full details of our methodology can be found in the Impact Report Appendix on our website.

6 CLEAN WATER AND SANITATION

Our global water crisis is an urgent one and increased water demand and rising temperatures could reduce water availability in cities by more than 66% in 2050. **Microsoft** has pledged to replenish water levels, by putting back more water into stressed basins than it consumes as a company. Freight train company **Canadian Pacific** has reported a decrease in water consumption by 59% since 2015, a significant contribution to reducing the water intensity of its transportation operations.

7 AFFORDABLE AND CLEAN ENERGY

In 2020, Google, part of **Alphabet Inc**, announced its ambition to power its data centres with solely carbon-free electricity by 2030, building on its previous goal of matching its energy use with 100% renewable energy. **Waste Management Inc** turns waste at 124 of its active landfill sites into biogas which is then used as a renewable energy resource, creating economic and environmental value from waste. **X-Elio** has begun construction of its largest solar farm in Australia which, once complete, will generate 420 GWh of green energy every year.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Canadian National's network of 20,000 route miles of rail track is building long-haul freight infrastructure that is four times more fuel-efficient than trucks. **KLA Corp's** advanced semiconductor technologies are contributing to the Internet of Things megatrend that is expected to exceed $500 billion by 2021, embedding connectivity into digital infrastructure to help achieve SDG 9.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Charter Communications, a connectivity company, coordinates recycling schemes for electronic equipment like batteries, network hardware and mobile equipment. To date, 77 million pounds of materials have been either responsibly recycled or sold through their Product Life Management initiative. **ASML** plans to cut its amount of waste per revenue by 50% by 2025 as part of their ambition to extract maximum value from the materials used and repurpose where possible.

13 CLIMATE ACTION

Maritime services firm **Ocean Wilsons Holdings** is reducing its GHG emissions by using rubber-tyre gantry (RTG) electric cranes with lower environmental impact in container terminals. **Airbus** has announced an ambition to develop the world's first zero-emission commercial aircraft by 2035.

14 LIFE BELOW WATER

Waste Management Inc is working to reduce the quantity of plastics entering rivers, waterways and oceans by recycling materials with responsible end-markets and educating consumers on recycling best practices. **Alphabet** recently revealed Tidal, a team developing AI technologies to track and monitor marine life, with the aim of understanding the impact of fish farming on our oceans.

Business Review

The Strategic Report on pages 2 to 34 has been prepared to provide information to shareholders to assess how the Directors have performed their duty to promote the success of the Company.

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

Business Model

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

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

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

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

Further information on the Board's role and the topics it discusses with the AIFM and the Portfolio Manager is provided in the Corporate Governance Statement beginning on page 42.

Investment Strategy

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

Details of the Portfolio Manager's approach are set out in the Investment Process section on page 11 and in their review beginning on page 14.

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

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

The Board

Details of the Board of Directors of the Company are set out on pages 35 and 36.

All Directors will seek re-election by shareholders at the Annual General Meeting to be held on 3 June 2021.

Dividend Policy

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

Key Performance Indicators ("KPIs")

The Board of Directors reviews performance against the following Key Performance Indicators (KPIs). They comprise both specific financial and shareholder-related measures and the results for the year can be found on page 2. To better reflect our non-benchmarked total return investment strategy, the Board has decided to use RPI+3% as its primary long term financial performance comparator and to remove reference to the MSCI World Total Return Index from the investment objective. This more meaningfully aligns with the company's investment strategy which does not consider any stock market index weightings. The KPIs for the Company are:

- Net asset value ("NAV") per share total return;
- Share price total return;
- Discount/premium of the share price to the NAV per share;
- Ongoing charges ratio; and
- RPI+3% (4.2% for the year to 31 December 2020)

Please refer to the Glossary beginning on page 85 for definitions of these terms and an explanation of how they are calculated.

NAV per share total return
The Directors regard the Company's NAV per share total return as being the overall measure of value delivered to shareholders over the long term. This reflects both the net asset value growth of the Company and any dividends paid to shareholders.

Share price total return
The Directors regard the Company's share price total return to be a key indicator of performance and monitor this closely. This measure reflects the return to the investor on last traded market prices, assuming any dividends paid are reinvested.

Share price discount/premium to NAV per share
The share price discount/premium to the NAV per share is considered a key indicator of performance as it impacts the share price total return and can provide an indication of how investors view the Company's performance and its investment objective. The Chairman's Statement, beginning on page 5, describes the approach the Board took to address share price performance during the year.

Ongoing charges ratio
Ongoing charges represent the costs that shareholders can reasonably expect to pay from one year to the next, under normal circumstances. The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and costs. The Board therefore considers the ongoing charges ratio to be a KPI and reviews the figure both in absolute terms and in comparison to the Company's peers.

The Board also monitors the Company's NAV return against its peer group and other relevant indices such as the AIC Global Sector and the AIC Environmental Sector. Details are given in the Chairman's Statement on page 5.

A full description of the portfolio and performance during the year under review is contained in the Portfolio Manager's Review commencing on page 14 of this report.

Principal Service Providers

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

AIFM
The Board has appointed Frostrow as the designated AIFM of 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:

- 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.

Business Review

continued

AIFM Fee

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

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

Portfolio Manager

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

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

Portfolio Management Fee

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

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

Performance Fee

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

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 (an annualised compound return)* on the gross proceeds of the IPO of 5% per annum; and (b) a high watermark (the highest net asset value that the Company has reached on which a performance fee has been paid)*. The performance fee is subject to a cap in each performance period of an amount equal to the aggregate of 1.5% of the weighted average NAV in each year (or part year, as applicable) of that performance period.

**see Glossary for further details*

Depositary

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

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

The Depositary must take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, 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 0.0175% of the net assets of the Company up to £150 million, 0.015% of the net assets in excess of £150 million and up to £300 million, 0.01% of the net assets in excess of £300 million and up to £500 million and 0.005% of the net assets in excess of £500 million. In addition, the Depositary is entitled to a variable custody fee which depends on the type and location of the custodial assets of the Company.

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

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

Evaluation of the AIFM and the Portfolio Manager

The performance of the AIFM and the Portfolio Manager is reviewed continuously by the Board and the Company's Management Engagement Committee (the "MEC") with a formal evaluation process being undertaken each year. As part of this process, the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports from them. The MEC reviewed the appropriateness of the appointment of the AIFM and the Portfolio Manager in December 2020 with a recommendation being made to the Board.

The Board believes the continuing appointment of the AIFM and the Portfolio Manager, under the terms described on page 24, is in the interests of shareholders as a whole. In coming to this decision, the MEC and the Board took into consideration, inter alia, the following:

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

Risk Management

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 have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

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

- Corporate Risks
- Investment Risks
- Operational Risks
- Financial Risks
- Legal and Regulatory Risks

The following sections detail the risks the Board considers to be the most significant to the Company under these headings. The risks are broadly unchanged from the prior year.

Principal Risks and Uncertainties	Management and Mitigation
Corporate Risks The share price return may differ materially from the NAV per share i.e. the shares may trade at a material discount to the NAV per share.	At each meeting, the Board: • reviews the Company's investment objective in relation to the market, economic conditions and the operation of the Company's peers; • discusses the Company's future development and strategy; • reviews an analysis of the shareholder register and reports on investor sentiment from the Company's corporate stockbroker and AIFM; • reviews the level of the share price discount to the NAV per share and, in consultation with its advisers, considers ways in which share price performance may be enhanced; and • reviews the Company promotional activities and distribution strategy, which have been delegated to Frostrow, to ensure the Company is promoted to current and potential investors.

Business Review
continued

Principal Risks and Uncertainties	Management and Mitigation
Investment Risks The implementation of the investment strategy adopted by the Portfolio Manager may be unsuccessful and result in underperformance against the Company's principal performance comparators and peer companies.	The Board regularly reviews the Company's investment mandate and MCM's long-term investment strategy in relation to market and economic conditions, and the performance of the Company's peers. The Portfolio Manager provides an explanation of stock selection decisions and an overall rationale for the make-up of the portfolio, including the resource-efficiency credentials of the portfolio holdings. MCM discuss current and potential investment holdings with the Board on a regular basis.
The portfolio may be affected by market risk, that is volatile market movements (in both equity and foreign exchange markets) in the sectors and regions in which it invests. The Company is also exposed to concentration risk, which is the potentially higher volatility arising from its relatively concentrated portfolio and sector-specific risks such as global energy and commodity prices or withdrawal of government subsidies for renewable energy.	While market risk cannot be eliminated through diversification, it can be potentially reduced through hedging. The Board sets the Company's policy on hedging, which is detailed on page 8 and details of the foreign exchange forwards in place are set out in the Portfolio Manager's Review beginning on page 14. To manage concentration risk, the Board has appointed the AIFM and the Portfolio Manager to manage the portfolio within the remit of the investment objective and policy, set out on pages 8 and 9. The investment policy limits ensure that the portfolio is diversified, reducing the risks associated with individual stocks and markets. Compliance with the investment restrictions is monitored daily by the AIFM and reported to the Board on a monthly basis. As part of its review of the going concern and longer-term viability of the Company, the Board also considers the sensitivity of the Company to changes in market prices and foreign exchange rates (see note 16 to the financial statements beginning on page 77), an analysis of how the portfolio would perform during a market crisis, and the ability of the Company to liquidate its portfolio if the need arose. Further details are included in the Going Concern and Viability Statements on pages 38 and 28 respectively.
The departure of a key member of the portfolio management team may affect the Company's performance.	The Portfolio Manager reports to the Board on developments at MCM at each Board meeting. All investment decisions are made by an Investment Committee, reducing reliance on a single individual.
Operational Risks As an externally managed investment trust, the Company is reliant on the systems of its service providers for dealing, trade processing, administrative services, financial and other functions. If such systems were to fail or be disrupted (including as a result of cyber crime or a pandemic) this could lead to a failure to comply with applicable laws, regulations and governance requirements and/or to a financial loss.	The Board continuously monitors the performance of all the principal service providers with a formal evaluation process being taken each year. The Audit Committee reviews the internal controls reports and key policies (including measures taken to mitigate cyber risks and disaster recovery procedures) put in place by its principal service providers. Both Frostrow and MCM provide a quarterly compliance report to the Audit Committee, which details their compliance with applicable laws and regulations. The Audit Committee maintains the Company's risk matrix which details the risks to which the Company is exposed, the approach to managing those risks, the key controls relied upon and the frequency of the controls operation. Further details are set out in the Audit Committee Report on page 49.

Principal Risks and Uncertainties	Management and Mitigation
Financial Risks The Company is exposed to liquidity risk and credit risk arising from the use of counterparties. If a counterparty were to fail, it could adversely affect the Company through either delay in settlement or loss of assets. The most significant counterparty to which the Company is exposed is the Depositary, which is responsible for the safekeeping of the Company's custodial assets.	The Company's assets include liquid securities which can be sold to meet funding requirements, if necessary. Further information on financial instruments and risk can be found in note 16 to the financial statements beginning on page 77. Details of the work undertaken in regard to verifying ownership and the valuation of unquoted (non-custodial) assets is set out on page 56. The Board reviews the services provided by the Depositary and the internal controls report of the Custodian to ensure that the security of the Company's custodial assets is maintained. The Portfolio Manager is responsible for undertaking reviews of the credit worthiness of the counterparties that it uses. The Board reviews the Portfolio Manager's approved list of counterparties and the Company's use of those counterparties.
Legal and Regulatory Risks The regulatory or political environment in which the Company operates could change to the extent that it affects the Company's viability.	The Board monitors regulatory developments but relies on the services of its external advisers to ensure compliance with applicable law and regulations. The Board has appointed a specialist investment trust company secretary who provides industry and regulatory updates at each Board meeting. The Board has considered whether the UK's exit from the European Union ('Brexit') poses a discrete risk to the Company. At the date of this report, the UK has left the EU and has emerged from the transition period with a trade and security deal finalised with the EU on 24 December 2020. The impact and implications of this remain to be seen. While movements in exchange rates can affect the Company's net asset value, and sharp or unexpected changes in investor sentiment, or tax and regulatory changes, can lead to short term selling pressure on the Company's shares, the Board believes that Brexit is unlikely to affect the Company's business model or share price performance over the longer term. However, Brexit may have an adverse impact on some of the Company's portfolio companies which have an exposure to the UK and/or European markets, both in terms of their operations and the manner in which their distributions are treated for tax purposes. The Board, the AIFM and the Portfolio Manager will continue to monitor developments as they occur.

Business Review
continued

Impact of COVID 19

The Board recognises that the emergence and spread of the new coronavirus (Covid-19) represents a new area of risk, both to the Company's investment performance and to its operations. In recent months the Portfolio Manager successfully continued dialogue with investee companies and the Board has stayed in close contact with the Portfolio Manager and has been continuously monitoring portfolio and share price developments. The Board has also received assurances from all of the Company's service providers in respect of:

- their business continuity plans and the steps being taken to guarantee the ongoing efficiency of their operations while ensuring the safety and well-being of their employees;
- their cyber security measures including improved user-access controls, safe remote working and evading malicious attacks; and
- any increased risks of fraud as a result of decreased operations and possible employee terminations and weakness in user access controls resulting in the potential for management overrides.

With the emergence of several vaccines, the outlook is cautiously positive, but the Board will continue to monitor developments as they occur.

Longer Term Viability Statement

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

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

- The portfolio is principally comprised of investments traded on major international stock exchanges. Based on historic analysis 81% of the current portfolio could be liquidated within 30 trading days with 78% in seven days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position; and
- The Company has no employees, only its non-executive Directors. Consequently it does not have redundancy or other employment related liabilities or responsibilities.

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

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

COVID-19 was also factored into the key assumptions made by assessing its impact on the Company's key risks and whether the key risks had increased in their potential to affect the normal, favourable and stressed market conditions. As part of this review the Board considered the impact of a significant and prolonged decline in the Company's performance and prospects. This included a range of plausible downside scenarios such as reviewing the effects of substantial falls in investment values and the impact of the Company's ongoing charges ratio, which were the subject of stress testing.

Company Promotion

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

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

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

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

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

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

Anti-Bribery and Corruption Policy

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

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

Prevention of the Facilitation of Tax Evasion

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

Stakeholder Interests and Board Decision-Making

Under new reporting regulations and the new AIC Code of Corporate Governance, the Directors must now explain more fully how they have discharged their duty under s172 of the Companies Act 2006 in promoting the success of the Company for the benefit of the members as a whole. This includes the likely consequences of the Directors' decisions in the long-term and how they have taken wider stakeholders' needs into account.

Business Review
continued

The Directors aim to act fairly as between the Company's shareholders. The Board's approach to shareholder relations is summarised in the Corporate Governance Statement beginning on page 42. The Chairman's Statement beginning on page 5 also provides an explanation of the approach taken by the Directors during the year to achieve the Board's long-term aim of ensuring that the Company's shares trade at a price close to the NAV per share, as well as steps that the Board has taken to reduce the Company's own impact on the environment.

Social, Human Rights and Environmental Matters

The Company is an externally managed investment trust within the AIC Environmental Sector and invests in companies and markets that are demonstrably delivering or benefiting significantly from the efficient use of energy or resources. It does not have any employees or premises, nor does it undertake any manufacturing or other operations. All its functions are outsourced to third party service providers and therefore the Company itself does not have any employee or direct human rights issues, nor does it have any direct, material environmental impact. The Company therefore has no environmental, human rights, social or community policies.

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

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

Accordingly, the Directors encourage the Portfolio Manager to ensure the Company's investments adhere to best practice in the management of ESG issues, and encourage them to have due regard to the UN Global Compact and UN Principles of Responsible Investment. The Portfolio Manager's statement of compliance with the Financial Reporting Council UK Stewardship Code is available at www.frc.org.uk. The Board has reviewed this statement as well as the voting decisions made on the Company's behalf.

Engaging with The Company's Stakeholders

The following 'Section 172' disclosure, required by the Companies Act 2006 and the AIC Code, describes how the Directors have had regard to the views of the Company's stakeholders in their decision-making.

Who? STAKEHOLDER GROUP	Why? THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	Who? HOW THE BOARD, THE AIFM AND THE PORTFOLIO MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Investors	Clear communication of the Company's strategy and the performance against the Company's objective can help the share price trade at a narrower discount or a wider premium to its net asset value which benefits shareholders.	Frostrow as AIFM, the Portfolio Manager and the Company's broker, on behalf of the Board, complete a programme of investor relations throughout the year. An analysis of the Company's shareholder register is provided to the Directors at each Board meeting along with marketing reports from Frostrow. The Board reviews and considers the marketing plans on a regular basis. Reports from the Company's broker are submitted to the Board on investor sentiment and industry issues. Key mechanisms of engagement include: ● The Annual General Meeting ● The Company's website which hosts reports, video interviews with the portfolio manager and monthly factsheets ● One-on-one investor meetings ● Should any significant votes be cast against a resolution, proposed at the Annual General Meeting the Board will engage with Shareholders. ● The Board will explain in its announcement of the results of the AGM the actions it intends to take to consult Shareholders in order to understand the reasons behind the votes against. ● Following the consultation, an update will be published no later than six months after the AGM and the Annual Report will detail the impact the Shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed.

Business Review
continued

Who? STAKEHOLDER GROUP	Why? THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	Who? HOW THE BOARD, THE AIFM AND THE PORTFOLIO MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Portfolio Manager	Engagement with the Company's Portfolio Manager is necessary to evaluate their performance against the Company's stated strategy and to understand any risks or opportunities this may present. The Board ensures that the Portfolio Manager's environmental, social and governance ("ESG") approach is in line with standards elsewhere and is in line with the Board's expectations. The Company produces an annual environmental impact statement setting out the environmental purpose of the Company and the impact its investments have, or intend to deliver. The report is included within this Annual Report on pages 18 to 21 and is published as a separate document on www.menhaden.com. Engagement also helps ensure that Portfolio Management costs are closely monitored and remain competitive.	The Board meets regularly with the Company's Portfolio Manager throughout the year both formally at the quarterly Board meetings and informally as needed. The Board also receives monthly performance and compliance reporting. The Portfolio Manager's attendance at each Board meeting provides the opportunity for the Portfolio Manager and Board to further reinforce their mutual understanding of what is expected from both parties.
Service Providers	The Company contracts with third parties for other services including: depositary, investment accounting & administration as well as company secretarial and registrars. The Company ensures that the third parties to whom the services have been outsourced complete their roles in line with their service level agreements thereby supporting the Company in its success and ensuring compliance with its obligations. The Covid-19 pandemic has meant that it was vital to make certain there were adequate procedures in place at the Company's key service providers to ensure safety of their employees and the continued high quality service to the Company.	The Board and Frostrow engage regularly with other service providers both in one-to-one meetings and via regular written reporting. This regular interaction provides an environment where topics, issues and business development needs can be dealt with efficiently and collegiately. The Board together with Frostrow have maintained regular contact with the Company's key service providers during the pandemic, as well as carrying out a review of the service providers' business continuity plans and additional cyber security provisions. It is the Board's belief that Frostrow and Menhaden Capital Management LLP are the most important service providers with relation to the success of the Company.

Who? STAKEHOLDER GROUP	Why? THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	Who? HOW THE BOARD, THE AIFM AND THE PORTFOLIO MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Portfolio companies	Gaining a deeper understanding of the portfolio companies and their strategies as well as incorporating consideration of ESG factors into the investment process assists in understanding and mitigating risks of an investment as well as identifying future potential opportunities.	The Board encourages the Company's Portfolio Manager to engage with companies and in doing so expects ESG issues to be a key consideration. The Board receives an update on MCM's engagement activities quarterly.

What? WHAT WERE THE KEY TOPICS OF ENGAGEMENT?	Outcomes and actions WHAT ACTIONS WERE TAKEN, INCLUDING PRINCIPAL DECISIONS?
Key topics of engagement with investors ● Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio.	● The Portfolio Manager, Frostrow and the broker meet regularly with shareholders and potential investors to discuss the Company's strategy, performance and portfolio. In December 2020, The Board held a dedicated strategy session which reviewed 2015 to 2020 and the future strategy of the Company including an enhanced communication strategy with the Portfolio Manager, Frostrow and the broker in attendance. To further aid the Board in the monitoring of the share price discount, the Board agreed at the strategy session to change the Company's NAV per share announcement from a monthly basis to a daily basis.
Key topics of engagement with the external Portfolio Manager on an ongoing basis are portfolio composition, performance, outlook and business updates. ● The impact of Brexit upon their business and the portfolio. ● The impact of COVID-19 upon their business and how components in the portfolio have sought to take advantage of the pandemic, in particular through increased digitalisation.	● No specific action required. ● The Board has received regular updates from the Portfolio Manager throughout the COVID 19 pandemic and its impact on investment decision making. In addition, the impact of new working practices adopted by the Portfolio Manager as a consequence of the pandemic have been reviewed by the Board.

Business Review
continued

What? WHAT WERE THE KEY TOPICS OF ENGAGEMENT?	Outcomes and actions WHAT ACTIONS WERE TAKEN, INCLUDING PRINCIPAL DECISIONS?
● The integration of ESG into the Portfolio Manager's investment processes.	● The Portfolio Manager reports regularly any ESG issues in the portfolio companies to the Board.
Other Service Providers ● The Directors have frequent engagement with the Company's other service providers through the annual cycle of reporting and due diligence meetings or site visits by Frostrow. This engagement is completed with the aim of maintaining an effective working relationship and oversight of the services provided.	● No specific action required as the reviews of the Company's service providers, have been positive and the Directors believe their continued appointment is in the best interests of the Company.

Performance and Future Developments

An outline of performance, investment activity and strategy, market background during the year and the future outlook, is provided in the Chairman's Statement beginning on page 5 and the Portfolio Manager's Review on pages 14 to 17.

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

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

This Strategic Report on pages 2 to 34 has been signed for and on behalf of the Board.

Sir Ian Cheshire
Chairman
8 April 2021

Board of Directors

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. Sir Ian was the Chairman of Barclays UK, the ring-fenced retail bank until December 2020. He was also previously the Government lead non-executive.

Sir Ian is a non-executive director of Barclays PLC and BT Group plc and chairman designate of Spire Healthcare Group plc. In addition, he is Chair of the Prince of Wales Charitable Fund and President of the Business Disability Forum.

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 Dunedin Enterprise Investment Trust plc and Artemis Alpha Trust plc, and a non-executive director of Lowland Investment Company plc, Biopharma Credit 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 during the year and each Director's attendance, is shown below:

Type and number of meetings held in 2020	Board (4)	Audit Committee (3)	Management Engagement Committee (1)
Sir Ian Cheshire	4	N/A	1
Duncan Budge	4	3	1
Emma Howard Boyd	4	3	1
Howard Pearce	4	3	1

In addition to the normal, quarterly Board meetings, a Strategy meeting was held in December 2020.

Board of Directors
continued

Emma Howard Boyd

Emma Howard Boyd has been the Chair of the Environment Agency since 2016. The Agency is a public body responsible for the protection and enhancement of the environment in England.

She is also an ex-officio board member of the Department for Environment, Food & Rural Affairs (DEFRA) and an Advisor to the Board of Trade. Emma, with a background in finance, is a board member or advisor to many organisations which include The Prince's Accounting for Sustainability Project, the Green Finance Institute, the Coalition for Climate Resilient Investment, the Centre for Greening Finance and Investment, the Council for Sustainable Business, the European Climate Foundation, and Menhaden PLC. Emma was the UK Commissioner to the Global Commission on Adaptation from 2018 until its sunset in January 2021.

Past roles include being the Chair of Trustees at Share Action, Vice Chair of Future Cities Capital, and non-executive director of the Aldersgate Group and Thrive Renewables.

Howard Pearce

Howard Pearce is the founder of HowESG Ltd, a specialist environmental, asset stewardship, and corporate governance consultancy business. His non-executive roles include independent Chair of the Bank of Montreal Global Asset Management (EMEA) Responsible Investment Advisory Council and Non-Executive Director of Response Global Media Limited the publishers of Responsible Investor and Responsible Company.

Previously he was Chair of the Pension Board of Avon and Wiltshire Pension Funds, Board member and Chair of the Audit Committee of Cowes Harbour Commission, and a Trustee and Chair of the Investment and Audit Committees of the NHS 'Above and Beyond' charity. Between 2003 and 2013 Howard was the Head of the Environment Agency pension fund and a member of its Pensions and Investment Committee. Under his leadership, the fund won over 30 awards in the UK, Europe and globally for its financially and environmentally responsible investment, best practice fund governance, public reporting and e-communications.

Directors' Interests

The Directors' beneficial interests in the Company's shares, together with those of their families, are set out below.

	Ordinary shares of 1p each	
	31 December 2020	31 December 2019
Sir Ian Cheshire	115,000	115,000
Duncan Budge	10,000	10,000
Emma Howard Boyd	23,000	23,000
Howard Pearce	40,000	35,000
Total	**188,000**	**183,000**

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

Directors' Report

The Directors present their annual report on the affairs of the Company together with the audited financial statements and the Independent Auditor's Report for the year ended 31 December 2020. Disclosures relating to performance, future developments and risk management can be found within the Strategic Report on pages 2 to 34.

Business and Status of the Company

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

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

Continuation of the Company

In accordance with the Company's Articles of Association, a continuation vote was offered to shareholders at the AGM held on 9 June 2020 and was voted for by an overwhelming majority of 98%. The next opportunity for shareholders to vote on the continuation of the Company will be at the 2025 AGM and every five years thereafter.

Results and Dividends

The results attributable to shareholders for the year are shown on page 2.

An interim dividend of 0.4p per share in relation to the year ended 31 December 2019 was paid on 12 June 2020 to shareholders on the register on 15 May 2020.

No dividends were declared during the year ended 31 December 2020 and the Directors have not recommended a final dividend for the year. It is expected that the Board will revert to recommending a final dividend (if required to maintain investment trust status) for shareholders' approval next year.

Alternative Performance Measures

The Financial Statements (on pages 63 to 82) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts, which are summarised on page 2 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on page 22. The Directors believe that these measures enhance the comparability of information between reporting periods and investors in understanding the Company's performance. The measures used for the year under review have remained consistent with the prior year.

Definitions of the terms used and the basis of calculation are set out in the Glossary on pages 85 and 86.

Capital Structure

The Company's capital structure at the end of the year under review and to the date of this report was comprised of 80,000,001 ordinary shares of 1p nominal value each.

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

No shares were issued or repurchased during the year and to the date of this report.

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 year under review and to the date of this report, the Directors had shareholder authority to issue a further 919,999,999 ordinary shares and to repurchase no more than 14.99% of the Company's issued share capital per annum. These authorities will expire at the forthcoming annual general meeting. Proposals to renew the Board's powers to issue and buy back shares are set out in the Notice of Annual General Meeting beginning on page 89.

Directors' Report
continued

Substantial Interests in Share Capital

The Company was aware of the following substantial interests of 3% or more in the voting rights of the Company as at 31 December 2020 and 28 February 2021, the latest practicable date before publication of this Annual Report.

	28 February 2021		31 December 2020	
Shareholder	Number of Ordinary shares	% of issued share capital	Number of Ordinary shares	% of issued share capital
Cavenham Private Equity	15,185,000	18.98	15,185,000	18.98
Aachen Muenchener Versicherung	10,000,000	12.50	10,000,000	12.50
Kendall Family Investments	3,069,000	3.84	5,000,000	6.25
Ravenscroft	2,891,550	3.61	2,929,050	3.66
Charles Stanley	2,879,147	3.60	2,821,989	3.53
Armstrong Investments	2,780,000	3.48	2,780,000	3.47
The Grantham Foundation	2,600,000	3.25	2,600,000	3.25

As at 31 December 2020 and to the date of this report, the Company had 80,000,001 ordinary shares in issue.

Going Concern

The Company's portfolio, investment 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 Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress tests which modelled the effects of substantial falls in portfolio valuations and liquidity constraints, on the Company's NAV, cash flows and expenses. Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement in the Strategic Report on page 28 and the Company's cash balances, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reaching these conclusions and those in the Longer-Term Viability Statement, the stress testing conducted also featured consideration of the effects of Covid-19 and Brexit.

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

The Company produces an annual environmental impact statement which is included within this Annual Report on pages 18 to 21 and also published separately on www.menhaden.com. The impact report provides further detail on the environmental goals and impact of the Company's portfolio holdings.

Directors' & Officers' Liability Insurance Cover

Directors' and officers' liability insurance cover was maintained by the Company during the year ended 31 December 2020. It is intended that this cover will continue for the year ending 31 December 2021 and subsequent years.

Directors' Indemnities

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

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

Other Statutory Information

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

- the rules on the appointment and replacement of directors are set out in the Company's articles of association (the "Articles"). Any change to the Articles 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 37.
- 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.

Common Reporting Standard (CRS)

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

Political Donations

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

Disclosure of Information to Auditors

The Directors at the time of approving the Directors' Report are listed on pages 35 and 36. 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 Auditor is unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

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

Directors' Report
continued

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

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

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

Annual General Meeting
The Company's Annual General Meeting ("AGM") will be held on 3 June 2021 at 12 noon. Please refer to the Chairman's Statement beginning on page 5 for details of this year's arrangements.

Resolutions relating to the following items of special business will be proposed at the AGM:

Resolution 8 Authority to allot shares

Resolution 9 Authority to disapply pre-emption rights

Resolution 10 Authority to repurchase shares

Resolution 11 Authority to hold General Meetings (other than the AGM) on at least 14 clear days notice.

The full text of the resolutions and the explanatory notes to the proposed resolutions can be found in the Notice of AGM beginning on page 89.

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

By order of the Board

Frostrow Capital LLP
Company Secretary
8 April 2021

Statement of Directors' Responsibilities

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

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

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

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

The financial statements are published on the Company's website www.menhaden.com 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 Auditor does not involve consideration of the maintenance and integrity of these websites and, accordingly, the Auditor accepts 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 35 and 36, confirm to the best of their knowledge that:

- the financial statements within this Annual Report, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and the return for the year ended 31 December 2020; and
- the Chairman's Statement, Strategic Report and the Directors' Report include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure Guidance and Transparency Rules.

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

On behalf of the Board

Sir Ian Cheshire
Chairman
8 April 2021

Corporate Governance Statement

The Board and Committees

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

The Board

Chairman – Sir Ian Cheshire

Three additional non-executive Directors, all considered independent.

Key roles and responsibilities:

– to provide leadership and set strategy within a framework of effective controls which enable risk to be assessed and managed;

– to ensure that a robust corporate governance framework is implemented; and

– to challenge constructively and scrutinise performance of all outsourced activities.

Management Engagement Committee

Chairman – Sir Ian Cheshire

All Directors

Key roles and responsibilities:

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

– to make recommendations to the Board regarding the continuing appointment of the AIFM and the Portfolio Manager.

Audit Committee

Chairman – Howard Pearce

Duncan Budge, Emma Howard Boyd

Key roles and responsibilities:

– to review the Company's financial reports;

– to oversee the risk and control environment; and

– to review the performance of the Company's external 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 www.menhaden.com.

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

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance published in February 2019 (the "AIC Code"). The AIC Code addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional provisions on issues that are of specific relevance to the Company.

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

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

The Company has complied with the principles and provisions of the AIC Code with one exception: the Board has not appointed a senior independent director. The Board considers that this is not necessary given the small size of the Board and the Company's shareholder register.

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

Board Leadership and Purpose

Purpose and Strategy

The purpose and strategy of the Company are described in the Strategic Report on page 22.

Board Culture

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

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

Shareholder Relations

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

Shareholder Communications

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

The Board supports the principle that the AGM be used to communicate with private investors, in particular. Shareholders are usually encouraged to attend the Annual General Meeting, where they are normally given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. In addition, the Portfolio Manager usually makes a presentation to shareholders covering the investment performance and strategy of the Company at the Annual General meeting. However, in view of the ongoing Covid-19 pandemic, the Board might need to make changes to the arrangements for the forthcoming AGM. These are explained in the Chairman's Statement beginning on page 5. Details of the proxy votes received in respect of each resolution will be published on the Company's website.

Significant Holdings and Voting Rights

Details of the shareholders with substantial interests in the Company's shares, the Directors' authorities to issue and repurchase the Company's shares, and the voting rights of the shares are set out in the Directors' Report on pages 37 to 40.

Corporate Governance Statement

continued

Conflicts of Interest

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

Division of Responsibilities

Responsibilities of the Chairman

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

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

Director Independence

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

Directors' Other Commitments

Each of the Directors has assessed the overall time commitment of their external appointments and it has been concluded that they have sufficient time to discharge their duties.

Board Meetings

The primary focus at regular Board meetings is the review of investment performance and associated matters, including asset allocation, marketing/investor relations, gearing, peer group information and industry issues. The Board reviews key investment and financial data, revenue and expenses projections, analyses of asset allocation, transactions, performance comparisons, share price and net asset value performance. The Board's approach to addressing share price performance during the year is described in the Chairman's Statement beginning on page 5.

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

The number of meetings and the individual attendance by directors is set out on page 35.

Matters Reserved for Decision by the Board

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

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

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

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

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

Relationship with the AIFM and the Portfolio Manager

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

The Management Engagement Committee evaluates Frostrow and MCM's performance and reviews the terms of the AIFM and Portfolio Management Agreements at least annually. The outcome of this year's review is described on page 25.

Relationship with Other Service Providers

The Management Engagement Committee monitors and evaluates all of the Company's other service providers, including the Depositary, Registrar and Broker. At the most recent review in December 2020, the Committee concluded that all the service providers were performing well and should be retained on their existing terms and conditions.

Stewardship and the Exercise of Voting Powers

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

The Portfolio Manager's approach to stewardship, including their consideration of environmental, social and governance issues, is set out in their stewardship policy which can be found on the FRC's website www.frc.org. Details of the Company's voting record can be found in the Portfolio Manager's Stewardship Report which is published on the Company's website www.menhaden.com.

Independent Professional Advice

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

Company Secretary

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

Composition, Succession and Evaluation

Board Evaluation

During the course of 2020, the performance of the Board, its committees and the individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Chairman. Mr Pearce led the assessment of the Chairman's performance.

The Chairman is satisfied that the structure and operation of the Board continues to be effective and that there is a satisfactory mix of skills, experience and knowledge. This year, board succession was identified as an area requiring further consideration and this is discussed in the following section.

Corporate Governance Statement
continued

All Directors submit themselves for annual re-election by shareholders. Further information on the contribution of each individual Director can be found in the explanatory notes to the notice of the AGM on page 94. Following the evaluation process, the Board recommends that shareholders vote in favour of the Directors' re-election at the forthcoming AGM.

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

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

During the year, the Board reviewed the policy on Directors' tenure and considered the overall length of service of the Board as a whole. As all of the Directors have been appointed since the launch of the Company, the Board committed to review the long-term succession plan, to ensure that there is an orderly succession when the time comes for the Directors to retire from the Board.

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

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

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

No new appointments were made during the year.

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

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

The gender balance of three men and one woman meets the original recommendation of Lord Davies' report on Women on Boards. The Board is aware that new gender representation objectives have been set for FTSE 350 companies and that targets concerning ethnic diversity have been recommended for FTSE 250 companies. While the Company is not a FTSE 350 constituent and the Board is small in size, the Board will continue to monitor developments in this area and will consider diversity during any director search process.

Audit, Risk and Internal Control

The Statement of Directors' Responsibilities on page 41 describes the Directors' responsibility for preparing this report.

The Audit Committee Report, beginning on page 48, explains the work undertaken to allow the Directors to make this statement and to apply the going concern basis of accounting. It also sets out the main roles and responsibilities and the work of the Audit Committee and describes the Directors' review of the Company's risk management and internal control systems.

A description of the principal risks facing the Company and an explanation of how they are being managed is provided in the Strategic Report on pages 25 to 27.

The Board's assessment of the Company's longer-term viability is set out in the Strategic Report on page 28.

Remuneration

The Directors' Remuneration Report beginning on page 52 and the Directors' Remuneration Policy on page 54 set out the levels of remuneration for each Director and explain how Directors' remuneration is determined.

By order of the Board

Frostrow Capital LLP
Company Secretary
8 April 2021

Audit Committee Report

Statement from the Chairman

I am pleased to present the Audit Committee report for the year ended 31 December 2020. The Committee met three times during the year under review.

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

Composition

The Audit Committee comprises Howard Pearce (Chairman of the Committee), Duncan Budge and Emma Howard Boyd whose biographies are set out on pages 35 and 36. The Committee as a whole has experience relevant to the investment trust industry with Committee members having a range of financial and investment experience. Mr Pearce has extensive experience in audit, having chaired the audit committees of numerous organisations as outlined on page 36. Mr Budge serves on the audit committees of the three other investment trusts of which he is a non-executive director.

Responsibilities

In summary, the Committee's principal functions are:

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

Meetings and Business

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

March 2020

- Review of the Company's annual results;
- Approval of the Annual Report, including the Environmental Impact Statement and the unquoted investment valuations;
- Review of risk management, internal controls and compliance;
- Review of the outcome and effectiveness of the audit and any matters arising; and
- Review of the need for an internal audit function.

September 2020

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

December 2020

- Review of the Auditor's plan and terms of engagement for the 2020 audit;
- Review of new or revised reporting requirements and audit standards;
- Review of the valuation methodology for the unquoted investments; and
- Review of risks, internal controls and compliance.

Performance Evaluation

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

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

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

Internal Controls and Risk Management

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

The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement 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 likelihood of such risks becoming a reality; and
- the Company's ability to reduce the likelihood and impact of such risk.

A summary of the principal risks facing the Company is provided in the Strategic Report on pages 25 to 27.

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 the mitigating controls in place.

The Board has delegated to the Audit Committee responsibility for the review and maintenance of the risk matrix and it reviews, in detail, the risk matrix each time it meets, bearing in mind 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. There were no changes to the Company's risk management processes during the year and no significant failings or weaknesses were identified from the Committee's most recent risk review.

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

Audit Committee Report
continued

Significant Reporting Matters

The Committee considered the significant issues in respect of the Annual Report, including the financial statements. The table below sets out the key areas of audit risk identified and also explains how these were addressed.

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 67. Controls are in place to ensure that valuations are appropriate and existence is verified through reconciliations with the Depositary. The Committee discussed with Frostrow and MCM the process by which the unquoted investments are valued, and ownership documented, including the reconciliation process with the Depositary. They also reviewed the valuation of the unquoted investments as at 31 December 2020, including the level of any discounts to net asset value applied to the unquoted valuations, to ensure that they were carried out in accordance with the accounting policy set out in note 1(b) on page 68. 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.

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:

- the procedures followed in the production of the Annual Report, including the processes in place to assure the accuracy of factual content;
- the extensive levels of review that were undertaken in the production process, by Frostrow and also by the Committee; and
- the internal control environment operated by Frostrow Capital LLP (the AIFM), Menhaden Capital Management LLP (the Portfolio Manager), JP Morgan (the Depositary) and other service providers.

The Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. Further detail can be found on page 38. The financial statements can be found on pages 63 to 82.

The Committee also considered the longer-term viability of the Company in connection with the Board's statement in the Strategic Report on page 28. The Committee reviewed the Company's financial position (including its cash flows and liquidity position), the principal risks and uncertainties and the results of stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds. This included modelling further substantial market falls, and significantly reduced market liquidity, to that experienced recently in connection with the coronavirus pandemic. The scenarios assumed that there would be significant falls in asset prices, that the Company's existing capital commitments would be drawn down rapidly and in large instalments, that there would be no sales of or distributions from private investments, and that listed portfolio companies which have cut or cancelled their dividends since the coronavirus outbreak would not reinstate them.

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

External Auditor

In addition to the reviews undertaken at Committee meetings, I met with Mazars LLP ("Mazars") on 10 March 2021 to discuss the progress of the audit and the draft Annual Report.

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

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

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

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

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

Non-Audit Services

The Auditor did not carry out any non-audit work during the year. The Audit Committee will monitor the need for non-audit work to be performed by the Auditor, if any, in accordance with the Company's non-audit services policy which was updated in September 2020 to take the FRC's revised Ethical and Auditing Standards into consideration.

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

Auditor Reappointment

Stephen Eames was the audit partner for the financial year under review and he has confirmed Mazars' willingness to continue to act as Auditor to the Company for the forthcoming financial year. Mazars' appointment is subject to shareholder approval at the next Annual General Meeting to be held on 3 June 2021, and details can be found in the Notice of AGM beginning on page 89.

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

Howard Pearce
Chairman of the Audit Committee
8 April 2021

Directors' Remuneration Report

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report to shareholders. An ordinary resolution for the approval of this report will be put to shareholders at the Company's forthcoming Annual General Meeting. The law requires the Company's Auditor to audit certain disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report to shareholders on pages 55 to 62.

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

Directors' fees during the year were unchanged from the previous year: £50,000 per annum for the Chairman and £25,000 per annum for Directors, with Directors who serve on the Audit Committee receiving an additional £15,000 per annum. Directors' fees have remained unchanged since the Company's launch in 2015. The Board as a whole reviewed the fee levels at a meeting held on 2 December 2020 and it was decided that they would remain unchanged for the year ending 31 December 2021. The projected fees for 2021 are set out on page 54. No remuneration consultants were appointed during the year (2019: none).

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

The simple fee structure reflects the non-executive nature of the Board, which itself reflects the Company's business model as an externally managed investment trust (please refer to the Business Review beginning on page 22 for more information). Accordingly, statutory disclosure requirements relating to executive directors' and employees' pay do not apply.

Single total figure of remuneration (audited)

Director	Date of appointment to the Board	2020 Fees	2020 Taxable expenses	2020 Total	2019 Fees	2019 Taxable expenses	2019 Total	Percentage change in fees (%)
Sir Ian Cheshire	3 October 2014	50,000	–	50,000	50,000	–	50,000	0
Duncan Budge	3 October 2014	40,000	–	40,000	40,000	–	40,000	0
Emma Howard Boyd	3 October 2014	40,000	–	40,000	40,000	–	40,000	0
Howard Pearce	3 October 2014	40,000	580	40,580	40,000	2,683	42,683	0
TOTAL		**170,000**	**580**	**170,580**	**170,000**	**2,683**	**172,683**	

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

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

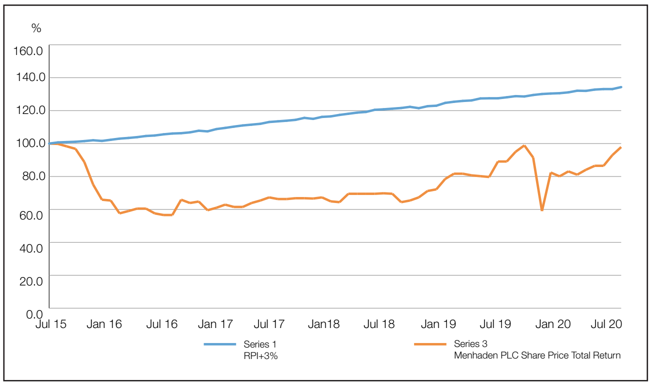
	Ordinary shares of 1p each as at 31 Dec 2020	Ordinary shares of 1p each as at 31 Dec 2019
Sir Ian Cheshire	115,000	115,000
Duncan Bridge	10,000	10,000
Emma Howard Boyd	23,000	23,000
Howard Pearce	40,000	35,000
Total	**188,000**	**183,000**

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

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

Performance

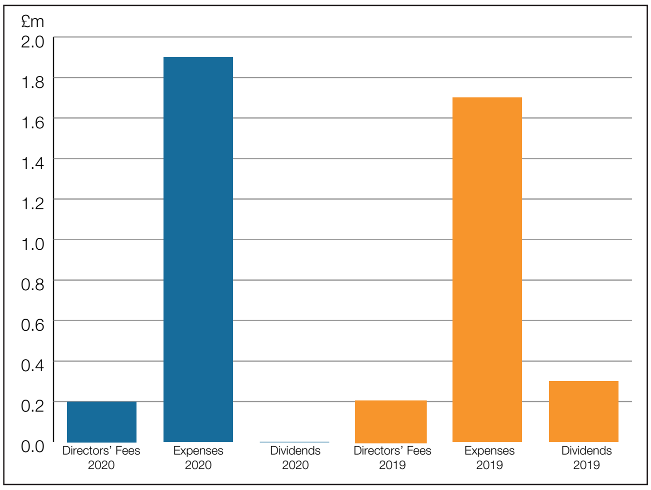
The graph below shows the total shareholder return of the Company since its launch on 31 July 2015 against the RPI plus 3% over the same period.



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

Relative Cost of Directors' Remuneration

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution and Company expenses for the years ended 31 December 2019 and 2020.



Statement of Voting at the AGM

At the Annual General Meeting held on 9 June 2020 the results in respect of the resolution to approve the Directors' Remuneration Report were as follows:

Votes cast for	Votes cast against	Votes withheld
55,358,780	10,000	2,000,000*
99.8%	0.02%	

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

By order of the Board

Sir Ian Cheshire
Chairman
8 April 2021

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.

This policy was last approved by shareholders at the AGM held in 2019. Accordingly, unless there are material changes, an ordinary resolution for the approval of this policy will next be considered by shareholders at the Annual General Meeting to be held in 2022. 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 Directors' fees for 2020 and 2021 are shown in the table below. The Company does not have any employees.

Directors' Fees Current and Projected

	Fees (£) 2021	Fees (£) 2020
Sir Ian Cheshire	50,000	50,000
Duncan Budge	40,000	40,000
Howard Pearce	40,000	40,000
Emma Howard Boyd	40,000	40,000
	170,000	**170,000**

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. However, the Directors submit themselves for annual re-election by shareholders, in line with the AIC Code of Corporate Governance. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Independent Auditor's Report to the Members of Menhaden PLC

Opinion

We have audited the financial statements of Menhaden PLC (the 'Company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment including COVID-19 implications based on a 'most likely' (base case) scenario and a 'worst case scenario' as approved by the board of directors on 30 March 2021;
- Making enquiries of directors to understand the period of assessment considered by the Directors, the completeness of the adjustments taken into account and implication of those when assessing the 'most likely' scenario and the 'worst case scenario'. This included examining the minimum cash inflow and committed outgoings under the 'base case' cash flow forecasts and evaluated whether the directors' conclusion that liquidity headroom remained in all events was reasonable;
- Assessing and challenging the appropriateness of the directors' key assumptions in their cashflow forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Independent Auditor's Report

continued

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

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

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

Key audit matters

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

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

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

Key Audit Matter	How our scope addressed this matter
Valuation, existence and ownership of the investment portfolio The Company has a significant portfolio of quoted and unquoted investments, these are measured in accordance with the requirements under FRS102 and the Statement of Recommended Practice issued by the Association of Investment Companies. Investments make up 97% of total net assets by value and are considered to be the key driver for the Company. The investments are made of unquoted investments and quoted investments. There are a significant level of judgements made in ascertaining the fair value of these unquoted investments. There is a risk that judgements made when valuing the unquoted investments may lead to a misstatement in the value recorded in the Statement of Financial Position.	Unquoted investments • understanding management's process to value unquoted investments through discussions with management and examination of control reports on the third party service organisations; • obtaining and agreeing confirmation of investments held in order to obtain comfort over existence and ownership; • we engaged our valuation specialist in considering whether the techniques applied for valuing unquoted investments were in accordance with published guidance, principally the International Private Equity and Venture Capital Valuation Guidelines. This included reviewing the investment valuation policies of the private equity funds, reviewing the fund's latest available audited financial statements, reviewing the fund's latest valuation statements, reviewing any recent transactions and discussion with the fund's management where applicable;

Key Audit Matter	How our scope addressed this matter
The quoted investments are included initially at fair value which is taken to be their cost and subsequently valued at fair value which are quoted bid prices for investments traded in active markets. Although the quoted investments are valued at quoted bid prices, there is a risk that errors in valuation can have a significant impact on the numbers presented. See pages 68 to 69 for further details on the accounting policy for investments and page 68 for key judgements made. There is also a risk that investments recorded might not exist or might not be owned by the Company. We therefore identified valuation, existence and ownership of investments as a key audit matter as it had the greatest effect on our overall audit strategy and allocation of resources.	• reviewing whether there are any going concern issues and uncertainties in relation to Covid-19 for the actual portfolio companies as well as their underlying investments; • agreeing valuation of unquoted investments to year end fair values as reported in valuation statements received directly from the investee funds; and • reviewing the adequacy of the disclosure in the financial statements including valuation methodology, assumptions and fair value hierarchy used. Ensuring that the methodology applied is in accordance with FRS102 and the Statement of Recommended Practice issued by the Association of Investment Companies. Quoted investments • understanding management's process to value quoted investments through discussions with management and examination of control reports on the third party administrator; • agreeing the valuation of quoted investments to an independent source of market prices; • analysing the trading history of securities to see whether they have been traded frequently and valued at which they have been traded to ensure there are no unusual price movements indicating the year end prices are stale; • obtaining and agreeing confirmation from the custodian of investments held in order to obtain comfort over existence and ownership; and • reviewing the adequacy of the disclosure in the financial statements and ensure that the methodology applied is in accordance with FRS102 and the Statement of Recommended Practice issued by the Association of Investment Companies. Our observations Based on the work performed and evidence obtained, we consider the methodology and assumptions used to value the investments as appropriate. We did not note any issues with regard to the existence or the ownership of the investments held as at 31 December 2020.

Independent Auditor's Report

continued

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

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

Overall materiality	£1,059,000
How we determined it	This has been calculated with reference to the Company's net assets, of which it represents approximately 1%.
Rationale for benchmark applied	Net assets have been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders. Approximately 1% of net assets have been chosen to reflect the level of understanding of the stakeholders of the Company in relation to the inherent uncertainties around accounting estimates and judgements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality was £794,000 which is approximately 75% of overall materiality.
Reporting threshold	At planning stage, we agreed with the directors that we would report to them misstatements identified during our audit above £29,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. This threshold has increased to £32,000 following our revised materiality using net assets as at 31 December 2020.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements 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; or
- a corporate governance statement has not been prepared by the Company.

Independent Auditor's Report
continued

Corporate governance statement

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

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 38;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on pages 28 to 29;
- Directors' statement on fair, balanced and understandable set out on page 41;
- Board's confirmation that it has carried out a robust assessment of the e-merging and principal risks set out on pages 25 to 27;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 47 and;
- The section describing the work of the audit committee set out on pages 48 to 51.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 41, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory requirements of the HMRC Investment Trust conditions and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- At the planning stage of our audit, gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to the applicable laws and regulations;
- Discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- During the audit, focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the Company's regulatory and legal correspondence and review of minutes of directors' meetings in the year we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory requirements of the HMRC Investment Trust conditions. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2006 and UK tax legislation.

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

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to investment valuations, and significant one-off or unusual transactions; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

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

Independent Auditor's Report
continued

Other matters which we are required to address
Following the recommendation of the audit committee, we were appointed by the Audit Committee on 02 December 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ending 31 December 2019 to 31 December 2020.

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

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

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

Stephen Eames (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
8 April 2021

Income Statement

	Notes	For the year ended 31 December 2020 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2019 Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	8	–	13,803	13,803	–	22,720	22,720
Income from investments held at fair value through profit or loss	2	577	–	577	1,087	–	1,087
Management and performance fees	3	(276)	(1,183)	(1,459)	(248)	(993)	(1,241)
Other expenses	4	(454)	–	(454)	(437)	–	(437)
Net (loss)/return before taxation		**(153)**	**12,620**	**12,467**	**402**	**21,727**	**22,129**
Taxation on net return	5	(14)	–	(14)	(78)	–	(78)
Net (loss)/return after taxation		**(167)**	**12,620**	**12,453**	**324**	**21,727**	**22,051**
(Loss)/return per ordinary share – basic and diluted (pence)	6	**(0.2)**	**15.8**	**15.6**	**0.4**	**27.2**	**27.6**

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 67 to 82 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Ordinary share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue £'000	Total £'000
At 31 December 2019		800	77,371	15,280	548	93,999
Net return/(loss) from after taxation		–	–	12,620	(167)	12,453
Dividends paid – revenue	7	–	–	–	(320)	(320)
At 31 December 2020		**800**	**77,371**	**27,900**	**61**	**106,132**

For the year ended 31 December 2019

	Notes	Ordinary share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue £'000	Total £'000
At 31 December 2018		800	77,371	(6,447)	784	72,508
Net return from after taxation		–	–	21,727	324	22,051
Dividends paid – revenue	7	–	–	–	(560)	(560)
At 31 December 2019		**800**	**77,371**	**15,280**	**548**	**93,999**

The accompanying notes on pages 67 to 82 are an integral part of these financial statements.

Statement of Financial Position

	Notes	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	103,035	76,847
Current assets			
Debtors	10	105	108
Derivative financial instruments at fair value through profit or loss	9	1,930	1,393
Cash		1,413	15,879
		3,448	17,380
Creditors: amounts falling due within one year			
Other creditors	11	(351)	(228)
Net current assets		3,097	17,152
Total net assets		106,132	93,999
Capital and reserves			
Ordinary share capital	12	800	800
Special reserve		77,371	77,371
Capital reserve	17	27,900	15,280
Revenue reserve		61	548
Total shareholders' funds		106,132	93,999
Net asset value per share – basic and diluted (pence)	13	132.7	117.5

The financial statements on pages 63 to 82 were approved by the Board of Directors and authorised for issue on 8 April 2021 and were signed on its behalf by:

Sir Ian Cheshire
Chairman

The accompanying notes on pages 67 to 82 are an integral part of these financial statements.

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

Statement of Cash Flows

	Notes	For the year ended 31 December 2020 £'000	For the year ended 31 December 2019 £'000
Net cash outflow from operating activities	14	(1,225)	(601)
Cash flows from investing activities			
Purchases of investments		(26,096)	(28,275)
Sales of investments		13,071	37,823
Settlement of derivatives		104	(240)
Net cash (outflow)/inflow from investing activities		(12,921)	9,308
Cash flows from financing activities			
Equity dividends paid		(320)	(560)
Net cash outflow from financing activities		(320)	(560)
(Decrease)/increase in cash and cash equivalents		(14,466)	8,147
Cash and cash equivalents at start of the year		15,879	7,732
Cash and cash equivalents at the end of the year		1,413	15,879

The accompanying notes on pages 67 to 82 are an integral part of these financial statements.

1. ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial statements have been prepared in accordance with United Kingdom company law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019 (the 'SORP'), and the historical cost convention, as modified by the valuation of investments at fair value through profit or loss. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of substantial falls in markets and significant reductions in market liquidity (including consideration of the effect of Covid 19 and Brexit) on the Company's financial position and cash flows. Further information on the assumptions used in the stress scenarios is provided in the Audit Committee report on page 50. The results of the tests showed that the Company would have sufficient cash, or the ability to liquidate a sufficient proportion of its listed holdings, to meet its liabilities as they fall due. Based on the information available to the Directors at the time of this report, including the results of the stress tests, the Company's cash balances, and the liquidity of the Company's listed investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to adopt the going concern basis in preparing these financial statements.

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

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

- Level 1 – 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).

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.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

Notes to the Financial Statements

continued

1. ACCOUNTING POLICIES continued

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of the Company's unquoted (Level 3) investments. £13,380,000 or 13.0% (2019: £27,287,000 or 29.1%) of the Company's portfolio is comprised of unquoted investments. These are all valued in line with accounting policy 1(b) below. Under the accounting policy the reported net asset value or price of recent transactions methodologies have been adopted in valuing those investments, as set out on page 80.

As the Company has judged that it is appropriate to use reported NAVs in valuing unquoted investments as set out in Note 16 (vi), the Company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Whilst the Board considers the methodologies and assumptions adopted in the valuation of unquoted investments are supportable, reasonable and robust, because of the inherent uncertainty of valuation, the values used may differ significantly from the values that would have been used had a ready market for the investment existed. These values may need to be revised as circumstances change and material adjustments may still arise as a result of a reappraisal of the unquoted investments' fair value within the next year.

In using a figure of 25% in the disclosures, set out on page 80, in relation to unquoted investments the Directors had regard to the nature of the investments, the wide range of possible outcomes, and public information on secondary market transactions in private equity funds.

Segmental Analysis

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

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

All investments are measured on initial recognition and at subsequent reporting dates at fair value in accordance with FRS 102 Section 11: Basic Financial Instruments and Section 12: Other Financial Instruments Issues.

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. The fair value of the different types of investment held by the Company is determined as follows:

- Quoted Investments

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

- Unquoted Investments

  Unquoted investments are fair valued using recognised valuation methodologies in accordance with the International Private Equity and Venture Capital Association valuation guidelines (IPEVCA Guidelines).

1. ACCOUNTING POLICIES continued

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

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

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

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

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

(c) Derivatives

Derivatives comprise foreign currency forwards used to hedge the Company's foreign currency exposure. The forwards comprise sterling receivable and a foreign currency deliverable. The fair value of the forwards is the receivable 'leg' less the deliverable 'leg' translated at the exchange rate at the date of the Statement of Financial Position.

(d) Investment Income

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

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.

(e) 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

Notes to the Financial Statements

continued

1. ACCOUNTING POLICIES continued

(e) Expenses continued

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

Any performance fee accrued or paid is charged in full to the capital column of the Income Statement.

(f) Taxation

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

(g) Foreign Currency

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

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

(h) 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.

(i) Capital Reserves

The following are transferred to this reserve: gains and losses on the realisation of investments; changes in the fair values of investments; and expenses, together with the related taxation effect, charged to capital in accordance with the 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.

(j) Special Reserve

During 2016, in order to enable the Company to make share repurchases out of distributable reserves and to increase the distributable reserves available to facilitate the payment of future dividends, following the approval of the Court, the share premium account was cancelled and the balance of the account was transferred to the Special Reserve.

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

	2020 £'000	2019 £'000
Income from investments		
Unquoted distributions	90	114
Overseas dividends	487	966
Fixed interest income	–	7
	577	1,087
Total income comprises:		
Dividends	577	1,080
Interest	–	7
	577	1,087

3. AIFM AND PORTFOLIO MANAGEMENT FEES

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
AIFM fee	42	168	210	38	151	189
Portfolio management fee	234	936	1,170	210	842	1,052
Performance fee	–	79	79	–	–	–
	276	1,183	1,459	248	993	1,241

4. OTHER EXPENSES

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
Directors' remuneration	171	–	171	170	–	170
Employers NIC on directors's remuneration	18	–	18	19	–	19
Auditors' remuneration for the audit of the Company's financial statements	41	–	41	33	–	33
Registrar fee	17	–	17	17	–	17
Broker retainer	30	–	30	30	–	30
Legal and professional costs	8	–	8	9	–	9
Custody fees	46	–	46	50	–	50
Other costs	123	–	123	109	–	109
Total expenses	454	–	454	437	–	437

Details of the amounts paid to Directors are included in the Directors' Remuneration Report beginning on page 52.

Notes to the Financial Statements

continued

5. TAXATION ON NET RETURN

(a) Analysis of charge in period

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
UK corporation tax						
Overseas taxation	14	–	14	78	–	78

(b) Factors affecting current tax charge for the year

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

The tax charged for the period is lower than the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The difference is explained below.

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Net (loss)/return before taxation	(153)	12,620	12,467	402	21,727	22,129
Corporation tax at 19.0% (2019: 19.0%)	(29)	2,398	2,369	76	4,128	4,204
Non-taxable gains on investments held at fair value through profit or loss	–	(2,623)	(2,623)	–	(4,317)	(4,317)
Overseas withholding taxation	14	–	14	78	–	78
Non-taxable overseas dividends	(110)	-	(110)	(205)	–	(205)
Excess management expenses*	139	225	364	129	189	318
Current tax charge for the year	14	–	14	78	–	78

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

(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 £1,527,000 (19% tax rate) (2019: £1,084,000, 17%) as a result of excess management expenses. It is not anticipated that these excess expenses will be utilised in the foreseeable future. Following the Budget in March 2020 the UK corporation tax rate remained at 19% from April 2020.

6. (LOSS)/RETURN PER SHARE

The capital, revenue and total return per ordinary share are based on the net (loss)/return shown in the Income Statement on page 63 and the weighted average number of ordinary shares in issue 80,000,001 (2019: 80,000,001).

There are no dilutive instruments issued by the Company.

The calculation of the total, revenue and capital returns/(losses) per ordinary share is carried out in accordance with IAS 33 Earnings per share.

7. DIVIDENDS PAID

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

	2020 £'000	2019 £'000
2019 interim dividend of 0.4p per share	320	–
2018 final dividend of 0.7p per share	–	560

The Board's current policy is to only pay dividends out of revenue reserves except where payment from a capital reserve is required to maintain investment trust status. Therefore the amount available for distribution as at 31 December 2020 is £61,000 (2019: £548,000). The Company generated a revenue loss in the year ended 31 December 2020 of £167,000 (2019: £324,000).

The dividends payable in respect of both the current and the previous financial year, which meet the requirements of Section 1158 CTA 2010, are set out below:

	2020 £'000	2019 £'000
Revenue (loss)/available for distribution by way of dividend for the year	(167)	324
2019 interim dividend of 0.4p per share	–	(320)
Transfer to revenue reserves	**(167)**	**4**

Notes to the Financial Statements

continued

8. INVESTMENTS

	2020 Quoted Investments £'000	2020 Unquoted Investments £'000	2020 Total £'000	2019 Quoted Investments £'000	2019 Unquoted Investments £'000	2019 Total £'000
Opening balance						
Cost at 1 January	38,258	22,922	61,180	38,711	22,439	61,150
Investment holdings gains at 1 January	11,302	4,365	15,667	4,262	199	4,461
Valuation at 1 January	49,560	27,287	76,847	**42,973**	**22,638**	**65,611**
Movement in the year:						
Purchases at cost	25,537	559	26,096	19,518	8,759	28,277
Sales – proceeds received	(3,903)	(9,272)	(13,175)	(27,681)	(10,142)	(37,823)
Net movement in investment holdings gains	12,441	826	13,267	14,750	6,032	20,782
Valuation at 31 December	83,635	19,400	103,035	49,560	27,287	76,847
Closing balance						
Cost at 31 December	60,672	18,758	79,430	38,258	22,922	61,180
Investment holding gains at 31 December	22,963	642	23,605	11,302	4,365	15,667
Valuation at 31 December	83,635	19,400	103,035	49,560	27,287	76,847

The Company received £13,175,000 (2019: £37,823,000) from investments sold in the year. The book cost of these investments was £7,846,000 (2019: £28,247,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Gains on investments

	2020 £'000	2019 £'000
Net movement in investment holding gains in the year	13,267	20,782
Net movement in derivative holding gains in the year	536	1,938
Gains on investments	13,803	22,720

Purchase transaction costs were £17,000 (2019: £3,000). These comprise mainly commission and stamp duty.

Sales transaction costs were £2,000 (2019: £17,000). These comprise mainly commission.

9. DERIVATIVES

	2020 £'000	2019 £'000
Fair value of FX forwards	1,930	1,393

FX forwards are currently used to hedge the Company's exposure to the Euro and US Dollar. See note 16(ii) for further details. The Company received £104,000 (2019: paid £240,000) on FX forwards closed during the year. The FX forwards are revalued over time and any gains/losses (both realised and unrealised) are included in Gains/(losses) on investments in the capital column of the Income Statement.

10. DEBTORS

	2020 £'000	2019 £'000
VAT recoverable	8	10
Withholding tax recoverable	70	78
Prepayments and accrued income	27	20
	105	108

11. OTHER CREDITORS

	2020 £'000	2019 £'000
Performance fees	79	–
Other creditors and accruals	272	228
	351	228

The mechanism for performance fee is explained on page 24. The full amount of £79,000 was expensed during the year ended 31 December 2020 and will be fully payable upon approval of this annual report.

12. SHARE CAPITAL

	2020 £'000	2019 £'000
Issued and fully paid:		
80,000,001 ordinary shares of 1p per share	800	800

There is a single class of 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

Notes to the Financial Statements
continued

13. NET ASSET VALUE PER SHARE

	2020	2019
Net asset value per share	132.7p	117.5p

The net asset value per share is based on the assets attributable to equity shareholders of £106,132,000 (2019: £93,999,000) and on the number of ordinary shares in issue at the year end of 80,000,001.

There are no dilutive instruments issued by the Company.

14. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2020 £'000	2019 £'000
Gains before finance costs and taxation	12,467	22,129
Gains made on investments	(13,803)	(22,720)
	(1,336)	(591)
(Increase)/decrease in other debtors	(5)	26
Increase in creditors and accruals	123	46
Effective interest rate amortisation	–	(2)
Net taxation suffered on investment income	(7)	(80)
Net cash outflow from operating activities	(1,225)	(601)

15. 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 on pages 23 to 24. Details of fees paid to Frostrow by the Company can be found in note 3 on page 71. All material related party transactions have been disclosed in note 3 on page 71. 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 53.

The balance outstanding to Frostrow at the year end was £20,000 (2019: £18,000). No balances were due to the Directors (2019: nil).

Ben Goldsmith, a member of the Portfolio Manager, holds a minority membership interest in Alpina Partners LLP (formerly WHEB Capital Partners LLP), the investment manager of the WCP Growth Fund LP. He also has a small carried interest participation in this fund.

16. FINANCIAL INSTRUMENTS

Risk management policies and procedures

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

As an investment trust, the Company invests in equities and other investments for the long term so as to achieve its Investment Objective as stated on pages 8 and 9. 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 25 to 27. The AIFM, in close co-operation with the Board and the Portfolio Manager, co-ordinates the Company's risk management.

(i) Other price risk

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

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

Other price risk sensitivity

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

If market prices at the date of the Statement of Financial Position had been 25% higher or lower while all other variables had remained constant: the revenue return would have decreased/increased by £62,000 (2019: £283,000); the capital return would have increased/decreased by £18,571,000 (2019: £19,212,000); and, the return on equity would have increased/decreased by £18,509,000 (2019: £18,929,000). The calculations are based on the portfolio as at the respective dates of the Statement of Financial Position and are not representative of the year as a whole.

(ii) Foreign currency risk

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

Foreign currency risk is monitored in conjunction with other price risk as described above. The Portfolio Manager uses foreign currency forwards to hedge the foreign currency risk. Currently, approximately two thirds of the Company's euro and US dollar exposures are hedged.

Notes to the Financial Statements

continued

16. FINANCIAL INSTRUMENTS continued

Foreign currency exposure

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

	2020				2019			
	Investments £'000	Derivatives* £'000	Current assets £'000	Net £'000	Investments £'000	Derivatives £'000	Current assets £'000	Net £'000
U.S. dollar	77,148	(39,860)	2	37,290	52,583	(37,704)	17	14,896
Euro	16,584	(8,956)	70	7,698	11,528	(14,422)	9,950	7,056
Other	–	–	31	31	3,621	–	9	3,630
	93,732	(48,816)	103	(45,019)	67,732	(52,126)	9,976	25,582

*Derivatives comprise foreign currency forwards used to partially hedge the Company's exposure to overseas currencies.

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 Statement of Financial Position date.

	2020			2019		
	USD £'000	EUR £'000	Other £'000	USD £'000	EUR £'000	Other £'000
Sterling depreciates	4,143	855	3	1,655	784	403
Sterling appreciates	(3,390)	(700)	(3)	(1,354)	(641)	(330)

(iii) Interest rate risk

Interest rate changes may affect:

- the level of income receivable from floating and fixed rate securities and cash at bank and on deposit; and
- the fair value of investments in fixed interest securities.

16. FINANCIAL INSTRUMENTS continued

Interest rate exposure

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

	2020		2019	
	Fixed rate £'000	Floating rate £'000	Fixed rate £'000	Floating rate £'000
Cash	–	1,413	–	15,879
	–	1,413	–	15,879

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 2020 and the net assets would increase/decrease by £14,000 (2019: £159,000).

(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 18 on page 82. These commitments can be drawn down on 3 or 10 days notice. Having reviewed the nature of the investment and the track record of the underlying mandate for the most significant commitment, to TCI Real Estate Fund III Limited, the Board consider that it will be drawn down gradually over the life of the investment and as such poses a low risk to the liquidity of the Company. Frostrow and/or the Portfolio Manager are in regular contact with the managers of the limited partnership funds, as a part of which they would be made aware of, and plan accordingly for any drawdowns under those commitments.

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

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

(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.

Credit risk exposure

	2020 £'000	2019 £'000
Derivative financial instruments	1,930	1,393
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable)	105	94
Cash	1,413	15,879

(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 67.

Notes to the Financial Statements
continued

16. FINANCIAL INSTRUMENTS continued

As of 31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	89,655	–	13,380	103,035
Derivatives	–	1,930	–	1,930

As of 31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	49,560	–	27,287	76,847
Derivatives	–	1,393	–	1,393

Level 3 investments as of 31 December 2020

	Cost '000	Value £'000	Ownership	Valuation basis
Helios Co-Invest LP [1]	US$8,221	11,120	4.73%	NAV
WCP Growth Fund LP	£7,447	26	10.30%	Discount to adjusted NAV
TCI Real Estate Partners Fund III Ltd	US$2,713	2,235	1.18%	NAV

[1] Described as X-ELIO in the portfolio statement

The Company has a 1.25% holding in KKR Evergreen Co-Invest LP, whose NAV is 99.8% represented by the valuation of Calisen PLC. Following the successful IPO of Calisen PLC during the year, its share price is now publicly available on a recognised stock exchange. As such, the Company now classifies KKR Evergreen Co-Invest LP (fair value: £6,020,000) as a level 1 investment (2019: level 3 investment).

During the year, the Company realised a gain of £1,267,000 after receiving £5,017,000 distribution from Helios Co-Invest LP, following the sale of its 30% stake in X-ELIO. Helios Co-Invest LP remains the largest unquoted investment for the Company as at 31 December 2020.

The Company also received a cash proceed of £3,540,000 from the disposal of its investment in Perfin Apollo 12 FIP. This represents a loss of £81,000, due to changes in FX, from its carrying value of £3,621,000 at the end of 2019.

The fair value WCP Growth Fund LP was written down by £416,000 during the year.

If a 25% discount to NAV was applied to the NAV of the level 3 investments as at 31 December 2020, or the discount already applied was increased by 25%, the impact would have been a decrease of £3,217,000 in net assets and the net return for the year.

16. FINANCIAL INSTRUMENTS continued

Level 3 investments as of 31 December 2019

	Cost '000	Value £'000	Ownership	Valuation basis[3]
KKR Evergreen Co-Invest LP [1]	£3,518	4,701	1.25%	Calibrated PORT
Perfin Apollo 12 FIP	BRL3,937	3,621	5.80%	PORT
Helios Co-Invest LP [2]	US$13,116	16,419	4.73%	PORT/NAV
WCP Growth Fund LP	£7,904	899	10.30%	Discount to adjusted NAV
TCI Real Estate Partners Fund III Ltd	US$1,978	1,648	1.18%	NAV

[1] Described as Calisen PLC in the portfolio statement
[2] Described as X-ELIO in the portfolio statement
[3] PORT = price of recent transaction

Perfin Apollo 12 FIP's fair value was written up by £2,837,000 and Helios Co-Invest LP's fair value increased by £825,000 in 2019.

In addition, one unquoted investment was bought and realised in 2019. A stake in CGE Investments ("CGE") was acquired for €9,870,000 in the first quarter of 2019. The underlying investment in CGE was subject to a takeover offer that was accepted and completed in the final quarter of 2019. Following completion, CGE made a return of capital of €11,652,000.

If a 25% discount to NAV was applied to the NAV of the level 3 investments as at 31 December 2019, or the discount already applied was increased by 25%, the impact would have been a decrease of £637,000 in net assets and the net return for the year.

(vii) Capital management policies and procedures

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

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

The capital structure of the Company consists of the equity share capital, retained earnings and other reserves as disclosed on the Statement of Financial Position on page 65.

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

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

– 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;

– 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.

Notes to the Financial Statements
continued

17. CAPITAL RESERVE

	2020 Capital Reserves			2019 Capital Reserves		
	Other £'000	Investment Holding Gains £'000	Total £'000	Other £'000	Investment Holding (Losses) /Gains £'000	Total £'000
At 1 January	(1,780)	17,060	15,280	(10,124)	3,677	(6,447)
Net gains on investments	5,329	8,474	13,803	9,337	13,383	22,720
Expenses charged to capital	(1,183)	–	(1,183)	(993)	–	(993)
At 31 December	2,366	25,534	27,900	(1,780)	17,060	15,280

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.

18. FINANCIAL COMMITMENT

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

	Sterling Commitment	Local currency Commitment	Notice of drawdown
KKR Evergreen Co-Invest LP	£18,000	–	10 business days
WCP Growth Fund LP	£52,000	–	10 business days
Helios Co-Invest LP	£45,000	US$62,000	3 business days
TCI Real Estate Partners Fund III Limited	£9,000,000	US$12,303,000	10 business days

19. THE COMPANY

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

Shareholder Information

Financial Calendar

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

Annual General Meeting

The Annual General Meeting of Menhaden PLC will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on 3 June 2021 at 12 noon. Please refer to the Chairman's Statement on page 6 for details of this year's arrangements.

Share Prices

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

Change of Address

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

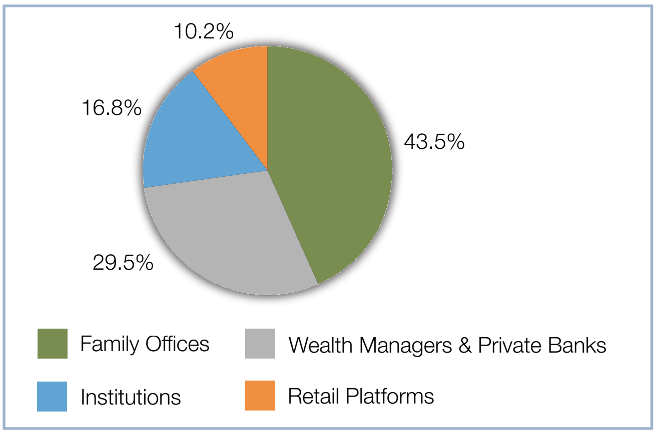
Net Asset Value

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.

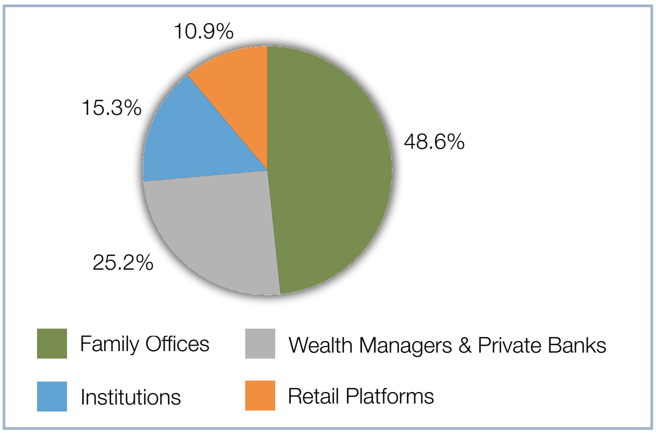
Profile of the Company's Ownership

% of ordinary shares held at:

31 December 2020



31 December 2019



AIFMD Disclosures

The Company's AIFM, Frostrow Capital LLP, and the Company are required to make certain disclosures available to investors in accordance with the UK's Alternative Investment Fund Managers Regulation ("AIFMD UK Regulation").

Those disclosures that are required to be made pre-investment are included within an Investor Disclosure Document which can be found on the Company's website www.menhaden.com.

The periodic disclosures to investors are made below:

- Information on the investment strategy, sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Frostrow.
- The Strategic Report and note 16 to the Financial Statements set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place during the year under review and no breaches of the risk limits set, with no breach expected.
- At the start of the year under review, the maximum leverage limits were 200% both on a gross and on a commitment basis (see Glossary on page 85 for further details). As at 31 December 2020, gross leverage was 144.9% (2019: 137.6%) and commitment leverage was 100.2% (2019: 100.2%).
- No right of re-use of collateral or any guarantee granted under the leveraging arrangement has arisen during the period.
- Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Note: These disclosures are not audited by the Company's statutory auditor.

Glossary

Alternative Investment Fund Managers Directive (AIFMD)

Agreed by the European Parliament and the Council of the European Union and transposed 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

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

Discount or Premium

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

Gearing

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

Gearing represents borrowings at par less cash and cash equivalents expressed as a percentage of shareholders' funds. 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 on which a performance fee has been paid. Its initial level was set at 100p on the launch of the Company.

Leverage

For the purposes of the 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 (as detailed in the AIFMD) are offset against each other.

Net Asset Value (NAV)

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

Glossary
continued

NAV Total Return

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

	31 December 2020	31 December 2019
Opening NAV	117.5p	90.6p
Increase in NAV	15.2p	26.9p
Closing NAV	132.7p	117.5p
% increase in NAV	12.9%	29.7%
Impact of dividend reinvested	0.3%	0.8%
NAV total return	13.2%	30.5%

Share Price Total Return

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

	31 December 2020	31 December 2019
Opening share price	96.5p	67.0p
Increase in share price	2.5p	29.5p
Closing share price	99.0p	96.5p
% increase in share price	2.6%	44.0%
Impact of dividend reinvested	0.4%	1.3%
Share price total return	3.0%	45.3%

Ongoing Charges

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

	31 December 2020 £'000	31 December 2019 £'000
Total Expenses	1,913	1,678
Average NAVs	93,724	83,249
Ongoing charge ratio	2.0%	2.0%

How to Invest

Retail Investors Advised by IFAs

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

Investment Platforms

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

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

How to Invest
continued

Link Group – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrars, Link Group, 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. 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: ww2.linkgroup.eu/share-deal (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 stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.*

– *Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.*

– *Investors should note that tax rates and reliefs may change at any time in the future.*

– *The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.*

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Menhaden PLC will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Thursday, 3 June 2021 at 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 Annual Report for the year ended 31 December 2020, including the financial statements and the directors' and auditor's reports thereon.
2. To receive and approve the Directors' Remuneration Report for the year ended 31 December 2020.
3. To re-elect Sir Ian Cheshire as a Director of the Company.
4. To re-elect Duncan Budge as a Director of the Company.
5. To re-elect Emma Howard Boyd as a Director of the Company.
6. To re-elect Howard Pearce as a Director of the Company.
7. To re-appoint Mazars LLP as the Company's Auditor to hold office from the conclusion of the meeting to the conclusion of the next Annual General Meeting at which accounts are laid, and to authorise the Audit Committee to determine their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 9, 10 and 11 will be proposed as special resolutions:

Authority to Issue Shares

8. THAT, in substitution for all existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to a maximum aggregate nominal amount of £80,000 (being 10% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed) and representing 8,000,000 shares of 1 penny each, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Notice of the Annual General Meeting
continued

Disappplication of Pre-emption Rights

9. THAT, in substitution of all existing powers, the Directors be and are hereby generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 8 set out in the notice convening the Annual General Meeting at which this resolution is proposed or otherwise as if section 561(1) of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment of equity securities pursuant to:
   (a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 1 penny each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and
   (b) (otherwise than pursuant to sub-paragraph (a) above) an offer or offers of equity securities of up to an aggregate nominal value of £80,000 and expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

Authority to Repurchase ordinary shares

10. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1 penny each in the capital of the Company ("Shares") (either for retention as Treasury Shares for future reissue, resale, transfer or cancellation) provided that:
    (a) the maximum aggregate number of Shares authorised to be purchased is 11,992,000 or, if changed, the number representing approximately 14.99% of the issued share capital of the Company at the date of the meeting at which this resolution is proposed;
    (b) the minimum price (exclusive of expenses) which may be paid for a Share is 1 penny;
    (c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange;
    (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and
    (e) the Company may make a contract to purchase Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

General Meetings

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

Shareholders should note that, should ongoing restrictions in view of the Covid-19 pandemic make it impossible to hold a physical meeting, without endangering the wellbeing of shareholders and other attendees, then the Board will only conduct the statutory, formal business this year in order to meet the minimum legal requirements. In that case arrangements will be made for shareholders to attend via a webinar, view a presentation by the Portfolio Manager and ask questions in advance. Shareholders are encouraged to view the Company's website, www.menhaden.com for further information nearer the time. Questions to the Board and the Portfolio Manager can be submitted to the Company Secretary at info@frostrow.com. Should time pressures make it impossible to answer all questions during the webinar, then an effort will be made to answer them on the website afterwards.

All shareholders should look on the Company's website, www.menhaden.com for any late changes to the AGM arrangements and whether attendance will be possible.

In any case, all shareholders are strongly advised to exercise their votes in advance of the meeting by proxy, by following the voting instructions overleaf.

By order of the Board

Registered Office:
25 Southampton Buildings
London WC2A 1AL

Frostrow Capital LLP
Company Secretary
8 April 2021

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.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. Hard copy forms of proxy have not been included with this notice. Members can vote by: logging onto www.signalshares.com and following instructions, requesting a hard copy form of proxy directly from the registrars, Link Group, by emailing enquiries@linkgroup.co.uk; or, in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. To be valid any appointment of a proxy must be completed, signed and received at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL no later than 12 noon on 1 June 2021.
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 close of business on 1 June 2021 (or, in the event of any adjournment, on the date which is two business days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.
9. As at 8 April 2021 (being the last business day prior to the publication of this notice) the Company’s issued share capital consists of 80,000,001 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 8 April 2021 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, excluding non-business days. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
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 a hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Link Group on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.
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 Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL.

    In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments then, subject to paragraph 4, the proxy appointment will remain valid.
19. Given the risks posed by the spread of Covid-19 and in accordance with the Articles and Government guidance, the Company may impose restrictions on shareholders wishing to attend the AGM. Such restrictions may include limiting the number of shareholders permitted to attend the AGM in person. Other restrictions may be imposed as the chairman of the meeting may specify in order to ensure the safety of those attending the AGM.

Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report

The Annual Report for the year ended 31 December 2020 will be presented to the Annual General Meeting (AGM). The financial statements accompany this Notice of Meeting.

Resolutions 2 – Directors' Remuneration Report

It is mandatory for all listed companies to put their report on Directors' remuneration to a shareholder vote every year. The Directors' Remuneration Report is set out in full in the Annual Report on pages 52 and 53.

Resolutions 3 to 6 – Re-election of Directors

Resolutions 3 to 6 deal with the re-election of each Director. Biographies of each of the Directors can be found on pages 35 and 36 of the Annual Report.

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

Sir Ian Cheshire

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

Duncan Budge

Duncan has over 35 years' experience from his career in the city and the investment trust sector, and his first-hand knowledge enables the Board to engage authoritatively with the Portfolio Manager on their investment strategy.

Emma Howard Boyd

Emma has over 25 years' experience in various Board level roles in the asset management, charity, and public sectors and brings deep expertise in corporate governance, asset stewardship, and climate change matters.

Howard Pearce

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

Resolution 7 – Re-appointment of Auditor and the determination of their remuneration

Resolution 7 relates to the re-appointment of Mazars LLP as the Company's independent Auditor to hold office until the next AGM of the Company and also authorises the Audit Committee to set their remuneration. Following the implementation of the Competition and Markets Authority order on Statutory Audit Services, only the Audit Committee may negotiate and agree the terms of the Auditor's service agreement.

Resolutions 8 and 9 – Issue of Shares

Ordinary Resolution 8 in the Notice of Annual General Meeting will renew the authority to allot unissued share capital up to an aggregate nominal amount of £80,000 (equivalent to 8,000,000 shares, or 10% of the Company's existing issued share capital on 8 April 2021, being the nearest practicable date prior to the signing of this Annual Report). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting unless previously renewed.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 9 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 8 April 2021, as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 8. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 8 and 9 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 10 – Share Repurchases

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

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

Special Resolution 10 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 8 April 2021, being the nearest practicable date prior to the signing of this Annual Report, (amounting to 11,952,000 shares). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 11 – General Meetings

Special Resolution 11 seeks shareholder approval for the Company to hold General Meetings (other than the AGM) on 14 clear days' notice.

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

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to 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 188,000 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 on 30 September 2014. The Company was incorporated as BGT Capital PLC.

Website

Website: www.menhaden.com

Registered Office

25 Southampton Buildings
London WC2A 1AL

Alternative Investment Fund Manager, Company Secretary and Administrator

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

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

Portfolio Manager

Menhaden Capital Management LLP
2nd Floor
Heathmans House
19 Heathmans Road
London
SW6 4TJ
Authorised and regulated by the Financial Conduct Authority

Depositary

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

Auditor

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Corporate Broker

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

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
Telephone + 44 371 664 0300
E-mail: enquiries@linkgroup.co.uk
Shareholder Portal: www.signalshares.com
Website: www.linkassetservices.com
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

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

Share Price Listings

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

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

Identification Codes

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

Legal Entity Identifier

2138004NTCUZTHFWXS17

Investment scams are often sophisticated and difficult to spot

How to avoid investment scams

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

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

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

If you're suspicious, report it

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

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

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

FCA FINANCIAL CONDUCT AUTHORITY

Be a ScamSmart Investor

aic The Association of Investment Companies

A member of the Association of Investment Companies

Disability Act

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

Environment

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