



Ben Goldsmith



Information as at 29 February 2016

www.menhaden.com

Investment Objective

Menhaden Capital PLC (the "Company") seeks to generate long-term shareholder returns, predominantly in the form of capital growth, by investing in businesses and opportunities, irrespective of their size, location or stage of development, delivering or benefiting from the efficient use of energy and resources. Whilst the intention is to pursue an active, non-benchmarked total return strategy, the Company will be cognisant of the positioning of its portfolio against the MSCI World Index (Total Return, Sterling adjusted).

10 Largest Holdings at 29 February 2016 (% of total investments)

Name	Total
X-ELIO *	14.4
WHEB Ventures Private Equity Fund 2 LP [^]	12.5
Osmosis World Resources Efficiency	5.2
Terraform Power	5.0
Alpina Partners Fund LP [^]	3.2
Candian Solar	2.8
Rockwell Automation	2.8
Acuity Brands	2.7
Praxair	2.6
AO Smith	2.6
Total	53.8

*investment made through Helios Co-Invest LP

[^] managed by Alpina Partners

Commentary

During February the Company's NAV was down 2.2%, the share price was down 0.7%, while the MSCI World Index was up 1.0%.

The biggest contribution to the decrease was our position in the two private equity funds managed by WHEB Capital Partners, recently rebranded to Alpina Partners, who released their year-end valuations during the month. Alpina manages two funds (2009 and 2014 vintages) that invest growth capital in a broad set of 'green' industries. Our interests in these two funds provide us with access to a diversified portfolio of opportunities which we would be unable to access directly. The NAV of both of Alpina's funds were marked down at the end of Q4. The write-down in WHEB Ventures Private Equity Fund 2 LP was largely attributable to two portfolio companies. The first, Hoffmeister, an LED lighting company, had some delays in several larger projects which shifted to the following quarter, Torqeedo, a maker of electric motors for boats, was repriced on the back of an internal funding round. In The Alpina Partners Fund LP, UBC, a manufacturer of carbon fibre components, was marked down after missing earnings targets. Countermeasures are being taken by the company and its top line performance (50% above budget) means that it should accrete in value over the next year. The team at Alpina maintain their optimism that 2016 will bring profitable exits from WHEB Ventures Private Equity Fund 2 LP which will, if executed, reverse the mark downs.

Our position in SunEdison, one of the world's largest and leading renewable energy project developers, was bought in Q3 2015 following a significant decline of the share price, as we believed that the underlying assets and cash flow capability of the business had significant value. With hindsight, it appears that SunEdison has been trying to run too quickly – seeking hyper growth in increasingly difficult markets and thereby constraining its balance sheet. SunEdison's cost of capital has increased dramatically in recent months which makes it much harder to be a profitable project developer. This, coupled with issues surrounding the planned acquisition of the Vivint Solar platform, and recent senior executive departures have contributed to the further collapse of the share price in the first two months of the year. We believe that we misjudged the capabilities of the management team, and that the stewardship of our and other investors' capital has been poor. Nevertheless, we believe that the underlying value opportunity at SunEdison, and especially its two subsidiary yield companies, remains very good. There are some straightforward actions management need to take to demonstrate this value. If they can grasp the nettle and take these actions, then we believe the market will have reason to re-rate.

Portfolio Manager Profile

Menhaden Capital PLC has appointed Frostrow Capital LLP as its Alternative Investment Fund Manager ('AIFM'). The portfolio management services for which the AIFM has overall responsibility are carried out by the Investment Committee, comprising Graham Thomas, Ben Goldsmith and Alexander Vavalidis from Menhaden Capital Management LLP ('Menhaden'), who have been seconded to the AIFM for the purpose of performing such activities.

Biographies

Graham Thomas is the non-executive chairman of the Investment Committee. Before founding Menhaden, Graham chaired RIT Capital Partners plc's Executive Committee, was a member of its investment committee and had direct responsibility for its private investments. Prior to his roles with RIT Capital Partners plc, 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 joining DB Capital Partners (MidOcean Partners' predecessor) in 2001, he was an Executive Director in the Investment Banking Division of Goldman Sachs & Co, having joined Goldman Sachs in 1993. Graham is currently a non-executive director of Tamar Energy and Lesmoir-Gordon, Boyle & Co, and is on the investment committee of Apis Partners, a private equity firm.

Ben Goldsmith is the Chief Executive Officer of Menhaden. Before founding Menhaden with Alexander Vavalidis and Graham Thomas, Ben co-founded the WHEB group, one of Europe's leading energy and resource-focused fund investment businesses. Ben is a director of Cavamont Holdings, the Goldsmith family's investment holding vehicle, and also chairs its Family Committee. Ben also chairs the UK Conservative Environment Network, a group which has a preference for decentralised, market orientated solutions to environmental and resource issues.

Alexander Vavalidis is an investment manager at Menhaden. Before founding Menhaden with Ben Goldsmith and Graham Thomas, Alexander worked at Manzanita Capital, a private equity firm founded by the Fisher family in London focusing on the prestige beauty industry. Before Manzanita Capital, Alexander worked in New York for the Financial Sponsors group at Credit Suisse and for the Illiquids Group at Dresdner Kleinwort in London. Alexander holds an MA in Natural Sciences from Oxford University and an MBA from Harvard Business School.

Investment Policy

The Company's investment objective is pursued through constructing a conviction-driven portfolio consisting primarily of direct listed and unlisted holdings across different asset classes and geographies. 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: 1) It enables construction of a portfolio based on an assessment of market cycles; and 2) It enables investment in all opportunities which benefit from the investment theme. Once substantially invested, it is expected the portfolio will comprise approximately 20 to 25 positions. Typically, the portfolio will not comprise fewer than 20 positions or more than 50 positions. For these purposes, an investment in an external fund is treated as one position.

The portfolio will be predominantly focused on investments in developed markets, though if opportunities that present an attractive risk and reward profile are available in emerging markets then these may also be pursued. While many of the companies forming the portfolio will be headquartered in the UK, USA or Europe, it should be noted that many of those companies will be global in nature so their reporting currency may not reflect their actual geographic or currency exposures. Subject at all times to any applicable investment restrictions contained in the Listing Rules, the Company will not make an investment if it would cause a breach of any of the following limits at the point of investment: 1) 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, 2) no more than 20% of the Company's gross assets may be invested in a single external fund.

Menhaden Capital PLC conducts its affairs so that its shares can be recommended by independent financial advisers ("IFAs") to retail private investors. The shares are excluded from the Financial Conduct Authority's ("FCA's") restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

Menhaden Capital PLC

Asset Allocation Breakdown as at 29 February 2016 (%)

Asset	Total
Quoted equities	41.7
Private investments	31.2
Liquidity	18.5
Yield investments	8.6
Total	100.0

Source: All portfolio information sourced from Frostrow Capital LLP

Geographic Breakdown as at 29 February 2016 (%)

Asset	Total
US	34.0
Europe	19.4
Liquidity	18.5
Unquoted UK LPs	15.7
Global	5.2
Asia	3.4
Emerging Markets	2.0
UK	1.8
Total	100.0

Source: All portfolio information sourced from Frostrow Capital LLP

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Fast Facts

As at 29 February 2016

Launch Date	31 July 2015
Annual Management Fee	(payable by the Company) Portfolio Management Fee 1.25% p/a on first £150m of AUM, 1.0% thereafter; AIFM Fee 0.225% p/a up to £150m, 0.20% p/a thereafter up to £500m, 0.175% in excess of £500m.
Performance fee	See Prospectus for details
Ongoing charges*	Expected to be 2.1%
Continuation Vote	At AGM in 2020; every 5 years
Year / Half Year	December / June
Capital Structure	80,000,001 Ordinary Shares of 1p

Trust Characteristics

Number of Holdings	26
Total Net Assets (£m)	£62.7m
Market Capitalisation (£m)	£53.6m
Dividend Policy	Target 2% per annum dividend yield once the Company's assets are substantially invested
Gearing (AIC basis)	0%
Leverage Gross & Commitment	0%
Share Price (p)	67.00
NAV (p)	78.40
(Discount) / Premium	(14.5%)

Codes

Sedol	BZ0XWDO
ISIN	GB00BZ0XWDO4
Bloomberg	MHN LN
Epic	MHN

*Calculated at the financial year-end, includes management fees and all other operating expenses, excludes performance fees.

Important Information

Menhaden Capital PLC (the "Company") is a UK investment trust listed on the London Stock Exchange. As this Company may implement a gearing policy, investors should be aware that the share price movement may be more volatile than movements in the price of underlying investments. Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate. Fluctuation in the share price may be particularly marked and the value of an investment may fall suddenly and substantially. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Investment trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as "bid-offer" or "dealing" spread. Net Asset Value per share is calculated in accordance with the guidelines of the Association of Investment Companies in that income received in the period since the last annual accounts is excluded. Total net assets are stated inclusive of income received. Any opinions on individual stocks are those of the Company's Investment Committee and no reliance should be given on any such views. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of Frostrow Capital LLP and no assurances are made as to their accuracy.

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