Menhaden Resource Efficiency

Menhaden Resource Efficiency PLC
Half Year Report
for the six months ended 30 June 2022

Contents

Financial Highlights

Performance	As at 30 June 2022	As at 31 December 2021
Net asset value ("NAV") per share	134.8p	155.7p
Share price	99.3p	112.0p
Share price discount to the NAV per share^	26.4%	28.1%

Total dividend adjusted (losses)/returns	Six months to 30 June 2022	Year to 31 December 2021
Net asset value per share^	(13.3)%	17.3%
Share price^	(11.2)%	13.1%

	Six months to 30 June 2022	Year to 31 December 2021
Annualised ongoing charges ratio^	1.9%	1.8%

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

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

Chairman's Statement

This report covers your Company's activities over the six months to 30 June 2022 and its financial position at that date.

Performance

Over the first half of the year, the Company's net asset value ("NAV") per share fell from 155.7p at 31 December 2021 to 134.8p at 30 June 2022, giving a total dividend adjusted return for the period of -13.3% (2021: +12.1%). Over the corresponding six months the price at which the Company's shares traded fell from 112.0p per share to 99.3p, giving a dividend adjusted share price total return of -11.2% (2021: +9.1%). At the end of June the share price stood at a 26.4% discount to the NAV per share, having narrowed a little from 28.1% at the end of 2021.

The first half of 2022 was a volatile period for global stock markets, with the MSCI World index down 11.6% in sterling terms. The year started with a backdrop of increasing inflation stemming from government and central bank responses to Covid-19 that had further expanded the already quantitative easing ("QE") engorged money supply, coupled with supply chain disruption, and then amplified, particularly with respect to energy prices, by sanctions in response to Russia's aggression in Ukraine. This inevitably led to central bank interest rate increases in response to the inflation and was accompanied by a switch in market sentiment away from tech and growth stocks. Although the Company has a sizable allocation to the digitisation theme and hence a large exposure to tech stocks, where the brunt of market corrections have been felt, the overall quality of the Company's portfolio and its weightings in more defensive areas, such as infrastructure, helped the portfolio's value to hold up relatively well. However, the combination of surging inflation and stock market volatility has meant that the Company significantly underperformed our adopted benchmark of RPI+3% per annum, which returned +14.8% in the period. In this respect it is important to stress the long-term nature of this benchmark. We expect the Company to lead or lag the benchmark during shorter timeframes and do not intend to increase the Company's risk profile and compromise the quality of the portfolio in order to try to match it during a period of market volatility. We remain confident of being able to do so over the long term.

Our Portfolio Manager's report, starting on page 8, provides details of factors contributing to the Company's performance during the period.

Share Price Discount

Although the Company's shares are still trading at a significant discount, the share price held up relatively well in the midst of the substantial market volatility during the six months under review, with the discount narrowing a little as mentioned above. The Board continues to monitor the level of discount to the NAV per share at which the shares trade.

The possibility of share buybacks is kept under review, but as previously explained experience elsewhere suggests that, on their own, buybacks are unlikely to be effective in narrowing the level of discount. To date the Board has been of the opinion that share buybacks 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. As shareholders will be aware a dividend of 0.2p per share was recommended and, following shareholder approval, has been paid in respect of the year to 31 December 2021. Income generation is not part of the Company's investment objective and shareholders are reminded that the Company's dividend policy is that the Company will only pay dividends sufficient to maintain investment trust status. It remains unclear at this time whether that threshold will be crossed once again by the end of the financial year.

Outlook

It is likely that we will be faced with high inflation for some time yet, and with it rising interest rates and monetary and fiscal tightening as central banks and governments try to mitigate it. Together these will undoubtedly dominate market sentiment and drive further volatility. However, as I observed in the Annual Report, equities have proven to be a good place to be invested during past inflationary times. The portfolio's overall performance in the first half of this year broadly correlated with that of the wider market and we consider it to be well-placed. Pricing power is a key attribute that our Portfolio Manager looks for in investment propositions, our infrastructure investments have natural defensive characteristics, and the Company's resource efficiency theme ought to give the portfolio and the Company an advantage amidst the developing crusade to target "net zero".

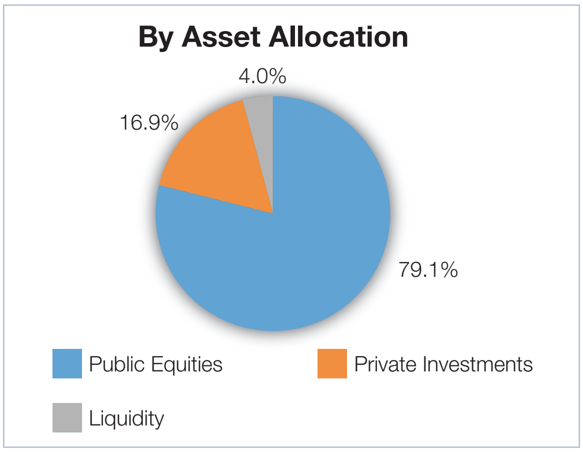
Accordingly, the Board remains confident about the resilience and long-term prospects of the portfolio as well as the prospects of the environmental and resource-efficiency sectors.

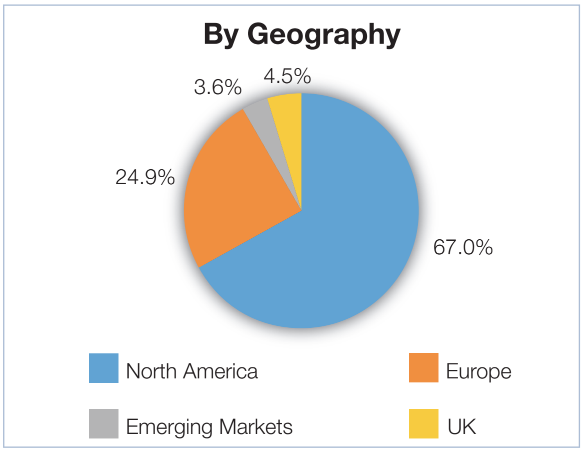
Sir Ian Cheshire
Chairman
13 September 2022

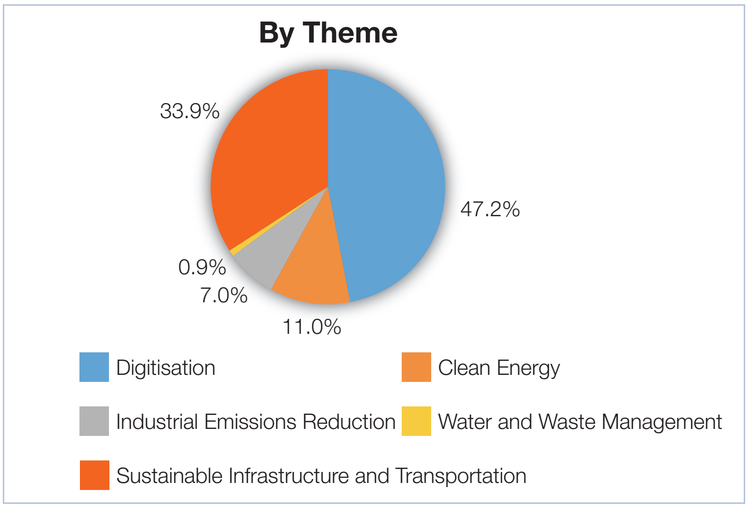
Portfolio Summary

Investment Themes

Theme	Description
Clean energy	Companies involved in the production and transmission of power from clean sources such as solar or wind.
Industrial emissions reduction	Companies focused on improving energy efficiency (e.g. in buildings or manufacturing processes) or creating emissions reduction products or services.
Sustainable infrastructure and transportation	Companies in the infrastructure and transport sectors helping to reduce harmful emissions.
Water and waste management	Companies with products or services that enable reductions in usage/volumes and/or smarter ways to manage water and waste.
Digitisation	Companies that facilitate reduced resource consumption through digital technology.
Reporting	Companies providing the means for environmental reporting and evaluation.







Portfolio as at 30 June 2022

Investment	Country	Fair Value £'000	% of net assets
Alphabet	United States	29,160	27.0
Microsoft	United States	13,113	12.2
X-ELIO*[1]	Spain	11,347	10.5
Canadian Pacific Railway	Canada	10,040	9.3
Canadian National Railway	Canada	7,319	6.8
Safran	France	7,298	6.8
VINCI	France	6,100	5.7
Amazon	United States	5,251	4.9
John Laing Group*[2]	UK	4,681	4.3
Ocean Wilsons	Bermuda	3,689	3.4
Top Ten investments		**97,998**	**90.9**
TCI Real Estate*	United States	2,166	2.0
Union Pacific	United States	1,054	1.0
Waste Management	United States	882	0.8
ASML	Netherlands	589	0.6
KLA	United States	473	0.4
LAM Research	United States	351	0.3
Total investments		**103,513**	**96.0**
Net current assets (including cash)		4,360	4.0
Total net assets		**107,873**	**100.0**

[1] Investment made through Helios Co-Invest LP

[2] Investment made through Aqueduct Co-Invest LP

* 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	Digitisation
Provides cloud infrastructure and software services which deliver energy efficiency savings for customers versus legacy solutions	Digitisation
Develops and operates solar energy assets	Clean energy
Owns and operates fuel-efficient freight railways in Canada and the USA	Sustainable infrastructure and transportation
Operates rail freight services across North America, which represent the most environmentally friendly way to transport freight over land	Sustainable infrastructure and transportation
Designs, manufactures and services next generation aircraft engines which offer significant fuel efficiency savings	Industrial emissions reduction
Builds and operates energy efficient critical infrastructure assets	Sustainable infrastructure and transportation
An energy efficient ecommerce and cloud computing business aiming to use only renewable energy by 2030	Digitisation
Portfolio of mostly renewable rail and social infrastructure assets	Sustainable infrastructure and transportation
Operates ports and provides (lower climate impact) maritime services in Brazil	Sustainable infrastructure and transportation
Invests in energy-efficient real estate projects	Sustainable infrastructure and transportation
Provides fuel-efficient rail freight services across the USA	Sustainable infrastructure and transportation
Provides waste management and environmental services in North America	Water and waste management
Develops, manufactures and services advanced lithography systems used to produce more energy efficient semiconductor chips	Digitisation
Develops, manufactures and services inspection and metrology equipment used to increase the efficiency of semiconductor manufacturing	Digitisation
Develops, manufactures and services etching and deposition equipment used to produce more energy efficient semiconductor chips	Digitisation

Portfolio Manager's Review

Performance

Over the first half of 2022, the Company's NAV per share decreased from 155.7p to 134.8p, which represents a decrease of 13.4%. As at 30 June 2022 the price at which the Company's shares traded was at a 26.4% discount to the NAV per share. The contributions by asset category to the total return over the period are set out below:

Asset Category	*30 June 2022 NAV %*	*Return Contribution %*
Public Equities	79.1	(11.0)
Private Investments	16.9	1.9
Liquidity	6.3	–
Foreign exchange forwards	(2.0)	(4.6)
Performance fee provisions, other accruals and expenses	(0.3)	0.3
Total	100.0	(13.4)

Figure 1. Source: Frostrow Capital LLP

Global equity markets have run into a series of headwinds this year, with both fiscal and monetary policy tightening, full levels of employment helping to drive significant increases in wages and the Russia-Ukraine conflict delivering a supply shock to several commodity markets. With inflation surging, consumers are experiencing a decline in discretionary incomes. The global economy is slowing and may experience a recession. Our preference for quality companies with highly durable competitive advantages aims to ensure the portfolio can weather such storms.

The portfolio continues to be overweight quoted equities, with **Alphabet** and **Microsoft** remaining the largest positions. Our publicly listed infrastructure holdings (the North American railroads, **Ocean Wilsons** and **VINCI**) performed relatively well in the period. The essential nature of their services, combined with a lack of alternatives and the relevant regulatory frameworks, enable these companies to raise prices with inflation. The portfolio, which primarily comprises of US dollar and euro denominated assets, benefited from the depreciation of sterling, although this was partly offset by forward currency contract hedges.

Key investment decisions included an exit from Charter Communications and redeploying most of the proceeds by adding to **Canadian National Railway**, reopening a position in **Union Pacific** and initiating a new position in **Amazon**. Private investment activity was very limited, with no material events in the period.

Quoted Equities

Quoted equities represented 79.1% of total NAV at 30 June 2022, and delivered a loss of 13.8% during the period, being an 11.0% detraction from our NAV.

Investment	*Security Returns (Local Currency Basis) %*	*Security Returns (GBP Basis) %*	*Return Contribution (GBP Basis) %*
Canadian Pacific Railway	(2.4)	8.7	0.6
Ocean Wilsons	7.8	7.8	0.2
Canadian National Railway	(8.3)	1.9	0.1
Waste Management	(10.3)	0.2	–
KLA	(28.7)	(20.4)	(0.1)
Union Pacific	(17.9)	(11.3)	(0.1)
LAM Research	(44.6)	(38.3)	(0.2)
VINCI	(6.6)	(4.2)	(0.2)
ASML	(38.6)	(37.1)	(0.3)
Safran	(12.0)	(9.7)	(0.6)
Microsoft	(23.4)	(14.5)	(1.8)
Amazon	(35.4)	(29.9)	(1.8)
Charter Communications	(16.4)	(13.3)	(2.4)
Alphabet	(24.8)	(16.1)	(4.5)
Total			(11.0)

Figure 2. Source: Frostrow Capital LLP

Canadian Pacific Railway and **Canadian National Railway** proved to be amongst our most resilient holdings. Freight volumes may fluctuate with the economic cycle but we are very confident that the values of both companies will hold up due to their very strong competitive positions and pricing power. **Canadian Pacific Railway** now expects to complete its acquisition of Kansas City Southern in the first quarter of 2023. This follows the company receiving a request from the United States Surface Transportation Board (STB) to clarify and resubmit some data contained within its merger application. Once the transaction is completed, we expect **Canadian Pacific Railway** to be the fastest growing of all the North American railroads. The company will look to establish new routes between the Midwestern United States and Mexico and convert truck traffic to rail. New **Canadian National Railway** CEO, Tracy Robinson, started her role in late February and has focused on raising asset utilisation by improving the velocity of containers on the company's network. We are pleased with the results so far and believe her frequently repeated commitment to capital efficient growth should help to drive good returns for shareholders in the coming years.

The holding company, **Ocean Wilsons**, held its value in difficult markets. **Ocean Wilsons** holds a controlling interest in Brazilian port operator, Wilson Sons, and a diversified investment portfolio. Following on from its corporate restructuring last year, Wilson Sons executed a 6:1 stock split in May, with the aim of improving the liquidity of its shares. The company also updated its capital allocation strategy with the announcement of a new share repurchase facility, which should be fully used by mid-2023.

Waste Management provides an essential service and benefits from a high proportion of annuity-like revenue streams. The company's services represent a very small portion (circa 0.5%) of their customers' costs. Whilst the management team has implemented significant price increases to mitigate higher fuel and labour costs, the company will not see the full benefit until next year. The company is continuing its strategy of increasingly harnessing the methane gas emitted from its landfill facilities, by transforming it into renewable natural gas (RNG), with the opening of a new plant in Oklahoma. This will be the first of seventeen new facilities to be opened by 2026.

Our semiconductor capital equipment companies, **ASML**, **Lam Research** and **KLA**, sold off significantly in the first half of the year on fears of the impact from an economic slowdown and potential industry overcapacity. Whilst it is very difficult to accurately predict such short-term effects, we believe the fundamental drivers of semiconductor demand are very clear: cloud computing, artificial intelligence, 5G, the Internet of Things (IoT) and the digitisation of the automotive industry. Each company dominates its respective niche in the value chain and plays a critical role in helping the wider industry to both maximise semiconductor production from finite resources and develop and produce more advanced and energy efficient chips. We continue to expect them all to have very bright futures and have been pleased to see their management teams taking advantage of the lower share prices by accelerating their respective share buyback programs.

The shares of French infrastructure group, **VINCI**, proved relatively resilient, in line with our other publicly listed infrastructure holdings. We believe the company is extremely well placed for an inflationary environment, with its infrastructure concessions being government authorised monopolies that benefit from inflation-linked pricing power. The management team continuously focuses on managing risk within the contracting business by focusing on small scale contracts and refusing to work on a fixed price basis. Finally, the integration of the recently acquired renewable energy developer, Cobra (formerly ACS Energy), continues to progress well.

French aircraft engine manufacturer, **Safran**, has benefited from the commercial aviation industry's accelerating recovery this summer. So far there are few signs of travel being negatively affected by higher fuel and labour costs and a slowing economic environment. Flight cycles are the key driver of the company's financial performance, with most of its profits coming from aftermarket sales of spare parts. We were pleased to see that the company recently initiated the certification process with the Science Based Targets initiative (SBTi) for its decarbonisation objectives. These include targets to reduce Scope 1 and 2 emissions by 50% by 2030 and reduce Scope 3 emissions by 42.5% by 2035 (versus 2018).

Microsoft remains the key technology partner for all enterprises and its software products are ubiquitous. The Azure Cloud business continues to grow rapidly and take share, whilst Office 365 now has approximately 350 million paying users. CEO Satya Nadella expects IT spending to increase from 5% to 10% of GDP by the end of the decade, which we believe will enable the company to generate robust earnings growth going forward. The company's recent winning of the tender to be Netflix's global advertising technology and sales partner highlights its expanding advertising business.

Alphabet remains our largest holding and was the most significant detractor from our performance in the period. The shares have fallen this year on concerns over the possible impact of lower consumer discretionary spending on the digital advertising industry. Whilst this has affected YouTube and Social Media peers, Google's Search business, which drives the majority of the company's profits, has continued to deliver solid growth aided by the recoveries of retail and travel. Whilst we continue to carefully monitor the various antitrust cases against the company, we remain confident about Alphabet's prospects with end customers still continuing to choose to use Google's services. We still believe that the secular growth of digital advertising, successful scaling of the Google Cloud business and improving capital allocation will continue to drive significant earnings growth in the years ahead. Positively, CFO Ruth Porat continues to accelerate the pace of share buybacks. We continue to believe the shares offer exceptional value relative to the company's core earnings power for a business of such quality.

We fully exited the position in Charter Communications in April before the company reported its first quarter results, with most of the sales executed at the start of that month. We had thought that their aggressively priced bundled broadband and mobile product would help the company continue to raise penetration across its footprint. Whilst this may prove correct in time, the company is undeniably facing increasing competition from new fibre rollouts and wireless carriers have enjoyed notable early success in their fixed wireless efforts. Consequently, we believe the range of outcomes has widened and we decided to pursue other opportunities that we believe offer a better balance of risk and reward.

We chose to redeploy most of the proceeds by incrementally adding to the holding in **Canadian National Railway**, reopening a small position in US freight railroad, **Union Pacific**, and initiating a new position in **Amazon**. In our view **Amazon** has effectively become an essential utility, on which consumers and businesses are increasingly dependent. Importantly, the company's ecommerce and cloud computing businesses both generate significantly fewer carbon emissions than their legacy predecessors. A recent Oliver Wyman led study concluded that ecommerce generated 40-65% fewer emissions than physical retail stores and a study by 451 Research showed that Amazon Web Services' (AWS) infrastructure was 3.6 times more energy efficient than the median enterprise data centre in the United States. Furthermore, **Amazon** is aiming to only use renewable energy by 2030 and then operate on a net zero carbon basis by 2040.

With the benefit of hindsight, we could have chosen a better moment to initiate the position. The company was facing a softening ecommerce outlook and higher costs, the latter of which seem likely to take longer to work through than we originally expected. We still believe that the combination of robust growth from the AWS cloud business, a normalisation of the retail business' margins, expansion of higher margin 3P (third party) business, advertising and subscription sales and falling capital intensity can underpin strong free cash flow growth and drive good returns going forward. Fortunately, the size of the position means that the decline in NAV was limited to 1.8% in the period.

Private Investments

Our portfolio of private investments represented 16.9% of our total NAV as at 30 June 2022, and delivered a total return of 15.0% during the period, adding 1.9% to our NAV. These gains mostly derived from the weakening of sterling relative to the local currencies of the underlying investments within these holdings.

Investment	***Security Returns (Local Currency Basis) %***	***(GBP Basis) %***	***Return Contribution (GBP Basis) %***
X-ELIO	–	11.5	0.9
John Laing	23.4	23.4	0.7
TCI Real Estate	6.0	17.8	0.3
Total			1.9

Figure 3. Source: Frostrow Capital LLP

Spanish solar developer, **X-ELIO**, continues to execute on its development pipeline with several notable milestones this year. The company closed on financing for projects in Australia and Japan, started a 50 MW project in Almeria, Spain and was awarded 15 MW in Japan's first feed-in-premium auction. The group is planning to install its first battery project in its 58 MW Uribe Solar PV plant in Chile next year.

John Laing continues to operate its portfolio of infrastructure assets and deploy capital in a conservative fashion. The group acquired the remaining 50% interest in Brigid, a UK retirement accommodation business, from Macquarie at the start of the year, opened the I-4 Express Lane in Florida in February and recently announced the acquisition of two electric bus concessions in Bogotá from Somos, a Colombian public transport operator. The company works to mitigate the environmental impact of its operations on an asset by asset basis and is seeking to achieve a net zero transition for its direct operations by 2050 or before.

The **TCI Real Estate Partners Fund III** portfolio currently comprises of five loans to separate real estate developments in the United States, which possess strong resource efficiency credentials. They are first mortgages and have low loan-to-value ratios (less than 60%). The Fund has continued to draw down its remaining commitment (circa US$4.5 million) in line with the schedules of its existing loans.

FX Hedges

The sole aim of our currency hedging is to lower the volatility of the portfolio's 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 the portfolio's euro and US dollar denominated exposures.

Outlook

The US Federal Reserve and other Central Banks continue to walk a tightrope between raising interest rates to control inflation and not plunging the global economy into a deep recession. Negative real rates may persist for a prolonged period. Whilst this could be beneficial for heavily indebted governments, it is a burden on investors. Our investment criteria remain resource efficiency, quality and value. We believe today's environment highlights the importance of quality.

The presence of better opportunities within public markets has limited our private investment activity after a series of successful realisations. We continue to search diligently for suitable private investments that offer an attractive balance between risk and reward, but intend to make sure we only make investments that improve the portfolio.

The Company's net asset value has compounded at circa 9% annually, after fees, over the last 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 2017	70,092	92.1
30 June 2022	107,193	134.8
Total dividends paid		1.3
Compound annualised return		9.1%

Figure 4. Source: Frostrow Capital LLP

Menhaden Capital Management LLP
Portfolio Manager
13 September 2022

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 2021 (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.

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
13 September 2022

Condensed Income Statement

	Note	Six months to 30 June 2022 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months to 30 June 2021 (unaudited) Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments at fair value through profit or loss		–	(17,838)	(17,838)	–	13,965	13,965
Income from investments	5	761	–	761	758	–	758
Management and performance fees	6,9	(164)	1,021	857	(158)	(1,465)	(1,623)
Other expenses		(221)	–	(221)	(232)	–	(232)
Net returns/(losses) before taxation		**376**	**(16,817)**	**(16,441)**	**368**	**12,500**	**12,868**
Taxation		(57)	–	(57)	(38)	–	(38)
Net returns/(losses) after taxation		**319**	**(16,817)**	**(16,498)**	**330**	**12,500**	**12,830**
Basic and diluted returns/(losses) per share	7	**0.4p**	**(21.0)p**	**(20.6)p**	**0.4p**	**15.6p**	**16.0p**

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 2022 (unaudited)					
Balance at 31 December 2021	800	77,371	45,996	364	124,531
Net (losses)/returns after taxation	–	–	(16,817)	319	(16,498)
Dividends paid	–	–	–	(160)	(160)
Balance at 30 June 2022	800	77,371	29,179	523	107,873
Six months to 30 June 2021 (unaudited)					
Balance at 31 December 2020	800	77,371	27,900	61	106,132
Net returns 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 2022 (unaudited) £'000	As at 31 December 2021 (audited) £'000
Fixed assets			
Investments at fair value through profit or loss	8	103,513	125,615
Current assets			
Debtors		116	218
Cash		6,769	878
		6,885	1,096
Current liabilities			
Creditors: amounts falling due within one year		(340)	(404)
Derivative financial instruments	8	(2,185)	(99)
Net current assets		4,360	593
Non-current liabilities			
Performance fee provisions	9	–	(1,677)
Net assets		107,873	124,531
Capital and reserves			
Called up share capital		800	800
Special reserve		77,371	77,371
Capital reserve		29,179	45,996
Revenue reserve		523	364
Total shareholders' funds		107,873	124,531
Net asset value per share		134.8p	155.7p

Condensed Cash Flow Statement

	Six months to 30 June 2022 (unaudited) £'000	Six months to 30 June 2021 (unaudited) £'000
Net cash outflow from operating activities	(299)	(346)
Investing activities		
Purchases of investments	(10,049)	(16,001)
Sales of investments	20,017	19,578
Settlement of derivatives	(3,618)	–
Net cash inflow from investing activities	6,350	3,577
Financing activities		
Dividends paid	(160)	–
Net cash outflow from financing activities	(160)	–
Increase in cash and cash equivalents	5,891	3,231
Cash and cash equivalents at beginning of period	878	1,413
Cash and cash equivalents at end of period	6,769	4,644

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 2022 and 30 June 2021 has not been audited or reviewed by the Company's external auditor.

The information for the year ended 31 December 2021 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.

No statutory accounts in respect of any period after 31 December 2021 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.

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 April 2021 Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' and using the same accounting policies as set out in the Company's Annual Report for the year ended 31 December 2021.

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 2021.

5 INCOME

	Six months to 30 June 2022 (unaudited) £'000	Six months to 30 June 2021 (unaudited) £'000
Income from investments		
Overseas dividends	761	755
Fixed interest income	–	3
Total income	761	758

6 AIFM AND PORTFOLIO MANAGEMENT FEES

	Six months to 30 June 2022 (unaudited)			Six months to 30 June 2021 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
AIFM fee	25	101	126	23	99	122
Portfolio management fee	139	555	694	135	541	676
Provision for performance fee	–	(1,677)	(1,677)	–	825	825
	164	(1,021)	(857)	158	1,465	1,623

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 2022 and 30 June 2021. 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 and so basic and diluted returns/(losses) are the same.

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 2022.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 June 2022 (unaudited)				
Investments	85,319	–	18,194	103,513
Derivatives	–	(2,185)	–	(2,185)
As at 31 December 2021 (audited)				
Investments	109,839	–	15,776	125,615
Derivatives	–	(99)	–	(99)

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.

Full details of the performance fee arrangement can be found in the Company's Annual Report for the year ended 31 December 2021.

As at 30 June 2022, no performance fees have been provided for and the £1,677,000 performance fee provisions recognised as at 31 December 2021 have been fully reversed during the six months ended 30 June 2022 (see note 6).

Glossary of Terms

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 2022 (unaudited)	31 December 2021 (audited)
Opening NAV	155.7p	132.7p
(Decrease)/increase in NAV	(20.9)p	23.0p
Closing NAV	134.8p	155.7p
% (decrease)/increase in NAV	(13.4)%	17.3%
Impact of dividend reinvested	0.1%	–
NAV Total Return	(13.3)%	17.3%

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 2022 (unaudited)	31 December 2021 (audited)
Opening share price	112.0p	99.0p
(Decrease)/increase in share price	(12.7)p	13.0p
Closing share price	99.3p	112.0p
% (decrease)/increase in share price	(11.3)%	13.1%
Impact of reinvested dividends	0.2%	–
Share Price Total Return	(11.1)%	13.1%

Glossary of Terms

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 2022 (unaudited) £'000	31 December 2021 (audited) £'000
Total operating expenses	1,078	2,138
Total operating expenses (annualised)	2,156	2,138
Average NAV during the period/year	114,955	117,721
Ongoing Charges	1.9%	1.8%

Company Information

Directors

Sir Ian Cheshire (Chairman)
Duncan Budge
Barbara Donoghue
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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Authorised and regulated by the Financial Conduct Authority

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Corporate Broker

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Registrar

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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