Menhaden Resource Efficiency

Menhaden Resource Efficiency PLC
Half Year Report
for the six months ended 30 June 2024

Contents

Financial Highlights

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.

We are a high conviction long term patient capital investment.

Performance	As at 30 June 2024	As at 31 December 2023
Total net assets	£135,156,000	£126,679,000
Net asset value ("NAV") per share^	171.0p	160.3p
Share price	102.5p	100.8p
Share price discount to the NAV per share^	40.1%	37.2%

Total returns	Six months to 30 June 2024	Year to 31 December 2023
NAV per share^	7.2%	23.8%
Share price^	2.6%	13.6%
RPI + 3%	3.7%	8.4%

	Six months to 30 June 2024	Year to 31 December 2023
Annualised ongoing charges ratio^	1.7%	1.7%

^ Alternative Performance Measure. Please refer to the Glossary on page 21 for definitions of these terms and the basis of their calculation.

Chairman's Statement

Strategic Context

Menhaden resource efficiency was founded in 2015 on the belief that, with insatiable demand for higher living standards on a finite planet, some companies enabling the cleaner and more efficient delivery of basic societal needs and key infrastructure, such as energy, water, digital services, mass transportation, or mitigating environmental risks like pollution and climate change, will grow earnings faster than the global economy over the long term.

The global demand for energy and other resources continues to rise in the developed and developing world. The International Monetary Fund believes that financial markets are underpricing climate related risks and the World Meteorological Association believes that 2024 could be the hottest year ever recorded. Accordingly, the need for numerous business sectors to progressively reduce their use of fossil fuels and greenhouse gas emissions by 2050 in line with the Paris Agreement has never been so critical.

Consequently, our investment thesis to invest in high quality businesses that both enjoy strong market positions and are demonstrably delivering or significantly benefitting from the efficient use of energy and resources is now even more relevant.

Our aim is to provide shareholders with exposure to this investment opportunity. The Company invests in a well-researched concentrated portfolio of companies providing solutions to today's societal needs. The Board believes this approach can deliver superior risk-adjusted returns over the long-term.

Financial Performance

The performance of our investment portfolio has been encouraging over the first half of 2024. Between 31 December 2023 and 30 June 2024 the Company's total net assets increased from £126.7 million to £135.2 million. The NAV per share increased from 160.3p at 31 December 2023 to 171.0p at 30 June 2024, giving an NAV per share total return of 7.2%. The Company's share price over the same period rose from 100.8p per share to 102.5p, giving a share price total return of 2.6%. These metrics compare with a return over the six months of our primary performance comparator RPI+3% per annum, of 3.7%. Regrettably our share price performance remains below our RPI+3% benchmark over the last three years and since inception.

Safran, which develops and manufactures more fuel efficient engines for aircraft, and the portfolio's digital technology stocks, led by Alphabet, made the greatest positive contributions to performance in the period. VINCI and Airbus were the largest detractors.

The most significant changes to the portfolio in the period were completion of the new US$17.5 million co-investment with KKR in Avantus, one of the leading solar and storage developers in the United States, as discussed in our last annual report, and contributions in accordance with our capital commitment to TCI Real Estate Partners Fund IV, which has a focus on developing best in class energy efficient buildings. These investments represented 10.2% and 6.7%, respectively, of net assets at 30 June 2024. Partial sales of our technology and aviation focused quoted equities were undertaken to help fund these, locking in some gains.

Environmental Performance

Our Portfolio Manager actively monitors the energy and resource efficiency of our investments in line with the carbon disclosure project and the Science Based Targets initiative. The focus of our Portfolio Manager's engagement with our quoted investee companies has been on their alignment with the Paris Agreement to reduce global warming, deforestation and biodiversity loss. The aim is to encourage them to adopt and use best practice environmental solutions and define pathways to reduce their GHG emissions and preserve tropical rain forests, together with associated biodiversity. Some positive progress is being made, which is welcomed. Further corporate engagement is planned where little or no progress is being made. At the end of 2023, the FCA introduced new Sustainability Disclosure Regulations. The Board is working with our AIFM, Frostrow Capital, and our Portfolio Manager on the implementation of the anti-green washing rules, which came into effect on 31 May 2024, and is assessing the appropriateness (or otherwise) of applying a sustainability label for the Company from 2 December 2024.

Share Price Discount

For a number of reasons significant share price discounts are currently reflected across the majority of the UK investment trust sector. Accordingly, the share price discount to the Company's NAV per share continues to be a metric that concerns the Board, which it monitors extremely closely. At the end of June our share price stood at a 40.1% discount to the NAV per share. The Board's actions to help mitigate this share price discount are described below.

We have not previously favoured share buy backs for mitigation of the share price discount and remain of the view that share buybacks are not usually in the best interest of shareholders as they reduce the size of the Company and increase the ongoing charges ratio. However, the Board does recognize that buybacks are accretive to NAV per share, may help to temper share price volatility and send a signal to the market about our confidence in the underlying value of the assets in the investment portfolio.

Thus during 2023 we undertook a modest programme of share buybacks. While this exercise resulted in no discernible effect on the discount at the time, with the discount continuing to widen the Board took the decision in June 2024 to recommence the programme. This continues to be in effect and the Board hopes that it might help to stabilise the share price. The financial efficacy of the programme will be reviewed in 2025. Alongside this we are continuing our marketing and communication efforts to try stimulate demand by informing potential investors of the inherent value in the Company's assets and shares. Plus our Portfolio Manager's total focus in maintaining and improving our investment return and share price performance.

Continuation

The Company was established with an unlimited life, however, the Company's Articles of Association provide that a continuation resolution be put to shareholders as an ordinary resolution at the annual general meeting of the Company every five years, with the next continuation vote due to be put to shareholders at the AGM to be held in July 2025.

The Board is conscious of the challenges facing the listed investment company sector, many of which are also faced by the Company at this time. Notwithstanding its good net asset value performance, at its current size the Company's secondary market liquidity is relatively low and it has been unable to attract attention and demand from investors, which has led to the Company's shares trading at a material discount to the Company's net asset value per share.

In this context the Board is proposing to undertake, together with its advisers, a formal review of the options available to it in order to address the issues facing the Company. The Board will update shareholders once it has an outcome from its review ahead of the forthcoming AGM.

Dividend

In line with previous practice the Board has not declared an interim dividend in respect of this half year. As shareholders will be aware a dividend of 0.9p per share was recommended in respect of the year to 31 December 2023 and, following shareholder approval in June 2024, was paid in July 2024.

The Company's dividend policy is that the Company will pay a dividend as a minimum to maintain investment trust status. While income generation is not part of the Company's investment objective the Board recognizes that dividends are an important shareholder benefit. The Board currently expects to recommend the payment of a final dividend in respect of the full year to 31 December 2024, which will be subject to a shareholder resolution at our 2025 AGM, currently scheduled for 3 July 2025.

The Board

As announced to the market in June, Sir Ian Cheshire retired from the Board of the Company on 12 September 2024 after nine years' service on the Board. Sir Ian was Chairman of the Company from its launch in 2015 until stepping down from that role on 16 May 2023, since when he continued to serve as a non-executive Director until his retirement. I would like to take this opportunity, on behalf of the Board, to thank Sir Ian for his leadership and wisdom during his tenure. A recruitment process for a new Board member is ongoing as at the date of this report.

Outlook

Financial markets have generally been resilient so far in 2024, and while the Board hopes for an upturn for both quoted equities and private investment opportunities; numerous global macro factors continue to influence financial markets and investor sentiment. These include the impact of continuing wars in Ukraine and Gaza; tension between the USA and China over trade and tariffs; general energy and resource price volatility; and increasing climate change.

The Board considers the Company's portfolio to be well placed for further capital growth because of its quality and the defensive and inflation resistant properties of many of the holdings. Moreover, the Board continues to remain convinced of the validity of the premise that the world and all businesses need to be more energy and resource efficient and the Company's investment thesis should accordingly provide long-term benefits for our investors.

Further Information

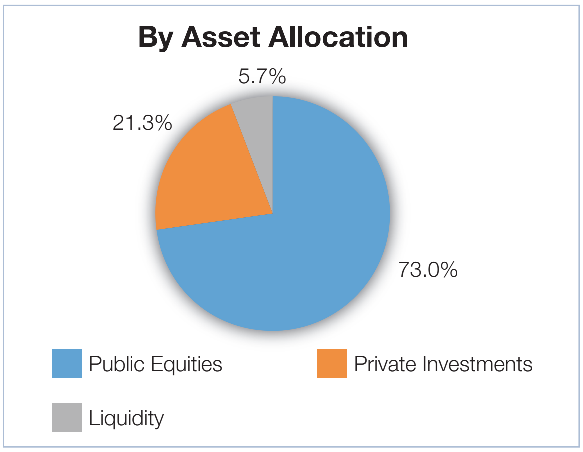
Our Portfolio Manager's report, starting on page 8 provides further details about our investments and their contribution to the Company's performance during the period. The Company's most recent 2023 annual environmental impact report and monthly factsheets can be found on our website www.menhaden.com. Our 2024 annual report and environmental impact report will be published in mid-2025.

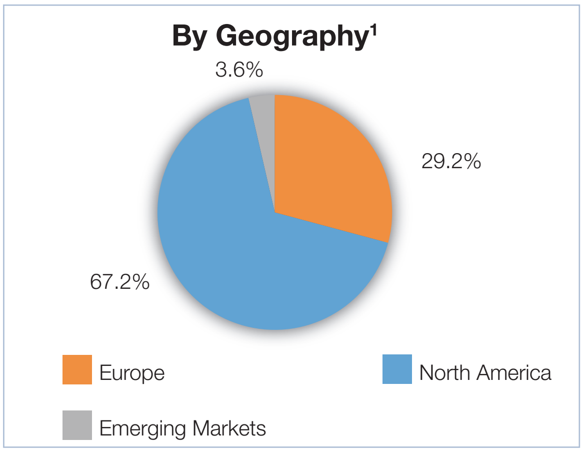
Howard Pearce
Chairman
16 September 2024

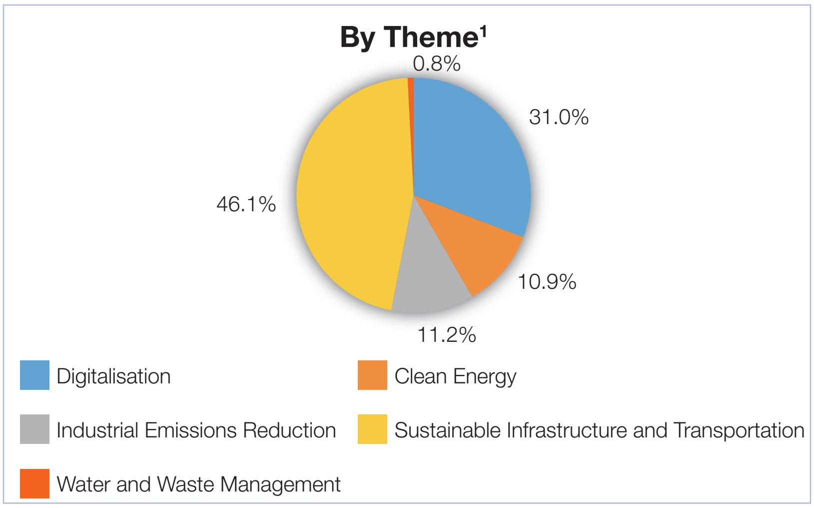
Portfolio Summary

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.
Digitalisation	Companies that facilitate reduced resource consumption through digital technology.
Reporting	Companies providing the means for environmental reporting and evaluation.







[1] excludes liquidity

Portfolio Investments held as at 30 June 2024

Investments	Country	Fair Value £'000	% of net assets
Alphabet	United States	17,715	13.1
Safran	France	14,222	10.5
Avantus*	United States	13,844	10.2
Microsoft	United States	13,430	10.0
Airbus	France	12,397	9.2
VINCI	France	9,842	7.3
TCI Real Estate Partners Fund IV*	United States	9,110	6.7
Canadian Pacific Kanas City	Canada	8,653	6.4
Canadian National Railway	Canada	7,569	5.6
Amazon	United States	6,577	4.9
Ten largest investments		**113,359**	**83.9**
Ocean Wilsons	Bermuda	4,644	3.4
John Laing*	UK	4,589	3.4
TCI Real Estate Partners Fund III*	United States	1,237	0.9
Waste Management	United States	1,063	0.8
ASML	Netherlands	736	0.5
Union Pacific	United States	716	0.5
KLA	United States	652	0.5
Lam Research	United States	421	0.3
Total investment		**127,417**	**94.3**
Other net assets (including cash)		7,739	5.7
Total net assets		**135,156**	**100.0**

* Unquoted

Business Description	Investment 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	Digitalisation
Designs, manufactures and services next generation aircraft engines which offer significant fuel efficiency savings	Industrial emissions reduction
Premier solar and storage developer in the US, with one of the largest development pipelines across California and the Southwest.	Clean energy
Provides cloud infrastructure and software services which deliver energy efficiency savings for customers versus legacy solutions	Digitalisation
Designs and manufactures next generation commercial aircraft which offer significant fuel efficiency savings	Sustainable infrastructure and transportation
Builds and operates energy efficient critical infrastructure assets	Sustainable infrastructure and transportation
Invests in energy-efficient real estate projects	Sustainable infrastructure and transportation
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
An energy efficient ecommerce and cloud computing business aiming to use only renewable energy by 2030	Digitalisation
Operates ports and provides (lower climate impact) maritime services in Brazil	Sustainable infrastructure and transportation
Portfolio of mostly renewable rail and social infrastructure assets	Sustainable infrastructure and transportation
Invests in energy-efficient real estate projects	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	Digitalisation
Provides fuel-efficient rail freight services across the USA	Sustainable infrastructure and transportation
Develops, manufactures and services inspection and metrology equipment used to increase the efficiency of semiconductor manufacturing	Digitalisation
Develops, manufactures and services etching and deposition equipment used to produce more energy efficient semiconductor chips	Digitalisation

Portfolio Manager's Review

During the first half of 2024, the Company's NAV per share increased from 160.3p to 171.0p. This represents a total return of 7.2% and compares to the benchmark return of 3.7%. The Company's shares traded at a 40.1% discount to NAV as at 30 June 2024. The contributions to the NAV per share total return over the period are summarised below:

Asset Category	30 June 2024 NAV %	Contribution %
Quoted Equities	73.0	8.2
Private Investments	21.3	1.5
FX Hedges	–	(0.2)
Cash and cash equivalents	6.5	–
Expenses (including accruals)	(0.8)	(2.3)
Dividend Paid		(0.6)
Net Assets	100.0	
Net Return		6.6
Impact of dividend reinvestment		0.6
Total Return		7.2

Resource efficiency remains a critical focus for businesses and governments worldwide. Disclosures on environmental impacts are surging, with nearly 25,000 organisations disclosing data through CDP in 2023. Companies included in this data disclosure account for two-thirds of global equity market value. We believe that investing in businesses benefitting from the efficient use of energy and resources remains more relevant than ever.

We continue to pair this with a strict focus on quality and valuation. This preference for businesses which benefit from barriers to entry, and which trade at reasonable valuations, has led us to invest primarily within the sustainable infrastructure and transportation and digitalisation themes, and has mainly been expressed in quoted equities where we believe the return relative to risk has been more favourable. More recently, we are starting to see more value in some of the private positions, such that the Company's unlisted exposure at 30 June 2024 was 21.3%, with commitments of a further £13 million.

Investment performance was led by the portfolio's digitalisation holdings (Microsoft, Alphabet and Amazon). Safran also performed strongly, buoyed by the sustained strong demand for travel. Airbus and VINCI were the main detractors, with the former struggling with supply chain issues and the latter negatively affected by perceived risks stemming from the recent French elections. The private portfolio performed in line with expectations, with the fourth fund of the TCI Real Estate Partners strategy ramping up capital deployment and the third fund distributing the proceeds from the repayment of one its remaining loans in February.

We started the year with a high cash balance, following the completion of the sale of X-ELIO in November 2023. We deployed a portion of the cash, equivalent to 5.8% of NAV, across the portfolio's existing quoted equity holdings in January. With valuations appearing stretched, we opted to realise some profits on our largest public equity positions in March and May. We executed sales equivalent to 11.6% of NAV in aggregate. A portion of these proceeds helped to fund our latest co-investment with KKR in United States solar developer, Avantus. The transaction completed in late July. We believe this deal was highly opportunistic and we expect to earn significantly higher returns than in public equity markets.

Quoted Equities

Quoted equities represented 73.0% of total NAV at 30 June 2024, and delivered a total return of 11.7% over the period, adding 8.2% to the NAV per share.

Investment	*Increase/ (Decrease) %*	*Contribution to NAV %*
Alphabet	30.4	3.5
Safran	23.8	2.3
Microsoft	18.9	2.0
Amazon	27.2	1.5
Ocean Wilsons	7.5	0.3
ASML	41.4	0.2
KLA	41.8	0.2
Waste Management	19.1	0.1
Lam Research	36.0	0.1
Canadian Pacific Kansas City	(0.4)	0.0
Union Pacific	(7.9)	(0.0)
Canadian National Railway	(6.0)	(0.3)
Airbus	2.1	(0.6)
VINCI	(13.5)	(1.2)

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

Alphabet delivers everyday digital services to billions of people on a sustainable basis, with targets for net-zero emissions and 24/7 carbon-free energy by 2030. Google is the market leader in search. This business continues to exhibit healthy growth and we remain optimistic on its prospects. Ecommerce remains a small portion of total retail sales and artificial intelligence is opening new use cases for search. We believe Google is well placed to serve these new queries, manage their cost and ultimately monetise them. Whilst there is some uncertainty over future returns on the current spending on infrastructure to support the growing use of artificial intelligence, we believe that the management team can manage the pace of investment and allow the business to grow into any excess capacity if needed. Alphabet lost the antitrust case brought by the US Department of Justice concerning Google Search in August. The company intends to appeal this ruling. The process to reach a resolution is likely to be long. In our view Google has the best search product providing the best user experience and we believe most users will continue to use Google. We await further information on proposed remedies.

French aircraft engine manufacturer **Safran** continues to lead the way towards the decarbonisation of the commercial passenger aviation sector. Renewal of the existing fleet with the latest generation of aircraft powered by Safran's LEAP engine should reduce the carbon emissions per passenger mile by 1-2% per year over the next 15 years. The Science Based Targets Initiative (SBTi) also independently validated the company's targets to reduce scope 1 and 2 emissions by 50% by 2030 and scope 3 emissions by 42.5% per available seat kilometre by 2035. Passenger traffic remains strong this year, whilst the delivery of new aircraft to airlines remains constrained by supply chain and regulatory issues. These dynamics benefit Safran by translating into robust demand for spare parts due to high utilisation rates on the existing CFM engine fleet and low retirements.

Microsoft is the key technology partner for enterprise and its software products are ubiquitous. More than 95% of Fortune 500 companies are customers of the Azure cloud business and four out of every five use Office 365. The company strives to ensure its technology infrastructure is fully sustainable, aiming to operate on carbon-free energy everywhere, at all times, by 2030. Microsoft continues to invest heavily to support the increasing use of artificial intelligence. The company faces the same concerns as Alphabet over the level of future returns on this spending. That said, Azure continues to grow rapidly, with an increasing contribution from artificial intelligence services. We expect management to manage the pace of investment as needed. The rollout of Microsoft 365 Copilot continues and should help to sustain healthy revenue growth for Office 365 even as growth in users slows down.

Amazon aims to make both ecommerce and cloud computing sustainable, with goals to only use renewable energy by 2030 and then operate on a net zero carbon basis by 2040. The company's carbon intensity declined 13% from 2022 to 2023, with total emissions decreasing by 3% on an absolute basis and 100% of electricity consumed attributable to renewable energy sources. Profitability and free cash flow generation have further improved this year. The retail business continues to benefit from growing services revenues and the switch to a regional fulfilment model in the United States. Chief Executive Officer Jassy believes there is still more room to reduce costs. AWS's revenue growth has reaccelerated on a year-over-year basis, with the business buoyed by demand for new artificial intelligence services. AWS' Generative AI business is said to have already hit a multibillion dollar annual run rate. Capital investment continues to increase, with the company spending on servers and infrastructure to support growing artificial intelligence workloads in line with peers, Alphabet and Microsoft.

Holding company, **Ocean Wilsons**, comprises a controlling interest in publicly listed Brazilian port operator, Wilson Sons, and a diversified investment portfolio. Wilson Sons' port infrastructure and maritime services facilitate moving freight by sea, which is more than 40% less carbon intensive than rail and more than 80% less than trucking across Brazil. The company's asset base is very difficult to replicate and is exposed to growth in Brazil's international trade. Wilson Sons is now firmly back on its pre-pandemic growth trajectory, with new shipping routes helping to drive container volume growth this year. The subsidiary's strong financial performance has enabled Ocean Wilsons to raise its annual dividend by more than 20% in US dollars. Ocean Wilsons' strategic review of its stake in Wilson Sons remains ongoing. The company confirmed that it was in discussions with I Squared Capital Advisors regarding a potential sale in late August. We believe that the company could unlock significant value, with the shares trading at more than a 35% discount to NAV.

The semiconductor industry appears on the cusp of an upswing driven by artificial intelligence. We expect wafer fabrication equipment spending to post strong growth on a year-over-year basis in 2025. This should benefit the semiconductor capital equipment companies in the portfolio, **ASML**, **Lam Research** and **KLA**. Each company dominates its respective niche in the value chain 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. We believe the fundamental drivers of semiconductor demand remain as clear as ever: cloud computing, artificial intelligence, 5G, the Internet of Things (IoT) and the digitalisation of the automotive industry. Semiconductor manufacturers' capital intensity also continues to increase. We expect all these companies to have very bright futures.

Waste Management provides essential services and supports customers in reducing their carbon footprints through effective handling and recycling of waste. The company benefits from a high proportion of annuity-like revenue streams, with the cost of its services representing a very small portion (circa 0.5%) of customers' total expenses. The recently announced acquisition of Stericycle sees Waste Management enter the medical waste services space. We believe the combination of cost synergies and secular revenue growth should translate into good returns. The takeover is expected to close by the end of this year. Internal growth investments in new automated recycling facilities and renewable natural gas plants at landfill sites continue, with five of the latter set to start up later this year.

The subdued North American freight environment has provided a challenging backdrop for the company's freight railroad holdings: **Canadian National Railway**, **Canadian Pacific Kansas City** and **Union Pacific**. Rail retains a significant cost advantage over trucks on longer haul routes and no one is building railroads today. Rail remains the most environmentally friendly way of transporting freight over land, with current locomotives four times more fuel efficient than trucking on a per unit basis. Canadian National Railway and Canadian Pacific Kansas City have been contending with an ongoing labour dispute with two divisions from the Teamsters Canada Rail Conference (TRCR). The ensuing uncertainty over transit times has seen customers opt to send volumes via the west coast of the United States. This dynamic led to Canadian National Railway downgrading its current fiscal year outlook. Following both companies' decision to proceed with lockouts of TCRC employees in late August, Canada Industrial Relations Board ordered both companies to enter binding arbitration processes and for there to be no further labour stoppages. Once resolved, we believe the volumes will return. Canadian Pacific is continuing to execute on the integration of Kansas City. Carload volumes have been negatively affected by the shedding of low margin business at the end of last year. We expect to see more evidence of the benefits from the merger in 2025. Chief Executive Officer at Union Pacific, Jim Vena, saw in his first year anniversary, with the company's operational and productivity metrics moving in the right direction. We expect these to translate into better financial performance going forwards.

European aircraft manufacturer, **Airbus**, is poised to be a major beneficiary of airlines' fleet renewal requirements and the need for the global aviation sector to decarbonise. By upgrading to Airbus' latest generation aircraft, customers can reduce carbon emissions by 20-30%. Airbus' aircraft are also certified to operate on 50% sustainable aviation fuel (SAF), with a target to reach 100% by the end of the decade. Airbus plans to reduce scope 1 and 2 emissions by 63% by 2030 and reduce scope 3 emissions by 46% by 2035. The company is focused on ramping A320 production. This program is sold out until 2029. The supply chain has remained challenging, with engine deliveries remaining a key bottleneck. The management team downgraded the published outlook in June, with expectations for deliveries this year reduced by 4% to 770 and the A320 ramp up to 75 per month pushed back by one year into 2027. We believe these are temporary setbacks. Deliveries of aircraft should increase from 735 in 2023 to more than 1,000 annually in the coming years and underpin significant earnings growth. This profile is well supported by the current backlog of nearly 8,600 aircraft.

French infrastructure group, **VINCI**, builds and operates critical infrastructure ready for the transition to a net-zero world. The company plans to reduce scope 1 and 2 emissions by 40% and scope 3 emissions by 20% by 2030, including using low carbon concrete for 90% of its needs. The shares were negatively affected by the announcement of France's snap national elections in June and are still recovering. This was due to concerns that a change in government could lead to the nationalisation of French motorways. Following the election results, we view this scenario as very unlikely. The company is also appealing against the imposition of the new French motorway tax, with the Constitutional Council of France reviewing its legality. The pace of capital deployment has stepped up, with recent deals including stakes in Edinburgh and Budapest airports and NW Parkway, Denver. These transactions serve to extend the concession portfolio's weighted average life and further diversify the group away from France. The Cobra IS division also launched new solar developments in Spain in the first half of the year, in addition to the existing projects under construction in Brazil and Spain.

Private Investments

Our portfolio of private investments represented 21.3% of the total NAV as at 30 June 2024, and delivered a total return of 6.9% over the period, adding 1.5% to the NAV per share. The fair values of the private investments use arm's-length valuations from their respective managers and reflect an intent for them to be long-term holdings held to maturity.

Investment	*Increase/ (Decrease) %*	*Contribution to NAV %*
TCI REP Fund IV	5.5	1.3
John Laing	3.4	0.1
TCI REP Fund III	4.1	0.1
Avantus	–	(0.1)

Note: Percentage increase/(decrease) for individual holdings is calculated on their local currency and based over the holding period if bought or sold during the year. Contribution to NAV includes income received.

The **TCI Real Estate Partners Fund IV** has continued to deploy capital and made five further capital calls during the period, totalling US$5.9 million. This was partly offset by equalisation payments we received on the Fund's fourth and fifth closes, totalling US$3.1 million. The Fund provides first mortgage financing for residential and hotel real estate developments, which are best in class in terms of energy efficiency and environmental standards. Buildings contribute more than 30% of GHG emissions in the United States and raising their efficiency levels is vital to reducing emissions. Each loan has several elements of downside protection such as credit seniority, loan-to-value ratios of up to 65% and completion and carry guarantees. The strategy has only ever recorded one loss out of 37 loans. The manager expects the Fund to be fully drawn by the end of the year and is currently forecasting net returns of 11-12% in US dollars. We believe this level of return represents an exceptional balance between risk and reward. The position represented 6.6% of NAV at the period end.

Following the successful repayment of one of its outstanding loans in the first quarter, the **TCI Real Estate Partners Fund III** has only two remaining loans to separate real estate developments in the United States.

The fund follows the same strategy, and offers similar environmental benefits, as the TCI Real Estate Partners Fund IV. The Fund continues to draw down from its remaining commitment (circa US$2.4 million) in line with the schedules of its remaining loans. We expect one loan to be repaid early next year and the last one to be repaid in late 2026. The Fund is on track to generate net returns of 9-10% in US dollars.

John Laing is an active manager of public-private partnerships and similar concession-based assets. The company makes both green and brownfield investments. The management team launched a new sustainability strategy in 2023 and is aiming to reach net zero by 2050, with an interim target for 70% of assets to align with net zero by 2030. Controlling shareholder, KKR, continues to execute on its plan to enhance and scale the business, with a new management team now in place and assets under management having doubled, whilst the asset base has expanded from 33 to 41 investments. The sale of the Clarence Correctional Centre in Australia has also been completed. We have agreed to participate in a follow-on equity investment round, equivalent to 0.5% of NAV, to provide the company with financing for several new deals in September.

We were pleased to agree a new US$17.5 million co-investment with KKR in **Avantus**, one of the leading solar and storage developers in the United States, at the end of April. The company focuses on greenfield, utility-scale projects and has a proven track record, having developed and sold projects totalling 7.3 GW of solar and 17 GWh of storage. The development pipeline is one of the largest and most advanced across California and the Southwest. Following an ownership dispute, KKR was provided with the opportunity to make a majority investment and take control of the business. The transaction completed at the end of July and coincided with Avantus securing a new development financing facility to accelerate project development. We believe the deal is highly opportunistic and we expect to earn significantly higher returns than in public equity markets.

Outlook

We believe our strategy of investing in businesses or opportunities delivering or benefiting from the efficient use of energy and resources, and doing so with a focus on the criteria of quality and value, results in a portfolio well placed to generate superior returns for the risk taken over time.

We believe our quoted equity portfolio will continue to demonstrate this performance. We aim to complement the portfolio with private investments that offer a more attractive balance between risk and reward and enhance the portfolio.

We ended the period with an elevated cash balance, representing 7.0% of NAV. We plan to use this to fund expected capital calls from TCI Real Estate Partners Fund IV over the remainder of the year. We also continue to look for additional unlisted opportunities that will deliver the returns that this component of our portfolio has done historically.

Following the positive year to date returns, the Company's net asset value per share has now compounded at 11%, after fees, for the five years ending 30 June 2024. The Company is the best performing investment trust in the Association of Investment Companies' Environmental and Flexible Investment sectors over that time frame, on a net asset value basis. Share price performance continues to trail net asset value returns, resulting in a wide discount to net asset value. As significant owners of equity stakes, all the members of the Investment Manager share the frustration this causes all shareholders. We welcomed the Board's decision to recommence buybacks, in the hope that this will help to close the discount. In our opinion, at the very least the buybacks are a highly efficient use of capital in terms of NAV per share. We continue to work with the Board in addressing the discount, while always remaining focused on our primary task – which is to deliver strong performance in the portfolio.

Performance CAGR % to 30 June 2024	*1 year*	*3 year*	*5 year*	*7 year*	*Inception*
NAV per share	13.5%	5.0%	11.1%	10.2%	7.1%
Share price	7.1%	(1.5)%	4.5%	6.9%	0.2%
RPI+3%	5.9%	10.9%	8.3%	7.2%	6.6%

Menhaden Capital Management LLP
Portfolio Manager
16 September 2024

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 2023 (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. On the basis that shareholders pass the continuation vote due to be put to them in 2025, 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.

Howard Pearce
Chairman
16 September 2024

Condensed Income Statement

	Note	Six months to 30 June 2024 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months to 30 June 2023 (unaudited) Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value through profit or loss		–	9,684	9,684	–	17,492	17,492
Income from investments	5	1,684	–	1,684	1,129	–	1,129
Management and performance fees	6,9	(189)	(1,589)	(1,778)	(161)	(1,079)	(1,240)
Other expenses		(233)	–	(233)	(193)	–	(193)
Net returns before taxation		1,262	8,095	9,357	775	16,413	17,188
Taxation		(169)	–	(169)	(99)	–	(99)
Net returns after taxation		1,093	8,095	9,188	676	16,413	17,089
Basic and diluted returns per share	7	1.4p	10.2p	11.6p	0.8p	20.7p	21.5p

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.

The notes on pages 18 and 20 form an integral part of these financial statements.

Condensed Statement of Changes in Equity

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Six months to 30 June 2024 (unaudited)						
Balance at 31 December 2023	790	76,442	10	48,169	1,268	126,679
Net returns after taxation	–	–	–	8,095	1,093	9,188
Dividends paid	–	–	–	–	(711)	(711)
Balance at 30 June 2024	790	76,442	10	56,264	1,650	135,156
Six months to 30 June 2023 (unaudited)						
Balance at 31 December 2022	800	77,371	–	24,970	690	103,831
Net returns after taxation	–	–	–	16,413	676	17,089
Repurchase of ordinary shares for cancellation	(10)	(929)	10	–	–	(929)
Dividends paid	–	–	–	–	(316)	(316)
Balance at 30 June 2023	790	76,442	10	41,383	1,050	119,675

The notes on pages 18 and 20 form an integral part of these financial statements.

Condensed Statement of Financial Position

	Note	As at 30 June 2024 (unaudited) £'000	As at 31 December 2023 (audited) £'000
Fixed assets			
Investments at fair value through profit or loss	8	127,417	110,027
Current assets			
Debtors		77	928
Derivative financial instruments		–	1,917
Cash and cash equivalents		9,442	14,898
		9,519	17,743
Current liabilities			
Creditors: amounts falling due within one year		(950)	(262)
Performance fee provisions	9	–	(829)
Net current assets		8,569	16,652
Non-current liabilities			
Performance fee provisions	9	(830)	–
Net assets		135,156	126,679
Capital and reserves			
Called up share capital		790	790
Special reserve		76,442	76,442
Capital redemption reserve		10	10
Capital reserve		56,264	48,169
Revenue reserve		1,650	1,268
Total shareholders' funds		135,156	126,679
Net asset value per share		171.0p	160.3p

The notes on pages 18 and 20 form an integral part of these financial statements.

Condensed Cash Flow Statement

	Six months to 30 June 2024 (unaudited) £'000	Six months to 30 June 2023 (unaudited) £'000
Net cash (outflow)/inflow from operating activities	(534)	6
Investing activities		
Purchases of investments	(25,879)	(18,982)
Sales of investments	19,343	15,172
Settlement of derivatives	1,614	5,237
Net cash (outflow)/inflow from investing activities	(4,922)	1,427
Financing activities		
Dividends paid	–	(316)
Repurchase of ordinary shares for cancellation	–	(929)
Net cash outflow from financing activities	–	(1,245)
(Decrease)/increase in cash and cash equivalents	(5,456)	188
Cash and cash equivalents at beginning of period	14,898	6,061
Cash and cash equivalents at end of period	9,442	6,249

The notes on pages 18 and 20 form an integral part of these financial statements.

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 2024 and 30 June 2023 has not been audited or reviewed by the Company's external auditor.

The information for the year ended 31 December 2023 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 2023 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 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 2023.

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 17 of the Company's Annual Report for the year ended 31 December 2023.

5 INCOME

	Six months to 30 June 2024 (unaudited) £'000	Six months to 30 June 2023 (unaudited) £'000
Income from investments		
Overseas dividends	1,389	1,103
Total income from investments	1,389	1,103
Other income		
Interest income*	295	26
Total income	1,684	1,129

*Includes £280,000 income from the Company's investment in money market fund instruments, which are classified as cash equivalent in the Condensed Statement of Financial Position.

Notes to the Financial Statements

6 AIFM AND PORTFOLIO MANAGEMENT FEES

	Six months to 30 June 2024 (unaudited)			Six months to 30 June 2023 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
AIFM fee	29	119	148	25	99	124
Portfolio management fee	160	640	800	136	546	682
Provision for performance fee	–	830	830	–	434	434
	189	1,589	1,778	161	1,079	1,240

7 RETURNS PER SHARE

The revenue and capital returns per share are based on the weighted average number of Ordinary shares in issue during the six months to 30 June 2024 of 79,025,001, and 30 June 2023 of 79,375,968. The calculation of the total, revenue and capital returns 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 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 2024.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 June 2024 (unaudited)				
Investments	98,637	–	28,780	127,417
As at 31 December 2023 (audited)				
Investments	97,767	–	12,260	110,027
Derivatives	–	1,917	–	1,917

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, being the first year of the three-year performance period that commenced on 1 January 2024. This amounted to £830,000 in performance fee provisions as at 30 June 2024 (2023: £434,000). The amount provided is the Directors' best estimate of the obligation based on the NAV as at 30 June 2024 and has been charged to the capital column of the Income Statement. If crystalised, settlement of performance fee provisions will take place following approval of the annual results for the year ended 31 December 2026, during financial year 2027. Incremental changes to the provision will be recognised in each subsequent period until crystallisation.

Full details of the performance fee arrangement can be found in the Company's Annual Report for the year ended 31 December 2023.

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 (APM)

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 per Share 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.

To 30 June 2024		1 year	3 years	5 years	7 years	Inception
Opening NAV per share (p)	a	151.4	148.7	101.7	87.6	94.1
Closing NAV per share (p)	b	171.0	171.0	171.0	171.0	171.0
Dividends per share paid (p)	c	0.9	1.1	1.5	2.2	2.2
Dividend adjusted closing NAV per share (p)	d=b+c	171.9	172.1	172.5	173.2	173.2
NAV per share Total Return	(d-a)/a	13.5%	5.0%	11.1%	10.2%	7.1%

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.

To 30 June 2024		1 year	3 years	5 years	7 years	Inception
Opening share price (p)	a	96.5	108.0	83.0	65.5	102.5
Closing share price (p)	b	102.5	102.5	102.5	102.5	102.5
Dividends per share paid (p)	c	0.9	1.1	1.5	2.2	2.2
Dividend adjusted closing share price (p)	d=b+c	103.4	103.6	104.0	104.7	104.7
Share Price Total Return	(d-a)/a	7.1%	(1.5)%	4.5%	6.9%	0.2%

Glossary of Terms

Ongoing Charges (APM)

The ongoing charges percentage reflects the costs incurred directly by the Company which are associated with the management of a static investment portfolio.

As recommended by the AIC, ongoing charges are defined as the Company's annualised revenue and capitalised expenses (excluding finance costs, performance fees and certain non-recurring items) expressed as a percentage of the average monthly net assets of the Company during the year.

	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
Total operating expenses	1,181	2,040
Total operating expenses (annualised)	2,362	2,040
Average NAV during the period/year	135,901	117,147
Ongoing Charges	1.7%	1.7%

Company Information

Directors

Howard Pearce (Chairman)
Barbara Donoghue
Soraya Chabarek
Sir Ian Cheshire (until 12 September 2024)

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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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

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