Menhaden Resource Efficiency

Menhaden Resource Efficiency PLC
(Formerly Menhaden PLC)
Half Year Report
for the six months ended 30 June 2021

Contents

Financial Highlights

Performance	As at 30 June 2021	As at 31 December 2020
Net asset value ("NAV") per share	148.7p	132.7p
Share price	108.0p	99.0p
Share price discount to the NAV per share^	27.4%	25.4%

Total returns	Six months to 30 June 2021	Year to 31 December 2020
Net asset value per share^	12.1%	13.2%
Share price^	9.1%	3.0%

	Six months to 30 June 2021	Year to 31 December 2020
Ongoing charges^	1.9%	2.0%

Source: Frostrow Capital LLP/Bloomberg.

^ Alternative Performance Measure (see Glossary).

Please refer to the Glossary on page 20 for definitions of these terms and the basis of their calculation.

Chairman's Statement

I am pleased to report on your Company's activities over the six months to 30 June 2021 and on its financial position at that date.

Performance

Over the first half of the year, the Company's net asset value ("NAV") per share increased from 132.7p at 31 December 2020 to 148.7p at 30 June 2021, giving a total return for the period of 12.1% (2020: -4.3%). This compares with the return in the same period of the Company's adopted primary performance comparator, RPI+3% per annum, of 4.4%. Over the corresponding six months the market value of the Company's shares increased from 99.0p per share to 108.0p, giving a share price total return of 9.1% (2020: -13.0%). At the end of June the share price stood at a 27.4% discount to the NAV per share, having widened a little from 25.4% at the end of 2020.

Notwithstanding the perceived continuing threat from Covid-19, equity markets were buoyant over the first half of 2021 and our portfolio benefited from this. Our Portfolio Manager's optimism for the prospects of Ocean Wilsons expressed in the annual report was rewarded with a strong contribution in the period on the announcement of a proposed corporate restructuring of a subsidiary. Other notable contributors to performance included Alphabet (which was particularly beneficial due to the size of the holding), ASML and LAM Research. Our Portfolio Manager's report, starting on page 8, provides details on these holdings and other factors contributing to the Company's performance during the period.

Company Name Change

During the period the Board resolved to change the Company's name from Menhaden PLC to Menhaden Resource Efficiency PLC in order to reflect the investment objective. It is hoped that this change will make the Company more visible to investors, which in turn could help to increase demand for the Company's shares and narrow the discount at which they trade. The change of name became effective on 23 June 2021. New share certificates have not been issued in respect of shares already in issue at that date, so shareholders should retain their existing share certificates which will continue to be valid.

Annual General Meeting

Although it was disappointing that we were unable to hold a physical Annual General Meeting in June, the Board was pleased to see the level of participation in voting, with proxy votes being registered for over 45% of the shares in issue. Most of the resolutions were passed unanimously, with 100% of the votes being cast in favour, but my own re-election was a notable exception with a significant vote against being lodged by a large shareholder. We have determined that this was because my external appointments exceed that shareholder's internal corporate governance guidelines. They did not engage with us before voting. I assure shareholders that the Board has formally reviewed all the Directors' time commitments and we are satisfied that we all have adequate time available to fulfil our roles.

Share Price Discount

The Board continues to monitor the level of discount to the NAV per share at which the shares trade. As noted above, although the Company's share price broadly kept pace with the performance of the underlying portfolio over the first half of the year, the discount remained in a stubbornly wide range. The possibility of share buybacks is being kept under review, but experience elsewhere suggests that, on their own, buybacks are unlikely to be an effective solution. To date the Board has been of the opinion that share buy backs would not be in the best interests of shareholders as they reduce the size of the Company, reduce liquidity in the secondary market and increase the ongoing charges ratio. Should this view change, the Board has authority from shareholders to buy back up to 14.99% of the Company's issued share capital in the market. In the meantime, the Board continues to focus on investment performance and the AIFM's and the Portfolio Manager's public relations and marketing efforts.

Dividend

The Board has not declared an interim dividend in respect of this half year. Although there has been some recovery in dividends received since the initial cuts brought about because of the pandemic the level is still relatively subdued. Shareholders are reminded that the Company's dividend policy is that the Company will only pay dividends sufficient to maintain investment trust status and at this stage it remains to be seen whether that threshold will be crossed by the end of the financial year.

Performance Fee

The Portfolio Manager is entitled to a performance fee which is dependent on the level of the long-term performance of the Company. It is calculated on a 3-yearly basis, the last period having ended on 31 December 2020, and is subject to a cap and a high water mark. The calculation of the performance fee has historically excluded the impact of currency hedging. However, the Board has been reviewing this aspect and has concluded that hedging, which is at the Portfolio Manager's discretion, ought to be considered as part of the management process and that, accordingly, including hedging gains and losses in the performance fee calculation would better align shareholder and Portfolio Manager outcomes. Consequently, the Board has resolved to put this change in place for the current performance fee period, which began on 1 January 2021 and will end on 31 December 2023, and for future periods. The impact of the change will vary over any performance fee period depending on currency fluctuations and the effectiveness of the hedges. In respect of the six months ended 30 June 2021 the effect was immaterial and no adjustment has been made to the financial statements for the period.

Outlook

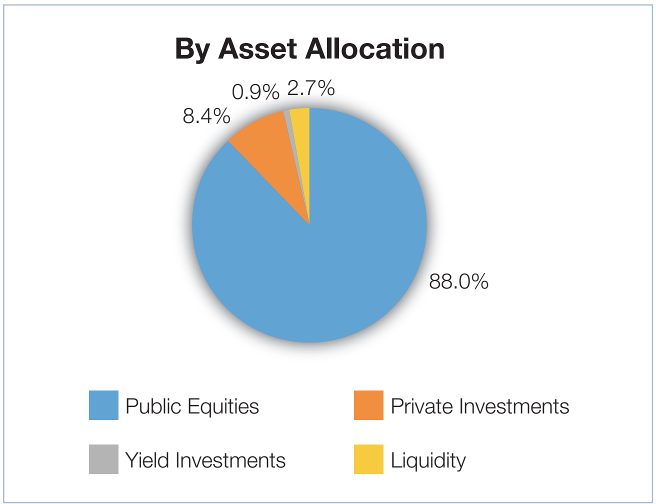
Markets continue to benefit from government stimulus in response to the challenges of Covid-19 and it appears that such efforts to support economies will continue for some time yet despite risks of increased inflation. As the pandemic risk stabilises, climate change and resource efficiency will increasingly become the focus of governments as they seek to progress their "net zero" targets and respond to climate events. The focus of investors and consumers will surely follow. Your Company is well placed for this scenario. The Board, like the Portfolio Manager, remains confident in the resilience of the portfolio and is optimistic regarding its long-term prospects as well as the prospects of the environmental and resource-efficiency sectors.

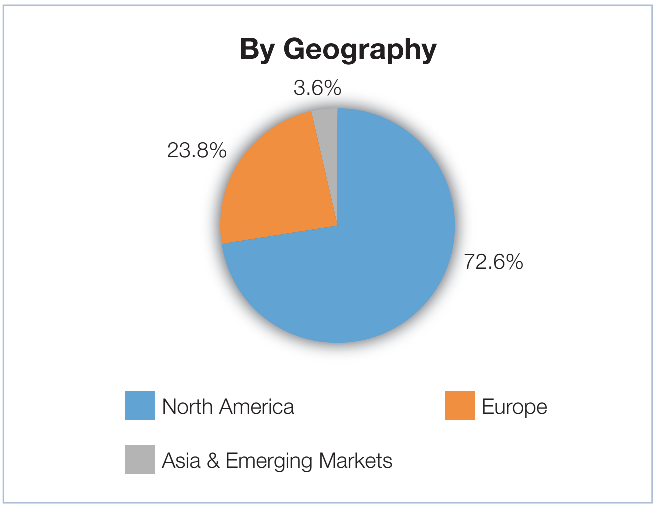
Sir Ian Cheshire
Chairman
7 September 2021

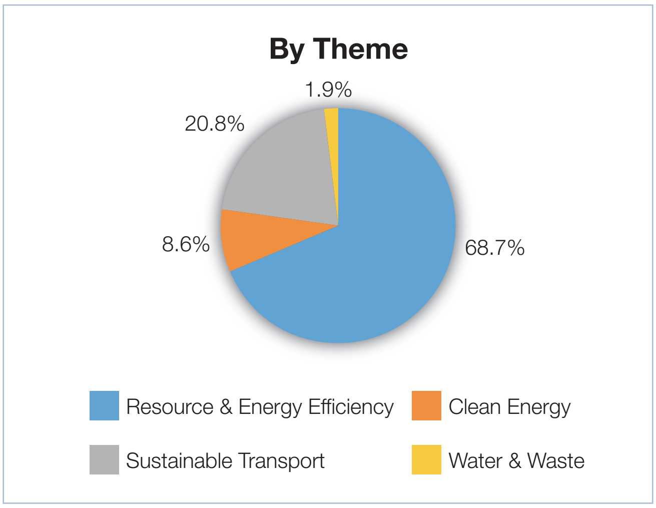
Portfolio Summary

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 better ways to manage water and waste







Portfolio as at 30 June 2021

Investment	Country	Fair Value £'000	% of net assets
Alphabet	United States	28,699	24.1
Charter Communications	United States	23,840	20.1
Microsoft	United States	12,156	10.2
X-ELIO*[1]	Spain	9,973	8.4
Canadian Pacific Railway	Canada	9,716	8.2
Safran	France	9,032	7.6
VINCI	France	6,442	5.4
Canadian National Railway	Canada	5,270	4.4
Ocean Wilsons	Bermuda	4,200	3.5
Waste Management	United States	2,231	1.9
Top 10 investments		**111,559**	**93.8**
ASML	Netherlands	1,243	1.1
TCI Real Estate Partners*	United States	1,096	0.9
LAM Research	United States	989	0.8
KLA	United States	845	0.7
Total investments		**115,732**	**97.3**
Net current assets (including cash)		3,230	2.7
Total net assets		**118,962**	**100.0**

[1] Investment made through Helios Co-Invest L.P.

* 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 and energy efficiency
Owns and operates telecommunications infrastructure across United States, which will underpin the Internet of Things	Resource and energy efficiency
Provides cloud infrastructure and software services which deliver energy efficiency savings for customers versus legacy solutions	Resource and energy efficiency
Develops and operates solar energy assets	Clean energy production
Owns and operates (fuel-efficient) freight railways in Canada and the USA	Sustainable transport
Designs, manufactures and services next generation aircraft engines which offer significant fuel efficiency savings	Sustainable transport
Builds and operates energy efficient critical infrastructure assets	Resource and energy efficiency
Operates rail freight services across North America, which represent the most environmentally friendly way to transport freight over land	Sustainable transport
Operates ports and provides (lower climate impact) maritime services in Brazil	Resource and energy efficiency
Provides waste management and environmental services in North America	Water and waste management
Develops, manufactures & services advanced lithography systems used to produce more energy efficient semiconductor chips	Resource and energy efficiency
Invests in energy-efficient real estate projects	Resource and energy efficiency
Develops, manufactures & services etching & deposition equipment used to produce more energy efficient semiconductor chips	Resource and energy efficiency
Develops, manufactures & services inspection and metrology equipment used to increase the efficiency of semiconductor manufacturing	Resource and energy efficiency

Portfolio Manager's Review

Performance

Over the first half of 2021, the Company's NAV per share increased from 132.7p to 148.7p, which represents an increase of 12.1%. As at 30 June 2021 the price at which the Company's shares traded was at a 27.4% discount to the NAV per share. A breakdown by asset category of the net asset value and the corresponding contributions to the total return over the period is set out below:

Asset Category	30 June 2021 NAV %	Return Contribution %
Public Equities	88.0	13.2
Private Investments	8.4	0.9
Yield Investments	0.9	0.1
Liquidity	3.0	–
Foreign exchange forwards	(0.3)	(0.3)
Expenses	–	(1.8)
Total	100.0	12.1

Figure 1. Source: Frostrow Capital LLP

Financial conditions have remained benign, with equity markets buoyant and global economic recovery continuing. Globally vaccination programs are progressing well, although it is increasingly clear that until all countries are extensively vaccinated, travel restrictions will remain in place. We remained substantially overweight quoted equities relative to our target allocation, as we look for attractive unlisted opportunities to replace some of our successful exits. Whilst we exited our listed positions in **Union Pacific** and **Airbus**, we materially increased our position in **Microsoft** and initiated one new position in French infrastructure group, **VINCI.** Our yield and private investment allocations were further reduced in the period by return of capital payments from both **X-ELIO** and **TCI Real Estate Partners** and completion of the sale of **Calisen**.

Quoted Equities

Quoted equities represented 88.0% of total NAV at 30 June 2021, and delivered a total return of 15.5% during the period, adding 13.2% to our NAV.

Investment	Increase/ Decrease %	Contribution to NAV %
Alphabet	37.9	7.4
Charter Communications	8.5	1.8
Microsoft	13.6	1.4
Ocean Wilsons	37.1	1.1
Canadian Pacific Railway	9.4	0.8
Airbus	8.4	0.3
ASML	40.2	0.3
Waste Management	18.5	0.3
LAM Research	37.3	0.3
KLA	24.6	0.2
Union Pacific	1.3	0.0
Canadian National Railway	(3.8)	(0.2)
VINCI	(3.2)	(0.2)
Safran	(2.4)	(0.2)

Figure 2. Source: Frostrow Capital LLP

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

Alphabet was the standout contributor to our performance, generating more than half of the gains from our quoted equities portfolio. The company was our largest holding at 30 June 2021, representing 24.1% of NAV. Since we initiated a position in January 2018, the shares had risen by 114.0%. Whilst we continue to carefully monitor the various antitrust cases against the company, we remain confident about Alphabet's prospects. We believe that the secular growth of digital advertising, successful scaling of the Google Cloud business and improving capital allocation can continue to drive significant earnings growth. Importantly, Alphabet continues to push forward its sustainability agenda, with plans to become the first major company to operate on carbon-free energy everywhere, at all times, by 2030. Google Maps can now direct drivers along more eco-friendly routes to help drivers reduce the carbon footprint of their journey.

Charter Communications was the second largest contributor to our performance and remains one of our highest conviction holdings, representing 20.0% of NAV at the period end. The ongoing digital transformation continues to increase the importance of the company's connectivity services, with broadband an essential utility service. Both the customer base and footprint continue to grow, with the push into mobile accelerating. We remain optimistic about Charter's ability to drive further customer growth, with the company's bundled broadband and mobile product offering customers significant savings. We were also pleased to see Charter report its emissions for the first time and its plans to be carbon neutral by 2035.

We opted to materially increase our position in **Microsoft** in late April and early May, with the holding equivalent to 10.2% of NAV at the period end. We expect the group to continue benefiting from the secular digitisation theme for many years. CEO Satya Nadella expects IT spending to increase from 5% to 10% of GDP by the end of the decade. The company is the key technology partner for all enterprises and its software products are ubiquitous. Following Alphabet's lead, Microsoft now also aims to operate on carbon-free energy everywhere, at all times, by 2030. Furthermore, the company wants to be carbon negative in the same timeframe and then to have removed all carbon it has emitted since its founding by 2050.

During the period **Ocean Wilsons'** subsidiary Wilson Sons announced a proposed corporate restructuring which would see its listing move to the Brazilian market. This process is expected to be complete later this year and would enable Wilson Sons' shares to be included in Brazilian and Latin American stock market indices. Investors reacted favourably to the news with Wilson Sons' share price increasing by more than 50% by 30 June 2021.

Both **Canadian National Railway** and **Canadian Pacific Railway** made the headlines earlier this year, with bids to buy fellow railroad peer, Kansas City Southern. Whilst Canadian National's higher bid was originally accepted, the United States' regulator, the Surface Transportation Board, denied the company's application to complete the deal by using a temporary voting trust at the end of August. This may help Canadian Pacific to complete a takeover, after the company made a second improved offer. Completion of any deal will likely be drawn out and not finalised until the second half of 2022 at the earliest, with either company requiring further regulatory approval. We are cautiously optimistic on either combination, which would create a unique network spanning all three North American countries. There will be a significant opportunity to grow volumes by converting road freight to new rail services between Mexico, Texas and the Upper Midwest. This aligns neatly with our thesis for rail as 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.

Separately, we opted to exit our position in **Union Pacific** in March and reallocate the proceeds within the portfolio to opportunities offering a better balance between risk and reward.

Both **Airbus** and **Safran** continue to work diligently to help aviation transition to a more sustainable footing, with the industry targeting a 50% reduction in carbon emissions by 2050. Commercial air travel continued to rebound in the period. There are significant disparities between different regions and countries but people are flying again when and where permitted. However, despite significant progress of the many countries' vaccination programs, there is still uncertainty as to when international travel will fully restart. Consequently, with both companies' share prices having recovered significantly from their lows, we opted to take some profits in April. We chose to fully exit our position in Airbus and to trim our position in Safran, which represented 7.6% of NAV at the period end. Since our original investment in Airbus in May 2016, we have generated an IRR of 28%.

While the automotive and consumer technology industries have suffered from the global semiconductor shortage, our semiconductor capital equipment companies, **ASML**, **Lam Research** and **KLA**, have profited handsomely. Whilst the industry is investing heavily in new capacity, driving demand for semiconductor capital equipment manufacturers, the shortage is expected to extend into 2022. Each of these companies dominates its respective niche and plays a critical role in helping the wider industry both maximise semiconductor production from finite resources and develop and produce more advanced and energy efficient chips.

Waste Management has benefited from both the recovery in economic activity and its successful integration of Advanced Disposal Services. Management now expects the synergies from the latter to be more than 60% higher than original forecasts. With Waste Management offering an appealing combination of predictable free cash flow generation, solid competitive position and a shareholder friendly management team, we continue to expect the shares to deliver steady performance over time. We are also pleased with the company's progress on its environmental goals. Whilst Waste Management's services currently avoid three times more emissions than are generated by its operations, management is aiming to increase this figure to four times by 2038.

Finally, we initiated a new position in French infrastructure group **VINCI** in April. The company has a strong track record of building and operating critical infrastructure assets around the world and is currently transforming its business with the aim of achieving a 40% reduction in carbon emissions by 2030. Last year the group successfully raised €500 million in its inaugural green bond and the recently announced deal to acquire the ACS Group's energy business provides it with a best in class renewable energy development platform. We have gradually built up the position and it represented 5.4% of NAV at the period end.

Yield Investments

Our portfolio of yield investments represented 0.9% of our total NAV as at 30 June 2021, and delivered a total return of 8.7% during the period, adding 0.1% to our NAV.

Investment	Increase %	Contribution to NAV %
TCI Real Estate Partners	8.7	0.1

Figure 3. Source: Frostrow Capital LLP

Note: The percentage increase is calculated based on local currency and adjusted for the applicable holding period for transactions during the six months.

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 had hoped **TCI Real Estate Partners** would draw down additional capital from our commitment over the year, the opposite occurred, with our receipt of a US$2.2 million distribution in June. This reflected the return of capital and income proceeds realised after David Lloyd Leisure repaid the Fund following a successful refinancing. The position remained our sole yield investment at the period end.

Private Investments

Our portfolio of private investments represented 8.4% of our total NAV as at 30 June 2021, and delivered a total return of 10.2% during the period, adding 0.9% to our NAV.

Investment	Increase %	Contribution to NAV %
X-ELIO	9.9	0.8
Calvin Capital	1.0	0.1

Figure 4. Source: Frostrow Capital LLP

Note: The percentage increase for individual holdings is calculated based on their local currency and the holding period if bought or sold during the six months.

X-ELIO, the Spanish solar operator and developer, continues to execute well. In Spain, the company was recently successful in bidding for 315 MW of new development and announced a partnership with ENI to jointly develop a further 140 MW of capacity. We marked up the value of our holding according to the manager's latest valuation and also received a £2 million cash distribution from the company, in relation to proceeds from the sale of assets. This reduced the value of our holding and left X-ELIO representing 8.4% of our NAV at the period end.

Following the completion of the sale of **Calisen** we received cash proceeds of £6.1 million. We were pleased with this result, with the transaction representing a return on investment of approximately 1.8 times over four years, equivalent to a net IRR of approximately 15%.

FX Hedges

The sole aim of our currency hedging is to lower the volatility of sterling denominated returns by reducing the non-sterling exposure related to investments denominated in other currencies. At the period end we were using currency forward contracts to hedge half of our Euro and US dollar denominated exposures.

Outlook

Global equity markets have recorded new highs, as investors embrace the bull market. We intend to continue remaining disciplined and patient. As always, our focus will remain on owning businesses which are resource efficient, very durable and trading on reasonable valuations relative to their future growth prospects. In our view this will ensure we are ready for whenever less benign market conditions arrive. 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 that offer an attractive balance between risk and reward we intend to make sure we only make investments that improve the quality of the portfolio.

The Company's net asset value has now successfully compounded at circa 13.1% annually, after fees, for over five years. We are pleased with this performance and remain optimistic on both our current portfolio's prospects and the broader resource efficiency theme.

	Net Asset Value £'000	NAV per share p
30 June 2016	64,325	80.4
30 June 2021	118,962	148.7
Annualised Net Return		13.1%

Figure 5. Source: Frostrow Capital LLP

Menhaden Capital Management LLP
Portfolio Manager
7 September 2021

Regulatory Disclosures

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company are explained in detail in the Company's Annual Report for the year ended 31 December 2020 (the "Annual Report"). The Board believes that the Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the remaining six months of the Company's financial year.

The Board and Portfolio Manager continue to review the portfolio for potential impacts from the Covid-19 pandemic. The business continuity arrangements of the Portfolio Manager, AIFM and other third-party service providers have proven robust with operations continuing largely as normal.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going Concern

The Directors believe, having considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and the expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half year report. For these reasons, the Directors consider it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibilities Statement

The Board confirms that, to the best of the Directors' knowledge:

(i) the condensed set of financial statements contained within the half year report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and return of the Company; and

(ii) the interim management report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure Guidance and Transparency Rules.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

and the Directors confirm that they have done so.

This half year 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.

Sir Ian Cheshire
Chairman
7 September 2021

Condensed Income Statement

	Note	Six months to 30 June 2021 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months to 30 June 2020 (unaudited) Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value through profit or loss		–	13,965	13,965	–	(3,026)	(3,026)
Income from investments	5	758	–	758	278	–	278
Management and performance fees	6,9	(158)	(1,465)	(1,623)	(131)	(523)	(654)
Other expenses		(232)	–	(232)	(252)	–	(252)
Net return/(loss) before taxation		**368**	**12,500**	**12,868**	**(105)**	**(3,549)**	**(3,654)**
Taxation		(38)	–	(38)	8	–	8
Net return/(loss) after taxation		**330**	**12,500**	**12,830**	**(97)**	**(3,549)**	**(3,646)**
Basic and diluted return/(loss) per share	7	**0.4p**	**15.6p**	**16.0p**	**(0.1)p**	**(4.5)p**	**(4.6)p**

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance issued by the Association of Investment Companies' Statement of Recommended Practice.

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

There are no recognised gains or losses other than those shown above and therefore no Statement of Total Comprehensive Income has been presented.

Condensed Statement of Changes in Equity

	Called up share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Six months to 30 June 2020 (unaudited)					
Balance at 31 December 2019	800	77,371	15,280	548	93,999
Net loss after taxation	–	–	(3,549)	(97)	(3,646)
Dividends paid	–	–	–	(320)	(320)
Balance at 30 June 2020	800	77,371	11,731	131	90,033
Six months to 30 June 2021 (unaudited)					
Balance at 31 December 2020	800	77,371	27,900	61	106,132
Net return after taxation	–	–	12,500	330	12,830
Balance at 30 June 2021	800	77,371	40,400	391	118,962

Condensed Statement of Financial Position

	Note	As at 30 June 2021 (unaudited) £'000	As at 31 December 2020 (audited) £'000
Fixed assets			
Investments at fair value through profit or loss	8	115,732	103,035
Current assets			
Debtors		110	105
Derivative financial assets		–	1,930
Cash		4,644	1,413
		4,754	3,448
Current liabilities			
Creditors: amounts falling due within one year		(320)	(351)
Derivative financial liabilities		(379)	–
Net current assets		3,230	3,097
Non-current liabilities			
Provisions	9	(825)	–
Net assets		118,962	106,132
Capital and reserves			
Called up share capital		800	800
Special reserve		77,371	77,371
Capital reserve		40,400	27,900
Revenue reserve		391	61
Total shareholders' funds		118,962	106,132
Net asset value per share		148.7p	132.7p

Condensed Cash Flow Statement

	Six months to 30 June 2021 (unaudited) £'000	Six months to 30 June 2020 (unaudited) £'000
Net cash outflow from operating activities	(346)	(610)
Investing activities		
Purchases of investments	(16,001)	(23,347)
Sales of investments	19,578	10,629
Net cash outflow from investing activities	3,577	(12,718)
Financing activities		
Dividends paid	–	(320)
Decrease in cash and cash equivalents	3,231	(13,648)
Cash and cash equivalents at beginning of period	1,413	15,879
Cash and cash equivalents at end of period	4,644	2,231

Notes to the Financial Statements

1 FINANCIAL STATEMENTS

The condensed financial statements contained in this interim financial report do not constitute statutory accounts as defined in s434 of the Companies Act 2006. The financial information for the six months to 30 June 2021 and 30 June 2020 has not been audited or reviewed by the Company's external auditor.

The information for the year ended 31 December 2020 has been extracted from the latest published audited financial statements. Those statutory financial statements have been filed with the Registrar of Companies and included the report of the auditor, which was unqualified and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

2 ACCOUNTING POLICIES

These condensed financial statements have been prepared on a going concern basis in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, FRS 104 'Interim Financial Reporting', the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019 and updated in April 2021 and using the same accounting policies as set out in the Company's Annual Report for the year ended 31 December 2020.

3 GOING CONCERN

After making enquiries, and having reviewed the investments, Statement of Financial Position and projected income and expenditure for the next 12 months, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these financial statements.

4 PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company together with an explanation of these risks and how they are managed is contained in the Strategic Report and note 16 of the Company's Annual Report for the year ended 31 December 2020.

5 INCOME

	Six months to 30 June 2021 £'000	Six months to 30 June 2020 £'000
Income from investments		
Overseas dividends	755	278
Fixed interest income	3	–
Total income	758	278

6 AIFM AND PORTFOLIO MANAGEMENT FEES

	Six months to 30 June 2021 (unaudited)			Six months to 30 June 2020 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
AIFM fee	23	99	122	20	80	100
Portfolio management fee	135	541	676	111	443	554
Provision for performance fee	–	825	825	–	–	–
	158	1,465	1,623	131	523	654

7 RETURNS/(LOSSES) PER SHARE

The revenue and capital returns/(losses) per share are based on 80,000,001 shares, being the weighted average number of Ordinary shares in issue during the six months to 30 June 2021 and 30 June 2020. The calculation of the total, revenue and capital returns/(losses) per share is carried out in accordance with IAS 33, "Earnings per Share".

There are no dilutive instruments in the Company.

8 FAIR VALUE HIERARCHY

The methods of fair value measurement are classified into a hierarchy based on reliability of the information used to determine the valuation.

Level 1 – Quoted prices in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data), either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable).

The table below sets out the Company's fair value hierarchy investments as at 30 June 2021.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 June 2021				
Investments	104,663	–	11,069	115,732
Derivatives	–	(379)	–	(379)
As at 31 December 2020				
Investments	89,655	–	13,380	103,035
Derivatives	–	1,930	–	1,930

Notes to the Financial Statements

9 PROVISIONS

Provisions are recognised when a present obligation arises from past events, it is probable that the obligation will materialise and it is possible for a reliable estimate to be made, but the timing of settlement or the exact amount is uncertain.

The Company has provided for the performance fee obligation to its Portfolio Manager that has arisen in the reporting period in respect of the three year performance period that commenced on 1 January 2021. Full details of the performance fee arrangement can be found in the Company's Annual Report for the year ended 31 December 2020.

The amount provided is the Directors' best estimate of the obligation based on the NAV as at the balance sheet date and has been charged to the capital column of the Income Statement.

10 2020 ACCOUNTS

These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year to 31 December 2020, which received an unqualified audit report, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 December 2020 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

Earnings for the first six months should not be taken as a guide to the results for the full year.

Alternative Performance Measures ("APMs")

Measures not specifically defined under the International Financial Reporting Standards but which are viewed as particularly relevant for investment trusts and which the Board of Directors uses to assess the Company's performance. Definitions of the terms used and the basis of calculation are set out in this Glossary.

Discount/Premium (APM)

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.

Net Asset Value (NAV) Per Share

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

NAV Total Return (APM)

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

	30 June 2021	31 December 2020
Opening NAV	132.7p	117.5p
Increase in NAV	16.0p	15.2p
Closing NAV	148.7p	132.7p
% increase in NAV	12.1%	12.9%
Impact of dividend reinvested	–	0.3%
NAV Total Return	12.1%	13.2%

Ongoing Charges (APM)

Ongoing charges are calculated by taking the Company's annualised operating expenses excluding finance costs, taxation and exceptional items, and expressing them as a percentage of the average daily net asset value of the Company over the period. 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 period and the comparability between periods.

	30 June 2021 £'000	31 December 2020 £'000
Total operating expenses	1,030	1,913
Total operating expenses (annualised)	2,060	1,913
Average NAV during the period/year	111,178	93,724
Ongoing Charges	1.9%	2.0%

Glossary of Terms

Share Price Total Return (APM)

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

	30 June 2021	31 December 2020
Opening share price	99.0p	96.5p
Increase in share price	9.0p	2.5p
Closing share price	108.0p	99.0p
% increase in share price	9.1%	2.6%
Impact of reinvested dividends	–	0.4%
Share Price Total Return	9.1%	3.0%

Company Information

Directors

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

Company Registration Number

09242421 (Registered in England and Wales)
The Company is an investment company as defined under Section 833 of the Companies Act 2006

The Company was incorporated in England and Wales on 30 September 2014. The Company was incorporated as BGT Capital PLC. Its name was changed to Menhaden Capital PLC on 19 June 2015, to Menhaden PLC on 14 December 2018 and to Menhaden Resource Efficiency PLC on 23 June 2021.

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 email, please contact Frostrow Capital using the above e-mail address.

Portfolio Manager

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19 Heathmans Road
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Authorised and regulated by the Financial Conduct Authority

Depositary

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Auditor

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The Pinnacle
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Milton Keynes
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Corporate Broker

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Registrar

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Leeds LS1 4DL
Telephone: + 44 371 664 0300†
E-mail: enquiries@linkgroup.co.uk
Website: www.linkgroup.eu
Shareholder Portal: www.signalshares.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