Menhaden

Menhaden PLC Annual Report for the year ended 31 December 2019

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Annual Report for the year ended 31 December 2019

Company Summary

Menhaden PLC (the "Company") is an investment trust. Its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies.

Investment Objective

The Company aims to generate long-term shareholder returns, predominantly in the form of capital growth, by investing in businesses and opportunities delivering or benefiting from the efficient use of energy and resources irrespective of their size, location or stage of development.

Management

The Company employs Frostrow Capital LLP as its Alternative Investment Fund Manager ("AIFM") to provide company management, company secretarial, administrative and marketing services. Frostrow and the Company have jointly appointed Menhaden Capital Management LLP as the Portfolio Manager. Further details of these appointments are provided on pages 25 and 26.

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. Details are given on page 36 and in note 12 to the financial statements on page 75.

ISA Status

The Company's shares are eligible for Stocks and Shares ISAs.

Retail Investors advised by IFAs

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

Menhaden

Menhaden are forage fish that occur in great abundance in the West Atlantic Ocean. The name, Menhaden, is derived from the Native American expression "he fertilises" referring to the wide spread use of the fish as a fertiliser. Menhaden filter vast quantities of water and play a key role in the food chain. It has been argued that the environmental movement and fisheries ecology rose from the first collapse in the population of Menhaden in the 1860s as this was used as a prominent example of mankind's impact on the oceans and the importance of using resources sustainably.

1

Strategic Report

2

Governance

3

Financial Statements

4

Further Information

Company Performance

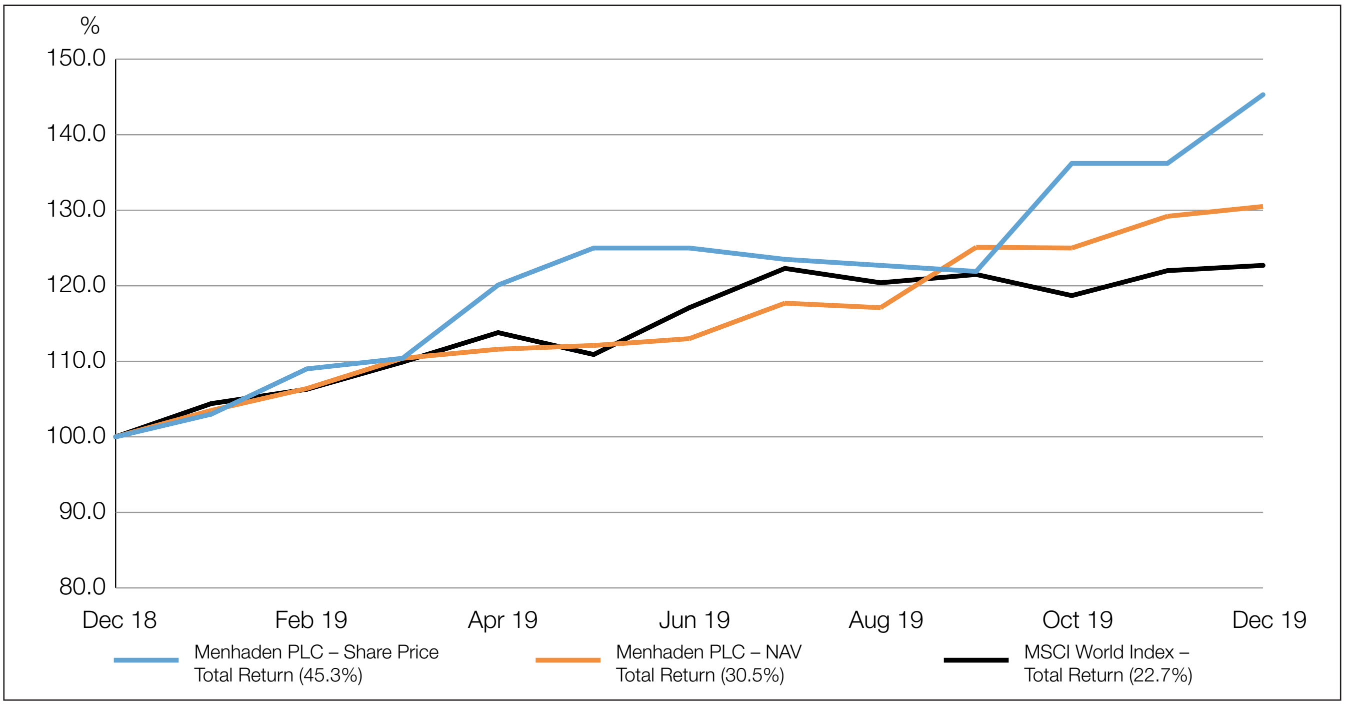
As at 31 December 2019	For the year ended 31 December 2019
117.5p NAV per share 2018: 90.6p	**30.5%** NAV per share (total return)* 2018: -1.6%
96.5p Share price 2018: 67.0p	**45.3%** Share price (total return)* 2018: -2.2%
17.9% Share price discount to NAV per share* 2018: 26.1%	**2.0%** Total ongoing charges* 2018: 2.1%

The MSCI World Total Return Index (in sterling) returned 22.7% (2018: -3.0%)*.

This report contains terminology that may be unfamiliar to some readers. The Glossary on pages 85 to 87 gives definitions for frequently used terms.

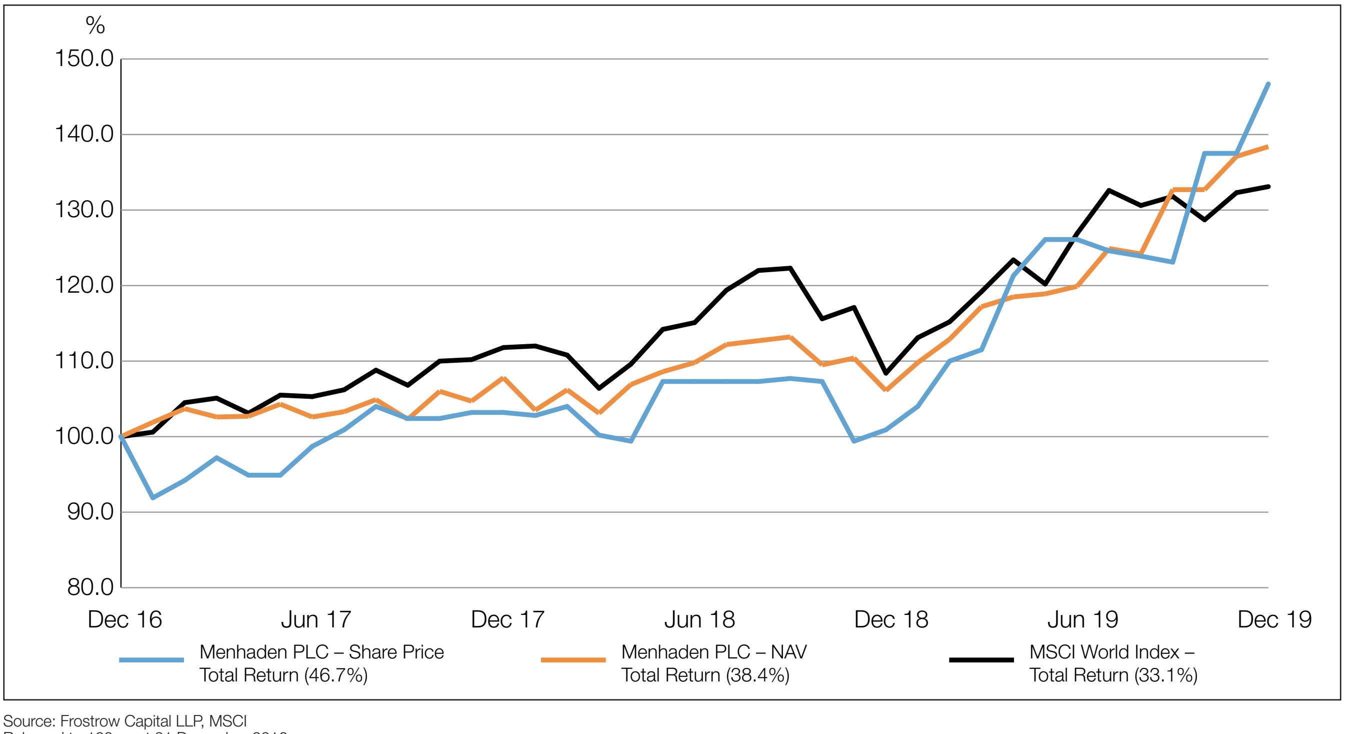
**Alternative performance measures (APMs)*

Total Return Performance – One Year



Source: Frostrow Capital LLP, MSCI
Rebased to 100 as at 31 December 2018

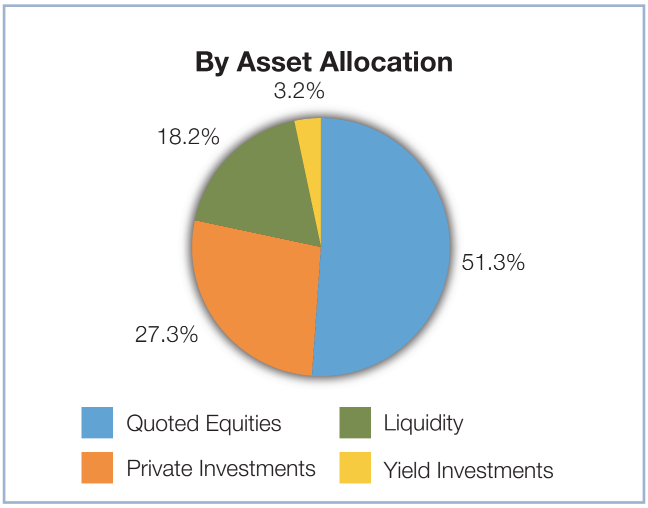
Total Return Performance – Three Years

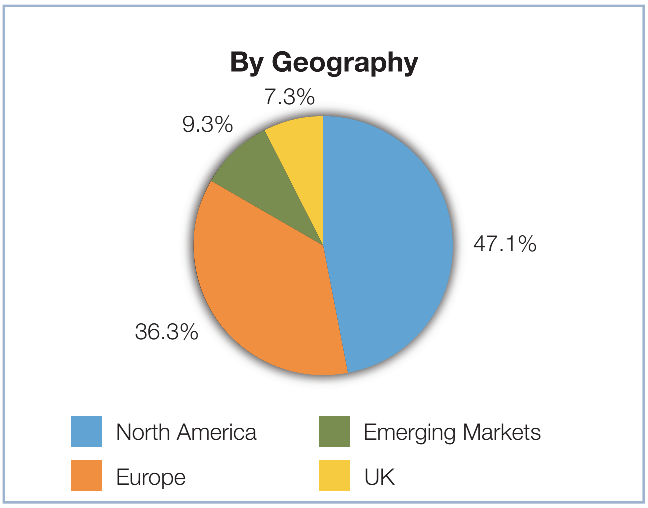


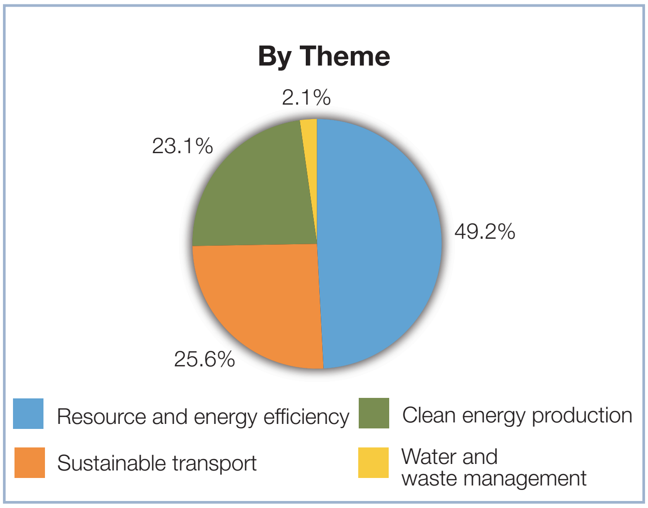
Source: Frostrow Capital LLP, MSCI
Rebased to 100 as at 31 December 2016

Company Summary

Portfolio Distribution







Investment Themes

Theme	Description
Clean energy production	Companies producing power from clean sources such as solar or wind
Resource and energy efficiency	Companies focused on improving energy efficiency (e.g. in buildings or manufacturing processes) or creating emissions reduction products or services
Sustainable transport	Companies in the transport sector focused on helping to reduce harmful air emissions/distance travelled
Water and waste management	Companies with products or services that enable reductions in usage/volumes and/or smarter ways to manage water and waste

Chairman's Statement

Sir Ian Cheshire

I am pleased to present our fifth annual report since the launch of the Company in July 2015. This report covers the year ended 31 December 2019.

Performance

The Company's net asset value ("NAV") per share total return for the year was +30.5%* (2018: -1.6%) and the share price total return was +45.3%* (2018: -2.2%).

While the Company does not have a formal benchmark and our Portfolio Manager does not invest by reference to an index, during the year the MSCI World Total Return Index (in sterling) increased by 22.7% (2018: -3.0%). By way of additional comparison, the WilderHill New Energy Global Innovation Index (in sterling) rose by 34.1% (2018: -14.1%) and the AIC Environmental Sector rose by 27.4% (2018: -4.2%).

This was a very positive year for the Company, in both absolute and relative terms, with all asset classes providing good returns. The Board is encouraged by this success which validates the Portfolio Manager's investment strategy of selecting competitively advantaged businesses which deliver or benefit from the efficient use of resources.

Our Portfolio Manager has provided a full description of the development and performance of the portfolio over the fourth full year of your Company's operation in the Portfolio Manager's Review beginning on page 14.

Covid-19

Unfortunately, as the global health crisis unfolded after the end of the financial year, the Company's portfolio suffered – the net asset value had fallen by 14.4% between 1 January and 31 March, being the latest practicable date before the publication of this report. Asset prices almost everywhere have been impacted and the de-rating of markets reflects uncertainty over future profits, credit defaults and the timing of the peak of the crisis. It is still too early to assess the long-term economic impact and the resilience of the Company's portfolio, however owning competitively positioned businesses with resilient barriers to entry and sustainable risk adjusted returns should provide defensive qualities. The Portfolio Manager has considered the potential impact of the crisis on our portfolio holdings further in their report.

**Alternative Performance Measure (see Glossary beginning on page 85)*

Environmental Impact

This year we have again integrated the Company's impact reporting within the annual report. The relevant section is on pages 19 to 23 of the Strategic Report. The report will also be made available as a separate document, which will include the methodological detail, on the website www.menhaden.com.

Ongoing Charges

During the year, the Board undertook a review of the Company's ongoing costs and the fees paid to third party service providers.

As part of this review, the Audit Committee led a competitive tender process for the external audit, resulting in the appointment of a new external auditor, Mazars LLP. Further details can be found in the Audit Committee Report beginning on page 47.

I am pleased to announce that the Board has agreed with both Menhaden Capital Management LLP (the Portfolio Manager) and Frostrow Capital LLP (the AIFM) that the point at which their fees reduce from 1.25% to 1.00% of the NAV and from 0.225% to 0.20% of the NAV respectively, will reduce from £150m to £100m. The Board believes the new fee structure reflects the Company's unique proposition and the special access to private equity deals that the Portfolio Manager can provide, while passing on to shareholders the benefits of economies of scale at an earlier stage.

Share Price Discount

At the year-end, the discount to the NAV per share at which the Company's shares trade had narrowed to 17.9%* (2018: 26.1%). While it was pleasing to see an improved share rating, after the year end, the share price suffered from the extreme volatility brought about by the coronavirus pandemic and this continues to be a matter that the Board monitors closely. At 24 April, the latest practicable date prior to publication of this report, the share price had fallen 19.4% since the year end and the discount to the net asset value per share was 22.6%.

The Board's aim is for the Company to eventually be in a position to grow through the issuance of new shares and the Board has asked shareholders to renew the Directors' share issuance authorities at this year's Annual General Meeting (see the Notice of the Meeting beginning on page 89 for further details). Enlarging the capital base will reduce the annual ongoing charges and enhance the secondary market liquidity of the Company's shares, which the Board believes is in the interests of all shareholders. However, the Company can only issue new shares at a price representing a premium to the NAV per share and therefore the Board remains focused on improving the Company's share rating.

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

Continuation of the Company

The Company's Articles of Association provide that the Directors must ask shareholders to vote on the continuation of the Company at the AGM in 2020 and, if passed, every five years thereafter. Accordingly, a resolution proposing that the Company continues in its current form is included in the Notice of the AGM, beginning on page 89.

The Directors hope that shareholders recognise our ambitions for the growth of the Company and share the Board's belief in the ongoing relevance of the investment proposition. The Board recommends that shareholders vote in favour of the continuation of the Company as the Directors intend to do in respect of their own holdings. However, if the resolution is not passed, the Board will put proposals for the winding up or reorganisation of the Company to shareholders within six months.

Annual General Meeting

The Company's fifth Annual General Meeting ("AGM") will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Tuesday, 9 June 2020 at 12 noon. Further details can be found on pages 89 to 95.

The Board has considered how best to deal with the potential impact of the coronavirus outbreak on arrangements for the AGM. We are required by law to hold an AGM, but we are concerned for the safety and wellbeing of our shareholders and other attendees. Given the unprecedented circumstances, the Board has decided that this year we will conduct only the statutory, formal business to meet the minimum legal requirements. There will be no presentation from our Portfolio Manager and no opportunity to interact with the Directors. We will not be providing any refreshments after the meeting in order to minimise contact. It may also prove to be necessary to postpone the meeting to a later date or to introduce entry restrictions limiting the number of shareholders who may attend.

The Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance and to submit any questions they may have to the Company Secretary whose contact details are on page 96. Shareholders can vote online by visiting www.signalshares.com and following instructions. Any shareholders who require a hard copy form of proxy may request one from the registrar, Link Asset Services, whose details are set out on page 96. Voting by proxy will ensure that your votes are registered in the event that attendance at the AGM is not possible or restricted, or if the meeting is postponed (your votes will still be valid when the meeting is eventually held). The Board will continue to monitor the Government's advice and urges all shareholders to comply with any restrictions in place at the time of the AGM.

Of course, in the event that the situation has improved and we are able to hold a meeting with full participation from the Board and the Investment Manager, we will do so. We will keep shareholders updated via the Company's website, www.menhaden.com, in this regard.

Dividend

The Company complies with the United Kingdom's investment trust rules regarding distributable income and the Company's dividend policy is that the Company will pay a dividend as a minimum to maintain investment trust status.

Shareholders will note that in 2019 the Company made a revenue profit. Last year, the Board recommended for shareholders' approval at the AGM the payment of a final dividend to allow the Company to comply with the investment trust rules regarding distributable income. This year, the Board has decided to declare an interim dividend of 0.4p per share, to be paid on 12 June 2020 to shareholders on the register on 15 May 2020. The associated ex-dividend date is 14 May 2020.

Declaring an interim dividend means that shareholders will be paid a dividend irrespective of whether the AGM is able to proceed as planned. Instead of voting to approve the payment of a dividend, shareholders will instead be able to vote on the Company's dividend policy at the forthcoming AGM. However, this will not affect the payment of the dividend itself. It is expected that the Company will revert to paying a final dividend next year.

Communications with Shareholders

As communicated in the last interim report, during the year the Board decided to offer shareholders the option to receive all Company information electronically. This has led to a 70% reduction in the number of hard copy annual reports printed this year, further reducing the Company's own, already minimal, impact on the environment, as well as producing a small cost saving.

Shareholders who elect to receive Company communications electronically still have the right to request (at no extra charge) hard copy versions of the documents sent or supplied via the website.

Shareholders who have elected to continue receiving hard copies may be reassured to know that this year, the annual report (including the front cover) is printed on 100% recycled and recyclable paper.

Outlook

Since the year end, the emergence and spread of Covid-19 and the associated measures being taken to lock down major countries (and as a result, their economies) have resulted in a significant loss of value and a substantial increase in volatility. There are therefore very few positives to be found in the short-term outlook.

However, the drive to tackle the global climate crisis continues to gain momentum and we believe that Menhaden is well placed to participate in and support the opportunities this movement will create. For these reasons, your Board remains confident on the long-term outlook for companies delivering environmental and resource-efficiency solutions and believes that the investment thesis on which Menhaden was launched is more compelling than ever.

Sir Ian Cheshire
Chairman
28 April 2020

Investment Objective and Policy

Investment Objective

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

Whilst the Company pursues an active, non-benchmarked total return strategy, the Company is cognisant of the positioning of its portfolio against the MSCI World Total Return Index (in sterling). Accordingly, the Portfolio Manager will take notice of the returns of that index with a view to outperforming it over the long term.

Investment Policy

The Company's investment objective is pursued through constructing a conviction-driven portfolio consisting primarily of direct listed and unlisted holdings across asset classes and geographies.

Asset Allocation

The Company invests, either directly or through external funds, in a portfolio that is comprised of three main allocations:

- listed equity;
- yield assets; and
- special situations.

The flexibility to invest across asset classes affords the Company two main benefits:

- it enables construction of a portfolio based on an assessment of market cycles; and
- it enables investment in all opportunities which benefit from the investment theme.

It is expected that the portfolio will comprise approximately 15 to 30 positions.

Geographic Focus

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

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

Investment Restrictions

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

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

Hedging

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

Cash Management

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

Borrowing and Leverage Limits

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

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

In addition, under the AIFMD rules, the Company is required to set maximum leverage limits. Leverage is defined under the AIFMD as any method by which the total exposure of an AIF is increased. Further explanation is provided in the Glossary on page 85.

At the start of the year under review, the maximum leverage limits were 200% on a gross basis and 120% on a commitment basis. With effect from 15 February 2019, the Board and the AIFM decided to raise the commitment limit from 120% to 200% in order to increase flexibility and allow the Portfolio Manager to take appropriately sized positions in strategies and instruments designed to protect shareholders' funds and hedge against market risk where that strategy or instrument does not meet the strict definition of a hedge under the AIFMD rules.

The borrowing limit of a maximum of 20% of the Company's net asset value remains in place and this change to the leverage limit will only be utilised by investments designed to reduce risk and protect the capital of the Company.

As at 31 December 2019, the Company employed leverage through the use of foreign currency forwards to partially hedge the Company's US dollar and euro exposures, resulting in leverage of 137.6% under the gross method and 100.2% under the commitment method. Further details are shown on page 75.

Other Investment Restrictions

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

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

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

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

Investment Committee

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

Graham Thomas

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

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

Ben Goldsmith

Ben is the chief executive officer of Menhaden Capital Management LLP. Before co-founding Menhaden Capital Management LLP, Ben co-founded the WHEB group, one of Europe's leading energy and resource-focused fund investment businesses. Ben is a director of Cavamont Holdings, the Goldsmith family's investment holding vehicle. Ben also chairs the UK Conservative Environment Network, a group which has a preference for decentralised, market-orientated solutions to environmental and resource issues. In March 2018, Ben was appointed as a non-executive director of the Department for Environment, Food and Rural Affairs.

Luciano Suana

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

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

Investment Process

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

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

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

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

Investment Committee

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

Strategic Advisory Group

The Investment Committee is supplemented by a Strategic Advisory Group, which assists the Committee in implementing the Company's investment objective and policy. The Strategic Advisory Group does not have a formal mandate but meets with the Investment Committee from time to time to discuss the macroeconomic environment, factors affecting the broad investment theme of the Company, market conditions and portfolio construction.

Investment Network

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

Portfolio

Investments held as at 31 December 2019

Investment	Country/region	Fair Value £'000	% of Total Net Assets
X-ELIO Energy S.L.*[1]	Spain	16,419	17.4
Charter Communications, Inc.	United States	11,425	12.2
Alphabet Inc.	United States	10,098	10.7
Safran S.A.	France	7,975	8.5
Calisen PLC*[2]	UK	4,701	5.0
Canadian Pacific Railway Limited	Canada	4,426	4.7
Canadian National Railway Company	Canada	3,722	4.0
Perfin Apollo 12 FIP*	Brazil	3,621	3.9
Airbus SE	France	3,552	3.8
Ocean Wilsons Holdings Limited	Bermuda	3,516	3.7
Top Ten investments		**69,455**	**73.9**
Microsoft Corporation	United States	1,902	2.0
TCI Real Estate Partners Fund III LP*	United States	1,648	1.8
Waste Management, Inc	United States	1,612	1.7
Brookfield Renewable Partners L.P.	Canada	1,332	1.4
WCP Growth Fund LP*[3]	UK	898	1.0
Total investments		**76,847**	**81.8**
Net Current Assets		17,152	18.2
Total Net assets		**93,999**	**100.0**

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

[2] Investment made through KKR Evergreen Co-Invest L.P. Formerly called Calvin Capital.

[3] The data regarding the WCP Growth Fund LP (the "Partnership") does not necessarily reflect the current or expected future performance of the Partnership and should not be used to compare returns of the Partnership against returns of other private equity funds.

* Unquoted

Business Description	Theme
Develops and operates solar energy assets	Clean energy production
Telecomms company providing infrastructure for the ‘internet of things’	Resource & energy efficiency
Parent company of Google which uses 100% renewable energy	Resource & energy efficiency
Supplies energy efficient systems/equipment for aerospace, defence & security	Sustainable transport
Invests in utility infrastructure assets including smart meters	Resource & energy efficiency
Owns and operates (fuel-efficient) freight railways in Canada and the USA	Sustainable transport
Owns and operates (fuel-efficient) freight railways in Canada and the USA	Sustainable transport
Builds and operates electricity transmissions lines in Brazil	Resource & energy efficiency
Designs and manufactures aircraft with the most fuel-efficient engines in the industry	Sustainable transport
Operates ports and provides (lower climate impact) maritime services in Brazil	Resource & energy efficiency
Multinational technology company which provides energy-efficient datacenters	Resource & energy efficiency
Invests in energy-efficient real estate projects	Resource & energy efficiency
Provides waste management and environmental services in North America	Water & waste management
Open-ended fund investing in hydroelectric and wind facilities	Clean energy production
Growth capital fund managed by specialist environmental PE firm, Alpina Partners	Resource & energy efficiency

Portfolio Manager's Review

Performance

During 2019, the Company's NAV per share increased from 90.6p to 117.5p. This represents a total return of 30.5% and compares to the MSCI World Index (net sterling adjusted) total return of 22.7%.

The contribution to the NAV per share increase over the year is summarised below:

Asset Category	31 December 2019 NAV %	Contribution to NAV %
Public Equities	51.3	15.7
Private Investments	27.3	8.1
Yield Investments	3.2	6.1
Liquidity	16.7	–
Foreign exchange forwards	1.5	2.6
Dividend Paid		(0.8)
Expenses		(2.0)
Net Assets	**100.0**	**29.7**
Reinvested Dividend		0.8
Total Return		**30.5**

Equity markets rose strongly in 2019 as fears of an imminent recession decreased, the US and China made progress towards a trade deal and central banks appeared set to continue favouring accommodating monetary policy. Against this backdrop, we are pleased to report that the Company's concentrated portfolio, comprising companies which either deliver or benefit from the more efficient use of resources and which have strong competitive positioning, performed ahead of the MSCI World Index (total return, sterling adjusted) by 7.8%. Encouragingly, we have also crystallised substantial gains in our portfolio of private investments, demonstrating the value of our private market relationships with leading GPs and the deals we are consequently able to access on favourable terms.

Public Equities

Our portfolio of public equities represented 51.3% of our total NAV as at 31 December 2019, and added 15.7% to our NAV.

Investment	Increase/ (Decrease) %	Contribution to NAV %
Airbus	55.4	4.1
Charter Communications	34.6	2.7
Alphabet	28.2	2.4
Safran	30.6	2.3
Canadian Pacific	43.5	1.7
Union Pacific	20.7	1.2
Air Products & Chemicals	41.9	1.2
Microsoft	32.2	0.5
Waste Management	28.1	0.5
Infigen	(6.5)	(0.0)
NJS	(8.4)	(0.0)
Ocean Wilsons	(15.4)	(0.4)
Canadian National	0.9	(0.5)

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

Airbus was once again one of the portfolio's standout performers. Airbus is playing an important role in the aviation industry's transition towards greater sustainability, with its new A320neo family of aircraft delivering at least 20% fuel efficiency savings compared to their predecessors. The long range A321XLR version will deliver 30% lower fuel burn per seat than previous generation aircraft. We chose to close half of our position in the first half of the year and booked a substantial profit. Whilst the coronavirus epidemic will have a significant impact on Airbus this year, we believe the group remains financially sound and possesses sufficient liquidity to manage through this difficult period. Longer term, we do not believe that the current turmoil fundamentally alters the drivers underpinning the secular growth of aviation and still believe that the company has an important role to play in helping the industry transition to a sustainable footing. Current industry targets include stabilising carbon emissions from 2020 to 2035 and then reducing emissions to half of 2005 levels by 2050, under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

Charter Communications, the US cable business, has performed in line with our expectations since we initiated a position in April 2019. Charter's hybrid fibre coax network, which encompasses 50 million households in the US, will serve as a key piece of infrastructure for enabling the development of the so called 'internet of things' (IoT), which is already transforming the way resources are produced, distributed and consumed. The IoT has the potential to drive energy efficiency savings estimated by McKinsey to be worth $540 billion annually across residential and commercial buildings. We remain optimistic on Charter's prospects as we believe that the business can deliver meaningfully higher free cash flow in the years ahead based upon a combination of modest revenue growth, falling capital intensity and lower customer churn. Furthermore, we do not think that the group's provision of broadband services should be significantly impacted by either the coronavirus or economic cycles.

Since we added to our position in Google's parent company, **Alphabet** at the start of May, following share price weakness in the wake of disappointing first quarter results, the shares have performed robustly, gaining 28.2% over the year. Alphabet continues to lead the way on sustainability in the technology industry and remains the largest corporate buyer of renewable power worldwide, with agreements covering 5.5GW of wind and solar capacity. Whilst Google's advertising business will undoubtedly be impacted by the coronavirus and any economic slowdown, we believe this will prove temporary and will reverse as the pandemic is brought under control and the economy recovers. In our view, the group's position in search and ability to monetise unparalleled levels of user interaction, should underpin revenue growth for many years. Furthermore, with Sundar Pichai now officially appointed Chief Executive Officer of Alphabet, we believe that capital allocation is also likely to significantly improve over the coming years.

Aircraft engine manufacturer, **Safran**, another long-term holding, was a leading contributor. Safran remains focused on developing more efficient means of aircraft propulsion with 75% of its research and technology budget now directed towards improving environmental efficiency. These measures will be critical if the aviation industry is to achieve its goal of halving carbon emissions by 2050. Deliveries of Safran's new LEAP engine, which offers 15% fuel efficiency savings compared to its predecessor, continue to ramp up as annual production increased by 60% in 2019. Although engine deliveries are being affected by Boeing's 737 MAX issues, the near-term financial impact is limited. This is because Safran earns the majority of its profits on the LEAP engine from aftermarket service revenues that run many years into the future. Whilst these service revenues will suffer this year, with the coronavirus pandemic forcing global airlines to cancel flights, we believe they will recover once the pandemic is brought under control and passengers return.

The Northern American freight rail operators in our portfolio, **Canadian Pacific** and **Union Pacific**, performed well during the first half of the year, before falling back during the second half due to declining industry volumes. Rail is four times more fuel efficient than trucking on a per unit basis. We opted to switch from Union Pacific to Canadian National in August because of the volume resilience reported by the latter. Whilst **Canadian National** did suffer from an eight-day strike in November, which saw the network run at only 10% of capacity, the group's operations quickly recovered. We are mindful that a coronavirus-led economic downturn will likely cause industry volumes to decline on a cyclical basis in the near term. However, we remain confident in the North American freight railroad industry's longer-term outlook, and that freight rail operators will continue to take market share from the trucking sector, especially on long distance routes.

In April we initiated a position in another sustainability leader in the technology sector, **Microsoft**. Microsoft's Azure Cloud services are reported to be 93% more energy efficient than traditional, on-site enterprise data centres. Microsoft benefits from significant economies of scale, high switching costs and established enterprise sales relationships which should underpin Azure's rapid growth trajectory, whilst Office 365 should continue to profit from entrenched network effects and the benefits associated with cloud-based subscriptions compared to traditional licenses. In our view the enforced coronavirus quarantine restrictions are likely to benefit Microsoft over time as they provide further impetus for remote working.

Whilst investment performance by **Waste Management** was robust during the first half of the year, the shares were flat in the second half whilst the group was working on obtaining regulatory approval for the acquisition of smaller peer Advanced Disposal Services. Waste Management is constantly working to improve the sustainability of its operations and opened a new fully automated recycling plant in Chicago last year. Waste Management's leadership team hopes that automation will significantly improve the economics of the recycling business and serve as a model for future plants. With Waste Management offering an appealing combination of predictable free cash flow

Portfolio Manager's Review
continued

generation, solid competitive position and a shareholder friendly management team, we expect the shares to perform well over time. Furthermore, the group should be well placed to manage its way through the current coronavirus pandemic with waste volumes not being overly dependent on the economic cycle.

We sold our positions in Australian renewable power operator, Infigen, and Japanese water consultancy firm, NJS, in April. With no clear resolution in sight on renewables policy in Australia and limited prospect of a takeover at a higher price, we decided that we could put the funds deployed in Infigen to better use elsewhere. Whilst NJS remains undeniably cheap, with its cash holding nearly equivalent to its market capitalisation alone, we became frustrated by the lack of a clear view as to when this anomaly might be corrected.

The only material negative performer during the period has been ports operator **Ocean Wilsons**. On a per unit basis shipping has the lowest climate impact of any freight method, producing between 10-40 grams of CO2 per metric ton of freight per km of transportation, which is around half that even of rail freight. Financial performance of the Ocean Wilson's subsidiary, Wilson Sons, suffered from lower volumes in its main container and towage business lines. We believe that these issues will ultimately prove transitory and that the group is well positioned to continue to benefit from growing Brazilian international trade. We decided to add to this position in the fourth quarter, when the Ocean Wilsons share price discount to net asset value reached a record high of over 40%. Although the shares subsequently rallied, performance throughout the year was not as we would have liked. Over the longer term we believe a growing Brazilian economy will drive a significant improvement in the group's financial performance.

Our holding in industrial gases multinational, Air Products, performed well in the first half of the year. Air Product's products and services enable its customers to avoid 54 million tons of carbon dioxide emissions, equivalent to 11 million cars and almost double the group's own direct and indirect carbon dioxide emissions. Whilst we continue to have faith in the business model and expect the current development pipeline to underpin strong earnings growth going forwards, we sold our position in August because we believed the group's elevated multiple would likely hinder future returns.

Yield Investments

Our portfolio of yield investments added 6.1% to our total NAV in the year. Due to the reductions discussed below, yield investments represented 3.2% of our total NAV at 31 December 2019.

Investment	Increase/ (Decrease) %	Contribution to NAV %
Brookfield Renewable Partners	80.0	3.9
Terraform Power	49.2	2.2
TCI Real Estate	16.0	0.3
Atlantica Yield - Bonds	4.4	0.0
Atlantica Yield	(7.9)	(0.3)

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

After the strong share price performance of both renewable power yield companies, **Brookfield Renewable Partners** and Terraform Power, we significantly reduced the portfolio's exposure to the former in the fourth quarter and finished exiting the latter in October. Both companies' respective management teams continue to execute on their plans to deliver mid-single digit distribution growth from organic initiatives, with the potential to add to this through acquisition. However, we have witnessed a dramatic repricing of these securities in the market which we believe is attributable to a better appreciation by investors of the dividend sustainability of these companies, as well as lower US treasury yields. This had significantly altered the risk to reward ratio in our view, hence our decision to sell down these positions.

Whilst the sale of most of our holding in Brookfield and all of our holding in Terraform Power has reduced our allocation to yield investments, we expect the rate at which our commitment to the **TCI Real Estate Partners Fund III** is drawn down to accelerate during the coming year. That holding currently represents 1.8% of NAV, with US $13.0 million remaining undrawn at 31 December 2019. This fund provides asset-backed loans to prime real estate development projects that are best in class in terms of energy efficiency and environmental standards. We believe that these loans offer an outstanding risk-reward proposition with multiple layers of downside protection including seniority in the capital structure, loan-to-value ratios of below 65% and third party guarantees as additional collateral where required. The strategy has historically generated returns of circa 11% annually since inception.

We sold our position in Atlantica Yield in January 2019 and crystallised a loss due to concerns related to the bankruptcy of California utility PG&E, which is the off-taker for Atlantica's Mojave solar project (280MW).

Private Investments

Our portfolio of private investments represented 27.3% of our total NAV as at 31 December 2019, and added 8.1% to the NAV in the year.

Investment	Increase/ (Decrease) %	Contribution to NAV %
Perfin Apollo 12	440.5	3.9
ADO Group	18.1	2.1
X-ELIO	9.5	1.1
Calisen	21.5	1.1
WCP Growth Fund LP	(7.9)	(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

We witnessed a transformational year for our investment in **Perfin Apollo 12**, which is developing electricity transmission line infrastructure in Brazil. Building out this infrastructure is critical for Brazil to harness the electricity generated by its growing renewable power asset base. With three greenfield projects progressing ahead of schedule and successfully refinanced, Perfin completed an initial public offering in January 2020 and we opted to sell our shares in the offering. Since our original commitment in June 2017, falling real interest rates in Brazil have helped Perfin to deliver outstanding returns. The current valuation represents a return of more than three times the invested capital over a period of two and a half years.

We also realised a gain upon the sale of our investment in **ADO Group** to ADLER Real Estate AG in December. This is an investment we had made in March alongside private equity firm Apollo and General Oriental, the Goldsmith family investment vehicle. ADO Group was a listed Israeli holding company, which effectively controlled ADO Properties. This provided the portfolio with exposure to the Berlin real estate portfolio owned by ADO Properties at a discount. In line with previous co-investments, this was on a fee-free basis. Importantly, ADO Properties offered a near symbiotic relationship between increasing energy efficiency (from upgrading its building stock) and growing real estate values (derived from higher rents). Although the position suffered from fears around the potential impact of rent regulation in Berlin during the year, ADLER Real Estate's takeover offer enabled us to recoup the unrealised losses and book a profit of approximately 22% in a period of less than 12 months.

Spanish solar operator and developer, **X-ELIO**, remained our single largest holding at year end, representing 17.4% of NAV. Listed renewables company, Brookfield, completed the acquisition of a 30% stake in X-ELIO from the KKR managed holding entity through which we hold an interest in X-ELIO, and a 20% stake from other investors just before the year end. With the transaction price representing a premium to the then book value, the Board wrote up the valuation of our holding. We received the proceeds from this just after the year end. The proceeds represented c.30% of X-ELIO's value in these financial statements.

While UK energy domestic metering company **Calisen** (formerly Calvin Capital) experienced a relatively quiet year, KKR announced in January 2020 that it was planning to complete an initial public offering in 2020, with a target of raising approximately £300 million. Calisen completed the acquisition of meter installer, Lowri Beck, in the third quarter and expects installations of smart meters to continue to pick up pace over the next year.

The **WCP Growth Fund LP** is approaching the end of its extended life on 30 July 2020, although we expect that it will be extended again, albeit in a new, leaner structure with lower associated costs. The fund holds a single remaining portfolio company, Resysta, which uses the waste from rice husks combined with a proprietary polymer to create an artificial substitute for hardwood. With uncertainty on any potential realisation date for Resysta, we opted to increase the discount the Company applies to the manager's valuation from 25% to 50%.

Foreign exchange forwards

The aim of our currency hedging is to lower the volatility of sterling denominated returns by reducing non-sterling exposure related to investments denominated in other currencies. We decided to increase the currency forward hedges from half to two thirds of the euro and US dollar denominated exposures in November, in order to reduce the

Portfolio Manager's Review
continued

impact of a sterling appreciation. As set out in the prospectus, hedging is only undertaken when we believe there is a significant risk of mispricing. We continue to monitor the currency exposure and respond accordingly.

Outlook
Whilst equity markets began the year strongly, fuelled by a rising tide of optimism around the health of the global economy, the coronavirus pandemic has triggered a dramatic about-turn. The full economic impact of measures taken around the world to contain the virus are still unknowable. However, we anticipate that they will be significant and that the eventual recovery may be slower than hoped. That being said, we believe that prospective risk-adjusted returns over the next few years in our highest conviction equity holdings are becoming increasingly attractive.

Our quoted portfolio is comprised of businesses with strong competitive positioning, which benefit from resilient barriers to entry. We believe that they can all safely navigate the current challenges they face. We expect our allocation to yield investments to be increased by the TCI Real Estate Partners Fund III as capital is drawn down at an accelerated rate during the coming year. The full realisations of our unquoted investments in ADO Group and Perfin Apollo 12, and the partial realisation of our X-ELIO holding, have significantly enhanced the Company's liquidity profile and should enable us to take advantage of selective opportunities we see in public markets. As always, our aim remains to identify business models which are aligned to our resource efficiency mandate, which benefit from resilient barriers to entry and which can therefore deliver sustainable risk-adjusted returns.

Finally, as efforts to slow the pace of global warming continue to accelerate we believe that each of our portfolio companies are playing their part. During the coming year we plan on engaging more proactively with each of our portfolio companies to ensure they understand the importance of taking action in response to the global climate emergency.

Menhaden Capital Management LLP
Portfolio Manager
28 April 2020

Environmental Impact Statement

Sustained and Sustainable Returns

At Menhaden Capital Management LLP, our core aim is to generate long-term shareholder returns by investing in businesses and opportunities delivering or benefiting from the efficient use of energy and resources irrespective of their size, location or stage of development.

An assessment of resource efficiency is central to our fundamental, research-oriented investment process. It helps us understand whether a company, or other investable entity, is creating value by reducing its use of natural resources, recycling materials, or re-designing products to make efficiency savings. We also look at the extent of environmental disclosures and reporting. This approach helps Menhaden make investments that have a positive impact on society and the environment.

It is an approach that has helped the Company deliver strong performance in 2019 not just financially but also in its sustainability returns. This Impact Statement shows that Menhaden's holdings helped generate 47,000 MWh of clean energy in 2019, contributed to 32,000 tons of avoided greenhouse gases and 61,000 m^3 of water saved.

All allocations made by the Company help foster the low-carbon transition in some way, and in 2019 some of our newest positions were made in innovative firms such as Charter Communications and Microsoft which are providing the large-scale infrastructure that could power the smart, more resource-efficient cities of the future.

We are a passionate supporter of greater and more standardised environmental disclosure by companies across the market, using frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD). That's why Menhaden Capital Management aims to deepen the Company's impact in the year ahead not only through our capital allocation, but also by engaging with our holdings to encourage them to improve their emissions disclosure and performance.

Ben Goldsmith
Menhaden Capital Management LLP
Portfolio Manager

Menhaden's Portfolio Impacts in 2019:

Menhaden's Portfolio Impacts over the Last Three Years:

Environmental Impact Statement
continued

Progress by Theme

The Portfolio Manager has consistently organised the Company's portfolio around four investment themes: i) clean energy; ii) sustainable transport; iii) resource and energy efficiency; and iv) water and waste management.

Clean energy

The Company invests in two influential clean energy companies, **X-ELIO** and **Brookfield Renewable Partners**, who together generated over 27,000 GWh of electricity in 2019. Both firms achieved a year-on-year increase in clean energy generation with X-ELIO's production growing by 22%. The Company also invests in **Alphabet**, the world's largest corporate buyer of renewable power, which bought 10 billion kWh of renewable electricity in 2018.

Sustainable transport

The four firms held in the sustainable transport theme saved over three million litres of fuel[1]. New addition in 2019, **Canadian National Railway**, has trains that are 15% more fuel efficient than the rail industry average[2]. Although the aviation sector intrinsically produces some negative environmental impacts, the Portfolio Manager recognises that air travel remains a critical part of global transport and so invests in aviation firms setting the best standards on energy efficiency, including Airbus whose fuel savings compared to peers grew by approximately 10% in 2019.

Resource and energy efficiency

This theme covers a wide range of companies delivering efficiencies in the use of natural resources through their products, services or operations. **Microsoft**, a new holding in 2019, has announced a goal to become 'carbon negative' by 2030 and is, for example, helping bring energy efficiencies to enterprise data centres via efficient cloud computing hardware such as Azure, which uses at least 22% less energy to run common workloads[3]. Private holding **Calisen (formerly Calvin Capital)** has funded over 7.6 million smart meters in the UK and is playing a central role in the Government's plan to save the UK up to £40 billion by 2050 in energy costs[4].

Water and waste management

The Company's main holding in this theme is US firm **Waste Management Inc**, a company that annually recycles over 15 million tons of waste and optimises their landfills to minimise surface and groundwater contamination. Across the portfolio as a whole, the Company's holdings helped save over 61,000 m^3 of water, in part through the allocation to clean energy, one of the most water-efficient ways to generate power.

About this report

All impact data in this report is based on the proportion that Menhaden holds of each entity as of 31 December 2019 and is based on best estimates using publicly disclosed data. The scope of the assessment for all data is the Company's listed portfolio companies and its largest private holding, X-ELIO. A full account of the methodology is available in the technical annex online.

[1] Compared to haulage by truck in the case of rail firms, and compared to less efficient peers in the case of aviation
[2] Source: Canadian National Railway
[3] Source: Data knowledge Centre
[4] Source: Department for Business Energy and Industrial Strategy

Sustainable Development Goals

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

Over 700 million people could be displaced by intense water scarcity by 2030[5] unless we better manage our water resources. SmartWater is an 'internet of things' product part-created by **Microsoft** which can proactively identify and fix water leakages, to help combat water scarcity. The recycling operations of **Waste Management Inc** also contribute, saving over 40 billion gallons of water annually.

Brookfield Renewable Partners is one of the world's largest investors in renewables, with 18,800 MW of generating capacity across hydro, wind and utility-scale solar. In 2019, their clean energy generation increased by 4% to over 5,300 renewables facilities.

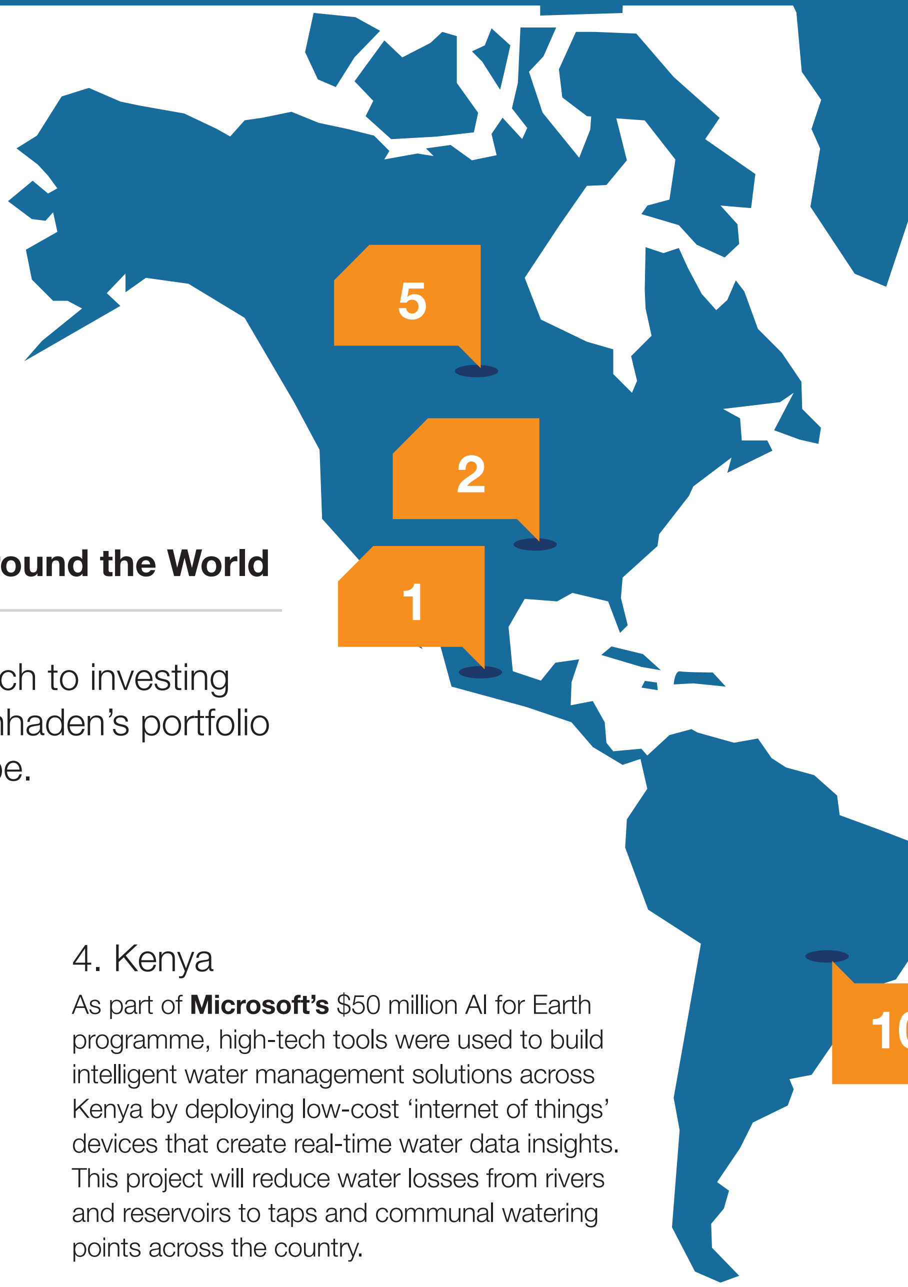
The two freight train companies in our portfolio **Canadian Pacific** and **Canadian National** employ over 38,000 people and carrying goods on a single-unit freight train of theirs keeps more than 300 trucks off public roads. **Charter Communications**, a connectivity company, is providing digital infrastructure to enable cities to reduce their environmental impact through shorter commutes and more efficient water, waste management and civic services.

Products designed by Resysta, the underlying holding in the **WCP Growth Fund** in which we invest, have the look and feel of natural tropical wood but are made largely from recycled rice husks. They are being used in the construction industry to replace timber and avoid deforestation, and recently won the Green Product Award.

Maritime services firm **Ocean Wilsons Holdings** is reducing GHG emissions by transitioning diesel-powered ships to more efficient diesel-electric hybrid systems and using electric cranes. **Microsoft** and **Canadian National** have both committed to a science-based target to reduce their carbon emissions at a pace aligned with keeping global warming below 2ºC.

Rail freight firm **Canadian National** has launched a project in coalition with the Port of Prince Rupert in Canada to recycle used concrete rail ties to enhance marine life on the coast of British Columbia by creating artificial reefs.

[5] Global Water Institute, 2013



Menhaden Portfolio Impacts Around the World

A diversified, multi-regional approach to investing means the positive impacts of Menhaden's portfolio companies are felt around the globe.

1. Mexico

Solar provider **X-ELIO** has developed the 74MW Guanajuato operating plant, its first in Mexico, generating over 800 local jobs. A further plant is under construction in the city of Navojoa, which will displace the equivalent of 5.1 million tons of CO2 in the next 25 years[6].

2. USA

Canadian National's reforestation programme promotes the greening of communities including First Nations all along their North American rail network, planting over 2 million trees across the USA and Canada since 2012.

3. France

Aviation firm **Safran** joined a coalition of government agencies, airlines and industrial partners to foster the aviation biofuel industry in France. This marks the first partnership between public and private industry players in support of more sustainable aviation fuel.

4. Kenya

As part of **Microsoft's** $50 million AI for Earth programme, high-tech tools were used to build intelligent water management solutions across Kenya by deploying low-cost 'internet of things' devices that create real-time water data insights. This project will reduce water losses from rivers and reservoirs to taps and communal watering points across the country.

5. Canada

Canadian Pacific Railway has commissioned two new industrial wastewater treatment plants in Montreal and Winnipeg. The Montreal facility is capable of treating up to a million litres of wastewater per day. Canadian Pacific has reduced its annual water consumption by over 65% since 2015[7].

6. UK

Sustainability charity, CDP, based in the UK, last year placed current holdings **Alphabet**, **Microsoft** and **Waste Management Inc** on its top-ranked 'A-list' for their environmental reporting.

[6] Source: IDB invest
[7] Source: Canadian Pacific CDP disclosures

7. Germany

Airbus opened its new E-Aircraft System House near Munich, Europe's largest test facility dedicated to alternative propulsion systems and fuels. They report that the €50 million facility will allow them to test electric motors and hybrid-electric engines and develop their own low-emission alternative propulsion units.

8. Hong Kong, China

Resysta, a holding of the **WCP Growth Fund LP**, provided materials for a new 'Avenue of Stars' in front of the Hong Kong Museum of Art. Resysta is a hybrid recycled material that consists of 60% food industry waste in the form of rice husks. It is 100% recyclable and its production process is entirely free from deforestation.

9. Australia

Google, part of the Company's investment in **Alphabet**, launched the Environmental Insights Explorer tool designed to equip cities with the emissions data insights to accelerate their transition to a low carbon future. Adelaide, Melbourne, Sydney and Canberra are among the first cities worldwide to be offered high-resolution data to measure greenhouse gas emissions to help their governments plan and measure the impact of climate change projects.

10. Brazil

BRK Ambiental, part of the Company's investment in **Brookfield Renewable Partners**, is the largest private water company in Brazil, acquired by Brookfield, that serves 15 million people in over 100 cities across the country.

Business Review

The Strategic Report on pages 2 to 33 has been prepared to provide information to shareholders to assess how the Directors have performed their duty to promote the success of the Company.

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

Business Model

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

The purpose of the Company is to provide a vehicle for investors to gain exposure to a portfolio of companies that deliver or benefit from the efficient use of energy or resources, through a single investment.

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

As an externally managed investment trust, all of the Company's day-to-day management and administrative functions are outsourced to service providers. As a result, the Company has no executive directors, employees or internal operations.

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

Further information on the Board's role and the topics it discusses with the AIFM and the Portfolio Manager is provided in the Corporate Governance Statement beginning on page 41.

Investment Strategy

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

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

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

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

The Board

Details of the Board of Directors of the Company are set out on pages 34 and 35.

All Directors will seek re-election by shareholders at the Annual General Meeting to be held on 9 June 2020.

Dividend Policy

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

Key Performance Indicators ("KPIs")

The Board of Directors reviews performance against the following Key Performance Indicators (KPIs). They comprise both specific financial and shareholder-related measures and the results for the year can be found on page 2. The KPIs have not changed from the prior year:

- Net asset value ("NAV") per share total return;
- Share price total return;
- Discount/premium of the share price to the NAV per share;

- Ongoing charges ratio; and
- Performance against the MSCI World Total Return Index (in sterling) and the Company's peer group.

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

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

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

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

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

MSCI World Total Return Index
Whilst the Company pursues an active, non-benchmarked total return strategy, the Board considers the NAV per share total return performance against the MSCI World Total Return Index measured on a net total return, sterling-adjusted basis.

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

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

Principal Service Providers

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

AIFM
The Board has appointed Frostrow as the designated AIFM of the Company on the terms and subject to the conditions of the alternative investment fund management agreement between the Company and Frostrow (the "AIFM Agreement"). The AIFM Agreement assigns to Frostrow overall responsibility to manage the Company, subject to the supervision, review and control of the Board, and ensures that the relationship between the Company and Frostrow is compliant with the requirements of the AIFMD. Frostrow, under the terms of the AIFM Agreement provides, inter alia, the following services:

- risk management services;
- marketing and shareholder services;
- administrative and secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- preparation and dispatch of the annual and half yearly reports and monthly factsheets; and
- ensuring compliance with applicable tax, legal and regulatory requirements.

The notice period on the AIFM Agreement is six months and termination can be initiated by either party.

Business Review
continued

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

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

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

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

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

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

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

In respect of a given three year performance period, a performance fee may be payable equal to 10% of the amount, if any, by which the Company's adjusted NAV at the end of that performance period exceeds the higher of (a) a compounding hurdle (an annualised compound return)* on the gross proceeds of the IPO of 5% per annum; and (b) a high watermark (the highest net asset value that the Company has reached on which a performance fee has been paid)*. The performance fee is subject to a cap in each performance period of an amount equal to the aggregate of 1.5% of the weighted average NAV in each year (or part year, as applicable) of that performance period.

**see Glossary for further details*

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

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

The Depositary must take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, the AIFMD and the Company's Articles of Association.

Under the terms of the Depositary Agreement, the Depositary is entitled to receive an annual fee of the higher of £40,000 or 0.0175% of the net assets of the Company up to £150 million, 0.015% of the net assets in excess of £150 million and up to £300 million, 0.01% of the net assets in excess of £300 million and up to £500 million and 0.005% of the net assets in excess of £500 million. In addition, the Depositary is entitled to a variable custody fee which depends on the type and location of the custodial assets of the Company.

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

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

Evaluation of the AIFM and the Portfolio Manager

The performance of the AIFM and the Portfolio Manager is reviewed continuously by the Board and the Company's Management Engagement Committee (the "MEC") with a formal evaluation process being undertaken each year. As part of this process, the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports from them. The MEC reviewed the appropriateness of the appointment of the AIFM and the Portfolio Manager in December 2019 with a recommendation being made to the Board.

As a result of this review, following the year-end, the MEC and the Board considered proposals from the AIFM and the Portfolio Manager regarding the respective fees payable to them. The Board subsequently agreed the proposed changes as described in the Chairman's Statement beginning on page 5.

The Board believes the continuing appointment of the AIFM and the Portfolio Manager, under the terms described on page 26, is in the interests of shareholders as a whole. In coming to this decision, the MEC and the Board took into consideration, inter alia, the following:

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

Risk Management

In fulfilling its oversight and risk management responsibilities, the Board maintains a framework of key risks which affect the Company and the related internal controls designed to enable the Directors to manage/mitigate these risks as appropriate. The Directors have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

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

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

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

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

Business Review

continued

Principal Risks and Uncertainties	Management and Mitigation
Investment Risks The implementation of the investment strategy adopted by the Portfolio Manager may be unsuccessful and result in underperformance against the Company's principal performance comparators and peer companies.	The Board regularly reviews the Company's investment mandate and MCM's long-term investment strategy in relation to market and economic conditions, and the performance of the Company's peers. The Portfolio Manager provides an explanation of stock selection decisions and an overall rationale for the make-up of the portfolio, including the resource-efficiency credentials of the portfolio holdings. MCM discuss current and potential investment holdings with the Board on a regular basis.
The portfolio may be affected by market risk, that is volatile market movements (in both equity and foreign exchange markets) in the sectors and regions in which it invests. The Company is also exposed to concentration risk, which is the potentially higher volatility arising from its relatively concentrated portfolio and sector-specific risks such as global energy and commodity prices or withdrawal of government subsidies for renewable energy.	While market risk cannot be eliminated through diversification, it can be potentially reduced through hedging. The Board sets the Company's policy on hedging, which is detailed on page 8 and details of the foreign exchange forwards in place are set out in the Portfolio Manager's Review beginning on page 14. To manage concentration risk, the Board has appointed the AIFM and the Portfolio Manager to manage the portfolio within the remit of the investment objective and policy, set out on pages 8 and 9. The investment policy limits ensure that the portfolio is diversified, reducing the risks associated with individual stocks and markets. Compliance with the investment restrictions is monitored daily by the AIFM and reported to the Board on a monthly basis. As part of its review of the going concern and longer-term viability of the Company, the Board also considers the sensitivity of the Company to changes in market prices and foreign exchange rates (see note 16 to the financial statements beginning on page 76), an analysis of how the portfolio would perform during a market crisis, and the ability of the Company to liquidate its portfolio if the need arose. Further details are included in the Going Concern and Viability Statements on pages 37 and 30 respectively.
The departure of a key member of the portfolio management team may affect the Company's performance.	The Portfolio Manager reports to the Board on developments at MCM at each Board meeting. All investment decisions are made by an Investment Committee, reducing reliance on a single individual.
Operational Risks As an externally managed investment trust, the Company is reliant on the systems of its service providers for dealing, trade processing, administrative services, financial and other functions. If such systems were to fail or be disrupted (including as a result of cyber crime or a pandemic) this could lead to a failure to comply with applicable laws, regulations and governance requirements and/or to a financial loss.	The Board continuously monitors the performance of all the principal service providers with a formal evaluation process being taken each year. The Audit Committee reviews the internal controls reports and key policies (including measures taken to mitigate cyber risks and disaster recovery procedures) put in place by its principal service providers. Both Frostrow and MCM provide a quarterly compliance report to the Audit Committee, which details their compliance with applicable laws and regulations. The Audit Committee maintains the Company's risk matrix which details the risks to which the Company is exposed, the approach to managing those risks, the key controls relied upon and the frequency of the controls operation. Further details are set out in the Audit Committee Report on page 48.

Principal Risks and Uncertainties	Management and Mitigation
Financial Risks The Company is exposed to liquidity risk and credit risk arising from the use of counterparties. If a counterparty were to fail, it could adversely affect the Company through either delay in settlement or loss of assets. The most significant counterparty to which the Company is exposed is the Depositary, which is responsible for the safekeeping of the Company's custodial assets	The Company's assets include liquid securities which can be sold to meet funding requirements, if necessary. Further information on financial instruments and risk can be found in note 16 to the financial statements beginning on page 76. Details of the work undertaken in regard to verifying ownership and the valuation of unquoted (non-custodial) assets is set out on page 49. The Board reviews the services provided by the Depositary and the internal controls report of the Custodian to ensure that the security of the Company's custodial assets is maintained. The Portfolio Manager is responsible for undertaking reviews of the credit worthiness of the counterparties that it uses. The Board reviews the Portfolio Manager's approved list of counterparties and the Company's use of those counterparties.
Legal and Regulatory Risks The regulatory or political environment in which the Company operates could change to the extent that it affects the Company's viability.	The Board monitors regulatory developments but relies on the services of its external advisers to ensure compliance with applicable law and regulations. The Board has appointed a specialist investment trust company secretary who provides industry and regulatory updates at each Board meeting. The Board has considered whether the UK's exit from the European Union ('Brexit') poses a discrete risk to the Company. While movements in exchange rates can affect the Company's net asset value, and sharp or unexpected changes in investor sentiment, or tax and regulatory changes, can lead to short term selling pressure on the Company's shares, the Board believes that Brexit is unlikely to affect the Company's business model or share price performance over the longer term. However, Brexit may have an adverse impact on some of the Company's portfolio companies which have an exposure to the UK and/or European markets, both in terms of their operations and the manner in which their distributions are treated for tax purposes. The Board, the AIFM and the Portfolio Manager will continue to monitor developments as they occur.

Business Review
continued

Coronavirus

The Board has identified the emergence and spread of the new coronavirus (COVID-19) as a risk facing the Company. The Board has reviewed the business continuity plans of each of the Company's principal service providers in relation to the steps being taken to combat the spread of the virus and will continue to monitor developments as they occur. See the Chairman's Statement beginning on page 5 and the Portfolio Manager's Review beginning on page 14 for further comments.

Viability Statement

The Directors have carefully assessed the Company's current position and prospects as described in the Chairman's Statement and the Portfolio Manager's Review, as well as the Principal Risks and Uncertainties outlined on pages 27 to 29 and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years.

The Company is intended to operate over the long term; however due to the limitations and uncertainties inherent in predicting market conditions the Directors have determined that five years is the longest period for which it is reasonable to make this assessment.

The particular factors the Directors have considered in assessing the prospects of the Company, its ability to liquidate its portfolio, and in selecting a suitable period for this assessment are as follows:

- the Portfolio Manager will continue to adopt a long-term view when making investments. When making a new investment the anticipated holding period can be five years or more.
- as an externally-managed investment trust, the Company has no employees, only non-executive Directors, and consequently does not have employment related liabilities or responsibilities;
- the portfolio includes investments traded on major international stock exchanges and there is a spread of investments by country and size of company. It is estimated that approximately 70% of the portfolio could be liquidated, in normal market conditions, within seven trading days;
- the Company's expenses are predictable and modest in comparison with the assets;
- the Directors have taken into account an assessment of the liquidity of the portfolio and considered the viability of the Company under various scenarios. Using the current global economic crisis caused by the coronavirus pandemic as a base case, the tests modelled the effects of severe stock market volatility and reduced liquidity on the Company's NAV and its ability to meet its liabilities. Further information is provided in the Audit Committee report beginning on page 47. Based on the results of the tests, the Board concluded that the schedule of investment limits and restrictions put in place by the Board and the mitigating actions for the principal risks will protect the value of the Company's assets to a sufficient degree; and
- the Company will offer its shareholders a continuation vote at the AGM in June.

In carrying out their assessment, the Directors made the following assumptions:

- investors will wish to continue to have exposure to the type of companies that the Company invests in, namely those companies that deliver or benefit from the efficient use of energy and resources;
- the performance of the Company will be satisfactory;
- the threats to the Company's solvency or liquidity will be managed or mitigated as outlined on pages 27 to 29; and
- a majority of shareholders will vote in favour of the continuation of the Company at the AGM in June.

Company Promotion

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

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

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

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

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

Frostrow maintains close contact with all the relevant investment trust broker analysts, particularly those from Numis Securities Limited, the Company's corporate broker, but also others who publish and distribute research on the Company to their respective professional investor clients. Frostrow also collaborates with Kepler Partners LLP, a paid-for research provider, whose notes on the Company are freely available online to both professional and private investors.

Anti-Bribery and Corruption Policy

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

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

Prevention of the Facilitation of Tax Evasion

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

Stakeholder Interests and Board Decision-Making (Section 172 Statement)

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

The Directors aim to act fairly as between the Company's shareholders. The Board's approach to shareholder relations is summarised in the Corporate Governance Statement beginning on page 41. The Chairman's Statement beginning on page 5 also provides an explanation of the approach taken by the Directors during the year to achieve the Board's long-term aim of ensuring that the Company's shares trade at a price close to the NAV per share, as well as steps that the Board has taken

Business Review
continued

to reduce the Company's own impact on the environment. The Board also monitors the impact of the Company's investments on the environment (see the Environmental Impact Statement beginning on page 19).

As an externally managed investment trust, the Company has no employees, customers, operations or premises. Therefore, the Company's key stakeholders (other than its shareholders) are considered to be its service providers.

The principal service providers are Menhaden Capital Management LLP and Frostrow Capital LLP. As the Portfolio Manager and the AIFM, respectively, the services they provide are fundamental to the long-term success of the Company. The Board formally engages with representatives from MCM and Frostrow at each Board meeting. Further details about the matters discussed in Board meetings and the relationship between MCM, Frostrow and the Directors are set out in the Corporate Governance Statement. The Chairman's Statement beginning on page 5 and the Strategic Report on page 27 describe the key decisions taken during the year relating to MCM and Frostrow. In particular, they describe changes to the Company's portfolio management and AIFM fees, which were proposals made by MCM and Frostrow and which all three parties believe will be of benefit to shareholders over the longer term.

The Directors, sitting as the Management Engagement Committee, also review the performance and ongoing appointment of the Company's other principal service providers. The Directors receive regular reports from them throughout the year and ask representatives to attend Board meetings where appropriate.

In summary, the need to foster business relationships with the service providers and maintain a reputation for high standards of business conduct are central to the Directors' decision-making as the Board of an externally managed investment trust. The Directors believe that fostering constructive and collaborative relationships with the Company's service providers will assist in their promotion of the success of the Company for the benefit of all shareholders.

Social, Human Rights and Environmental Matters

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

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

The Board believes that the integration of financially material environmental, social and governance ("ESG") factors into investment decision-making can reduce risk and enhance returns. In addition, the ongoing engagement and dialogue with investee companies, including through proxy voting, are key parts of an asset stewardship role. Accordingly, the Directors encourage the Portfolio Manager to ensure the Company's investments adhere to best practice in the management of ESG issues, and encourage them to have due regard to the UN Global Compact and UN Principles of Responsible Investment. The Portfolio Manager's statement of compliance with the Financial Reporting Council UK Stewardship Code is available at www.frc.org.uk. The Board has reviewed this statement as well as the voting decisions made on the Company's behalf.

The Company produces an annual environmental impact statement setting out the environmental purpose of the Company and the impact its investments have, or intend to deliver. The report is included within this Annual Report on pages 19 to 23 and is published as a separate document on www.menhaden.com.

Performance and Future Developments

An outline of performance, investment activity and strategy, market background during the year and the future outlook, is provided in the Chairman's Statement beginning on page 5 and the Portfolio Manager's Review on pages 14 to 18.

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

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

A continuation vote will be put to shareholders at the AGM to be held on 9 June 2020 and, if passed, every five years thereafter.

This Strategic Report on pages 2 to 33 has been signed for and on behalf of the Board.

Sir Ian Cheshire
Chairman
28 April 2020

Board of Directors

Sir Ian Cheshire (Chairman)

Sir Ian Cheshire was the Group Chief Executive of Kingfisher plc from January 2008 until February 2015. Prior to that he was Chief Executive of B&Q Plc from June 2005. Before joining Kingfisher in 1998 he worked for a number of retail businesses including Sears plc where he was Group Commercial Director.

Sir Ian is the Chairman of Barclays UK, the ring-fenced retail bank. He is the Government lead non-executive and a non-executive director of Barclays PLC and BT Group plc.

In addition, Sir Ian is Chair of the Prince of Wales Charitable Fund and President of the Business Disability Forum.

Sir Ian was knighted in the 2014 New Year Honours for services to Business, Sustainability and the Environment.

Duncan Budge

Duncan Budge is Chairman of Dunedin Enterprise Investment Trust plc and Artemis Alpha Trust plc, and a non-executive director of Lowland Investment Company plc, Biopharma Credit plc and Asset Value Investors Ltd.

He was previously a director of J. Rothschild Capital Management from 1988 to 2012 and a director and chief operating officer of RIT Capital Partners plc from 1995 to 2011. Between 1979 and 1985 he was with Lazard Brothers & Co. Ltd.

Meeting Attendance

The number of scheduled meetings of the Board and its committees held during the year and each Director's attendance, is shown below:

Type and number of meetings held in 2019	Board (4)	Audit Committee (3)	Management Engagement Committee (1)
Sir Ian Cheshire	4	N/A	1
Duncan Budge	4	3	1
Emma Howard Boyd	4	3	1
Howard Pearce	4	3	1

In addition to the above, a number of *ad hoc* Board and committee meetings were held to consider matters such as the approval of regulatory announcements.

Emma Howard Boyd

Emma Howard Boyd is Chair of the Environment Agency, an ex-officio board member of the Department for Environment, Food & Rural Affairs, and the UK Commissioner of the Global Commission on Adaptation.

Emma serves on a number of boards and advisory committees including the Environment Agency Pension Fund Investment Committee, The Prince's Accounting for Sustainability Project, and the 30% Club. She is a trustee of ShareAction.

Emma has worked in financial services for over 25 years, in corporate finance and fund management. As Director of Stewardship at Jupiter Asset Management until July 2014, Emma was integral to the development of their expertise in the corporate governance and sustainability fields. This work included research and analysis on companies' environmental, social and governance performance, engaging with companies at board level and public policy engagement.

Howard Pearce

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

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

Directors' Interests

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

	Ordinary Shares of 1p each	
	31 December 2019	31 December 2018
Sir Ian Cheshire	115,000	115,000
Duncan Budge	10,000	10,000
Emma Howard Boyd	23,000	18,000
Howard Pearce	35,000	25,000
Total	**183,000**	**158,000**

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

Directors' Report

The Directors present their annual report on the affairs of the Company together with the audited financial statements and the Independent Auditor's Report for the year ended 31 December 2019. Disclosures relating to performance, future developments and risk management can be found within the Strategic Report on pages 2 to 33.

Business and Status of the Company

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

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

Continuation of the Company

In accordance with the Company's Articles of Association, shareholders will have an opportunity to vote on the continuation of the Company at the forthcoming Annual General Meeting and, if passed, every five years thereafter. Further information can be found in the Chairman's Statement beginning on page 5 and the Notice of AGM beginning on page 89.

Results and Dividends

The results attributable to shareholders for the year are shown on page 63. In 2019 the Company made a revenue profit. Under investment trust rules regarding distributable income, a dividend must be paid to allow the Company to comply with those rules.

An interim dividend of 0.4p per share will be paid on 12 June 2020 to shareholders on the register on 15 May 2020. The associated ex-dividend date is 14 May 2020.

Alternative Performance Measures

The Financial Statements (on pages 63 to 82) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts, which are summarised on page 2 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on page 24. The Directors believe that these measures enhance the comparability of information between reporting periods and investors in understanding the Company's performance. The measures used for the year under review have remained consistent with the prior year.

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

Capital Structure

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

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

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

There are no:

- restrictions on transfer of, or in respect of the voting or dividend rights of, the Company's Ordinary Shares;
- agreements, known to the Company, between holders of securities regarding the transfer of Ordinary Shares; or
- special rights with regard to control of the Company attaching to the Ordinary Shares.

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

Substantial Interests in Share Capital

The Company was aware of the following substantial interests in the voting rights of the Company as at 31 March 2020, the latest practicable date before publication of this Annual Report.

	31 March 2020		31 December 2019	
Shareholder	Number of Ordinary Shares	% of issued share capital	Number of Ordinary Shares	% of issued share capital
Cavenham Private Equity	15,185,000	18.98	15,185,000	18.98
Aachen Muenchener Versicherung	10,000,000	12.50	4,000,000	5.00
Kendall Family Investments	5,000,000	6.25	5,000,000	6.25
Librae Holdings	2,830,000	3.54	2,830,000	3.54
The Grantham Foundation	2,600,000	3.25	2,600,000	3.25
Generali Versicherung	0	0	6,000,000	7.50

As at 31 December 2019 and to the date of this report, the Company had 80,000,001 Ordinary Shares in issue.

Going Concern

The content of the Company's portfolio, trading activity, the Company's cash balances and revenue forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of further substantial falls in markets and significant reductions in market liquidity to that experienced to date in connection with the coronavirus pandemic, on the Company's NAV, its cash flows and its expenses. Further information is provided in the Audit Committee report beginning on page 47. Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement on page 30, the Company's cash balances, and the liquidity of the Company's listed investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Beneficial Owners of Shares – Information Rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar or to the Company directly.

Greenhouse Gas Emissions

As the Board has engaged external firms to undertake the investment management, company management and custodial activities of the Company, the Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The Company produces an annual environmental impact statement which is included within this Annual Report on pages 19 to 23 and also published separately on www.menhaden.com. The impact report provides further detail on the environmental goals and impact of the Company's portfolio holdings.

Directors' Report

continued

Directors' & Officers' Liability Insurance Cover

Directors' and officers' liability insurance cover was maintained by the Company during the year ended 31 December 2019. It is intended that this cover will continue for the year ending 31 December 2020 and subsequent years.

Directors' Indemnities

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

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

Other Statutory Information

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

- the rules on the appointment and replacement of directors are set out in the Company's articles of association (the "Articles"). Any change to the Articles would be governed by the Companies Act 2006.
- subject to the provisions of the Companies Act 2006, to the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. The powers shall not be limited by any special powers given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all the powers exercisable by the Directors. The Directors' powers to issue and buy back shares, in force at the end of the year, are recorded on page 36.
- there are no agreements:
  - (i) to which the Company is a party that might affect its control following a takeover bid; and/or
  - (ii) between the Company and its directors concerning compensation for loss of office.

Common Reporting Standard (CRS)

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

Political Donations

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

Disclosure of Information to Auditors

The Directors at the time of approving the Directors' Report are listed on pages 34 and 35. Each Director in office at the date of this report confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditor is unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

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

Nominee Share Code

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

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

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

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on 9 June 2020 at 12 noon. Please refer to the Chairman's Statement beginning on page 5 for details of this year's arrangements.

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

Resolution 9 Authority to allot shares

Resolution 10 Authority to disapply pre-emption rights

Resolution 11 Authority to repurchase shares

Resolution 12 Authority to hold General Meetings (other than the AGM) on at least 14 clear days notice.

Resolution 13 Authority for the Company to continue as an investment trust for a further five years.

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

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

By order of the Board

Frostrow Capital LLP
Company Secretary
28 April 2020

Statement of Directors' Responsibilities

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

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

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

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

The financial statements are published on the Company's website www.menhaden.com and via Frostrow's website www.frostrow.com. The maintenance and integrity of these websites, so far as it relates to the Company, is the responsibility of Frostrow. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of these websites and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on these websites. Visitors to the websites need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Responsibility Statement of the Directors in respect of the Annual Report

The Directors, whose details can be found on pages 34 and 35, confirm to the best of their knowledge that:

- the financial statements within this Annual Report, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and the return for the year ended 31 December 2019; and
- the Chairman's Statement, Strategic Report and the Directors' Report include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure Guidance and Transparency Rules.

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

On behalf of the Board

Sir Ian Cheshire
Chairman
28 April 2020

Corporate Governance Statement

The Board and Committees

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

The Board

Chairman – Sir Ian Cheshire

Three additional non-executive Directors, all considered independent.

Key roles and responsibilities:

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

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

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

Management Engagement Committee

Chairman – Sir Ian Cheshire

All Directors

Key roles and responsibilities:

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

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

Audit Committee

Chairman – Howard Pearce

Duncan Budge, Emma Howard Boyd

Key roles and responsibilities:

– to review the Company's financial reports;

– to oversee the risk and control environment; and

– to review the performance of the Company's external Auditors.

Copies of the full terms of reference, which clearly define the responsibilities of each committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting, and can be found on the Company's website www.menhaden.com.

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

Corporate Governance Statement
continued

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

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

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

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

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

Board Leadership and Purpose

Purpose and Strategy
The purpose and strategy of the Company are described in the Strategic Report on page 24.

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

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

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

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

The Board supports the principle that the AGM be used to communicate with private investors, in particular. Shareholders are usually encouraged to attend the Annual General Meeting, where they are normally given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. In addition, the Portfolio Manager usually makes a presentation to shareholders covering the investment performance and strategy of the Company at the Annual General meeting. However, in light of government rules relating to the coronavirus pandemic at the date of this report, the Board has made different arrangements for the forthcoming AGM and these are explained in the Chairman's Statement beginning on page 5. Details of the proxy votes received in respect of each resolution will be published on the Company's website.

Significant Holdings and Voting Rights
Details of the shareholders with substantial interests in the Company's shares, the Directors' authorities to issue and repurchase the Company's shares, and the voting rights of the shares are set out in the Directors' Report on pages 36 to 39.

Conflicts of Interest

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

Division of Responsibilities

Responsibilities of the Chairman

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

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

Director Independence

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

Directors' Other Commitments

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

Board Meetings

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

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

The number of meetings and the individual attendance by directors is set out on page 34.

Matters Reserved for Decision by the Board

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

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

Corporate Governance Statement
continued

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

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

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

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

The Management Engagement Committee evaluates Frostrow and MCM's performance and reviews the terms of the AIFM and Portfolio Management Agreements at least annually. The outcome of this year's review is described on page 27.

Relationship with Other Service Providers
The Management Engagement Committee monitors and evaluates all of the Company's other service providers, including the Depositary, Registrar and Broker. At the most recent review in December 2019, the Committee concluded that all the service providers were performing well and should be retained on their existing terms and conditions.

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

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

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

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

Composition, Succession and Evaluation

Board Evaluation
During the course of 2019, the performance of the Board, its committees and the individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Chairman. Ms Howard Boyd led the assessment of the Chairman's performance.

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

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

Succession Planning

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

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

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

Policy on the Tenure of the Chairman and other Non-Executive Directors

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

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

Appointments to the Board

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

No new appointments were made during the year.

Diversity Policy

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

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

The gender balance of three men and one woman meets the original recommendation of Lord Davies' report on Women on Boards. The Board is aware that new gender representation objectives have been set for FTSE 350 companies and that targets concerning ethnic diversity

Corporate Governance Statement
continued

have been recommended for FTSE 250 companies. While the Company is not a FTSE 350 constituent and the Board is small in size, the Board will continue to monitor developments in this area and will consider diversity during any director search process.

Audit, Risk and Internal Control

The Statement of Directors' Responsibilities on page 40 describes the Directors' responsibility for preparing this report.

The Audit Committee Report, beginning on page 47, explains the work undertaken to allow the Directors to make this statement and to apply the going concern basis of accounting. It also sets out the main roles and responsibilities and the work of the Audit Committee and describes the Directors' review of the Company's risk management and internal control systems.

A description of the principal risks facing the Company and an explanation of how they are being managed is provided in the Strategic Report on pages 27 to 29.

The Board's assessment of the Company's longer-term viability is set out in the Strategic Report on page 30.

Remuneration

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

By order of the Board

Frostrow Capital LLP
Company Secretary
28 April 2020

Audit Committee Report

Statement from the Chairman

I am pleased to present the Audit Committee report for the year ended 31 December 2019. The Committee met three times during the year under review.

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

Composition

The Audit Committee comprises Howard Pearce (Chairman of the Committee), Duncan Budge and Emma Howard Boyd whose biographies are set out on pages 34 and 35. The Committee as a whole has experience relevant to the investment trust industry with Committee members having a range of financial and investment experience. Mr Pearce has extensive experience in audit, having chaired the audit committees of numerous organisations as outlined on page 35. Mr Budge serves on the audit committees of the three other investment trusts of which he is a non-executive director.

Responsibilities

In summary, the Committee's principal functions are:

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

Meetings and Business

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

March 2019

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

September 2019

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

December 2019

- Review of the Auditor's plan and terms of engagement for the 2019 audit;
- Review of new or revised reporting requirements and audit standards;
- Review of the valuation methodology for the unquoted investments; and
- Review of risks, internal controls and compliance.

Audit Committee Report
continued

Performance Evaluation

The Committee reviewed the results of the annual evaluation of its performance at the December 2019 Board meeting. As part of the evaluation, the Committee reviewed the following:

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

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

Internal Controls and Risk Management

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

The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in light of the following factors:

- the nature of the Company, with all management functions outsourced to third party service providers;
- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall investment objective;
- the likelihood of such risks becoming a reality; and
- the Company's ability to reduce the likelihood and impact of such risk.

A summary of the principal risks facing the Company is provided in the Strategic Report on pages 27 to 29.

Against this background, a risk matrix has been developed which covers all key risks that the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and the mitigating controls in place.

The Board has delegated to the Audit Committee responsibility for the review and maintenance of the risk matrix and it reviews, in detail, the risk matrix each time it meets, bearing in mind any changes to the Company, its environment or service providers since the last review. Any significant changes to the risk matrix are discussed with the whole Board. There were no changes to the Company's risk management processes during the year and no significant failings or weaknesses were identified from the Committee's most recent risk review.

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

Significant Reporting Matters

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

Significant risk	How the risk was addressed
Valuation, existence and ownership of investments, in particular unquoted investments	The valuation of investments is undertaken in accordance with the accounting policies in note 1 to the financial statements beginning on page 67. Controls are in place to ensure that valuations are appropriate and existence is verified through reconciliations with the Depositary. The Committee discussed with Frostrow and MCM the process by which the unquoted investments are valued, and ownership documented, including the reconciliation process with the Depositary. They also reviewed the valuation of the unquoted investments as at 31 December 2019, including the level of any discounts to net asset value applied to the unquoted valuations, to ensure that they were carried out in accordance with the accounting policy set out in note 1(b) on page 68. Having reviewed the valuations, the Committee confirmed that they were satisfied that the investments had been valued correctly.
Risk of revenue being misstated due to the improper recognition of revenue.	The Committee took steps to gain an understanding of the processes in place to record investment income and transactions. In addition, the Committee reviewed the treatment of fixed income returns on debt securities.

Financial Statements

The Board has asked the Committee to confirm that in its opinion the Board can make the required statement that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee has given this confirmation on the basis of:

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

The Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. Further detail can be found on page 37. The financial statements can be found on pages 63 to 82.

The Committee also considered the longer-term viability of the Company in connection with the Board's statement in the Strategic Report on page 30. The Committee reviewed the Company's financial position (including its cash flows and liquidity position), the principal risks and uncertainties and the results of stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds. This included modelling further substantial market falls, and significantly reduced market liquidity, to that experienced recently in connection with the coronavirus pandemic. The scenarios assumed that there would be no recovery in asset prices, that the Company's existing capital commitments would be drawn down rapidly and in large instalments, that there would be no sales of or distributions from private investments, and that listed portfolio companies which have cut or cancelled their dividends since the coronavirus outbreak would not reinstate them.

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

Audit Committee Report

continued

Appointment of New Auditor

During the year, as part of the Board's review of costs (see Chairman's Statement on page 5 for further information) and as notified in the Company's half yearly report for the six months ended 30 June 2019, the Audit Committee led a competitive audit tender process. A selection of audit firms was invited to participate, and four firms submitted proposals and were interviewed by the Audit Committee.

In line with the requirements of the EU Audit Regulation, the Committee submitted two audit firm candidates for the engagement to the Board, together with a justified preference for one of them. Following due consideration, the Board resolved to appoint the Committee's preferred candidate, Mazars LLP. Accordingly, Grant Thornton UK LLP resigned as the Company's auditor and provided a statement explaining the reasons for its resignation which was posted to shareholders in accordance with the Companies Act 2006. The statement is available on the Company's website and the National Storage Mechanism. The Directors wish to thank Grant Thornton for their service as auditor since the Company's inception.

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

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

External Auditor

In addition to the reviews undertaken at Committee meetings, I met with Mazars LLP ("Mazars") on 12 March 2020 to discuss the progress of the audit and the draft Annual Report.

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

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

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

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

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

Non-Audit Services

The Auditor did not carry out any non-audit work during the year. The Audit Committee will monitor the level of non-audit work carried out by the Auditor, if any, and seek assurances from the Auditor that they maintain suitable policies and procedures ensuring independence, and monitor compliance with the relevant regulatory requirements on an annual basis.

The Company operates on the basis whereby the provision of non-audit services by the Auditor is only permissible where no conflicts of interest arise, the service is not expressly prohibited by audit legislation, where the independence of the Auditor is not likely to be impinged by undertaking the work and the quality and the objectivity of both the non-audit work and audit work will not be compromised. In particular, non-audit services may be provided by the Auditor if they are inconsequential or would have no direct effect on the Company's financial statements and the audit firm would not place significant reliance on the work for the purposes of the statutory audit.

Howard Pearce
Chairman of the Audit Committee
28 April 2020

Directors' Remuneration Report

Statement from the Chairman

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

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

Directors' fees during the year were unchanged from the previous year: £50,000 per annum for the Chairman and £25,000 per annum for Directors, with Directors who serve on the Audit Committee receiving an additional £15,000 per annum. Directors' fees have remained unchanged since the Company's launch in 2015. The Board as a whole reviewed the fee levels at a meeting held on 17 December 2019 and it was decided that they would remain unchanged for the year ending 31 December 2020. The projected fees for 2020 are set out on page 54. No remuneration consultants were appointed during the year (2018: none).

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

The simple fee structure reflects the non-executive nature of the Board, which itself reflects the Company's business model as an externally managed investment trust (please refer to the Business Review beginning on page 24 for more information). Accordingly, statutory disclosure requirements relating to executive directors' and employees' pay do not apply.

Single total figure of remuneration (audited)

Director	Date of appointment to the Board	2019 Fees	2019 Taxable expenses	2019 Total	2018 Fees	2018 Taxable expenses	2018 Total	Percentage change in fees (%)
Sir Ian Cheshire	3 October 2014	50,000	–	50,000	50,000	–	50,000	0
Duncan Budge	3 October 2014	40,000	–	40,000	40,000	–	40,000	0
Emma Howard Boyd	3 October 2014	40,000	–	40,000	40,000	–	40,000	0
Howard Pearce	3 October 2014	40,000	2,683	42,683	40,000	3,852	43,852	0
TOTAL		**170,000**	**2,683**	**172,683**	**170,000**	**3,852**	**173,852**	

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

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

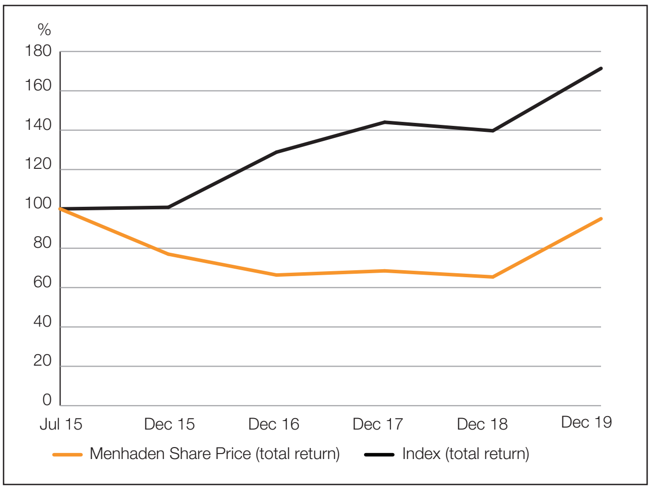
	Ordinary Shares of 1p each as at 31 Dec 2019	Ordinary Shares of 1p each as at 31 Dec 2018
Sir Ian Cheshire	115,000	115,000
Duncan Bridge	10,000	10,000
Emma Howard Boyd	23,000	18,000
Howard Pearce	35,000	25,000
Total	**183,000**	**168,000**

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

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

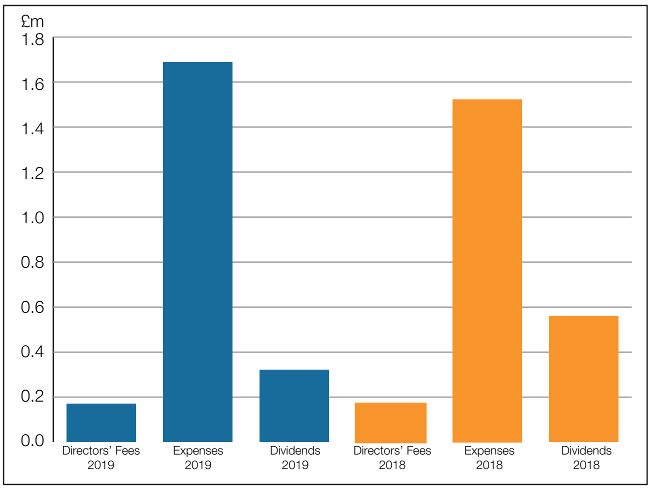
Performance

The graph below shows the total shareholder return of the Company since its launch on 31 July 2015 against the total return of the MSCI World Total Return Index (net sterling adjusted).



Relative Cost of Directors' Remuneration

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution and Company expenses for the years ended 31 December 2018 and 2019.



Statement of Voting at the AGM

At the Annual General Meeting held in May 2019 the results in respect of the resolution to approve the Directors' Remuneration Report were as follows:

Votes cast for	Votes cast against	Votes withheld
30,462,783	0	0*
100%	0%	

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

The results in respect of the resolution to approve the Directors' Remuneration Policy were as follows:

Votes cast for	Votes cast against	Votes withheld
30,462,783	0	0*
100%	0%	

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

By order of the Board

Sir Ian Cheshire
Chairman
28 April 2020

Directors' Remuneration Policy

The Company's remuneration policy is that the remuneration of each Director should be commensurate with the duties, responsibilities and time commitment of each respective role and consistent with the requirement to attract and retain directors of appropriate quality and experience. The remuneration should also be comparable to that of investment trusts of similar size and structure.

Directors are remunerated in the form of fixed fees payable monthly in arrears. There are no long or short-term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively.

The Directors' remuneration is determined within the limits set out in the Company's Articles of Association. The present limit is £500,000 in aggregate per annum.

It is the Board's intention that the remuneration policy will be considered by shareholders at the annual general meeting at least once every three years. If, however, the remuneration policy is varied, shareholder approval will be sought at the AGM following such variation. The Board will formally review the remuneration policy at least once a year to ensure that it remains appropriate.

This policy was last approved by shareholders at the AGM held in 2019. Accordingly, unless there are material changes, an ordinary resolution for the approval of this policy will next be considered by shareholders at the Annual General Meeting to be held in 2022. It is intended that this policy will remain in place for the following financial year and subsequent financial periods.

No communications have been received from shareholders regarding Directors' remuneration. The Board will consider any comments received from shareholders on the remuneration policy.

This policy, together with the Directors' letters of appointment, may be inspected at the Company's registered office.

The Directors' fees for 2019 and 2020 are shown in the table below. The Company does not have any employees.

Directors' Fees Current and Projected

	Fees (£) 2020	Fees (£) 2019
Sir Ian Cheshire	50,000	50,000
Duncan Budge	40,000	40,000
Howard Pearce	40,000	40,000
Emma Howard Boyd	40,000	40,000
	170,000	**170,000**

Any new director appointed to the Board will, under current remuneration levels, receive a fee of £25,000 per annum. Directors who serve on the Audit Committee receive an additional fee of £15,000 per annum. The Chairman receives an additional fee of £25,000 per annum.

All Directors are non-executive, appointed under the terms of letters of appointment and none has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment and to re-election every three years thereafter. However, the Directors submit themselves for annual re-election by shareholders, in line with the AIC Code of Corporate Governance. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Independent Auditor's Report to the Members of Menhaden PLC

Opinion

We have audited the financial statements of Menhaden PLC (the "Company") for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 27 to 29 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 27 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 67 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 30 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report

continued

Key audit matters

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

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

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

Cut off for revenue recognition

The Company has recognised material income from investments in the Income Statement and under International Standard on Auditing (UK) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements' there is a presumed risk of fraud in revenue recognition in all audits. For Menhaden PLC revenue recognition also has a direct impact on the Company's ability to be able to declare and pay a dividend.

The Company's accounting policy for revenue recognition is set out in note 1 to the financial statements. Under this policy, the recognition of revenue relies upon dividend notifications to be received from the investment portfolio. We therefore identified cut off of revenue as a key audit matter as it is a key area of investor focus.

Our audit work included but was not restricted to:

- assessing the Company's accounting policy for revenue recognition and ensuring this is in accordance with UK GAAP and the Statement of Recommended Practice issued by the Association of Investment Companies;
- for 100% of quoted investment income, forming an expectation using dividend announcements on recognised stock exchanges where applicable and checking the point of the recognition. Further detailed testing completed on dividends announced one month either side of the year end to ensure dividends have been recorded in the correct period; and
- for 100% of unquoted investment income, testing dividends via agreement to distribution notices and cash receipts during the year directly from investees' funds. Further detailed testing completed on dividends announced one month either side of the year end to ensure dividends have been recorded in the correct period.

Key observations

Based on the work performed and evidence obtained, revenue is recognised in the correct period.

Valuation, existence and ownership of the investment portfolio

The Company has a significant portfolio of quoted and unquoted investments, these are measured in accordance with the requirements of UK GAAP and the Statement of Recommended Practice issued by the Association of Investment Companies.

Investments make up 81.6% of total assets by value and are considered to be the key driver for the Company. The investments are made up of quoted and unquoted investments and there are different valuation approaches applied across the portfolio. Within these valuations there are a significant level of judgements made in ascertaining the fair value. See page 68 for further details on the accounting policy for investments and for key judgements made.

There is a risk that the judgements made in the valuation techniques may lead to a misstatement in the value recorded in the Statement of Financial Position; there is also a risk that investments recorded might not exist or might not be owned by the Company.

We therefore identified valuation, existence and ownership of investments as a key audit matter as it had the greatest effect on our overall audit strategy and allocation of resources.

Our audit work included but was not restricted to:

Unquoted investments:

- understanding management's process to value unquoted investments through discussions with management and examination of control reports on the third-party service organisations;
- obtaining and agreeing confirmation of investments held in order to obtain comfort over existence and ownership;
- we engaged our valuation specialist in considering whether the techniques applied for valuing unquoted investments were in accordance with published guidance, principally the International Private Equity and Venture Capital Valuation Guidelines. This included reviewing the investment valuation policies of the private equity funds, reviewing the fund's latest available audited financial statements, reviewing the fund's latest reports, reviewing any recent transactions and discussion with the fund's management where applicable;
- agreeing valuation of unquoted investments to year end fair values as reported in valuation statements received directly from the investee funds or to prices of recent transactions;
- testing on a sample basis additions and disposals of investments throughout the year back to supporting documentation (bank statements and notifications from the investee funds); and
- reviewing the adequacy of the disclosure in the financial statements including valuation methodology, assumptions and fair value hierarchy used. Ensuring that the methodology applied is in accordance with UK GAAP and the Statement of Recommended Practice issued by the Association of Investment Companies.

Quoted investments:

- understanding management's process to value quoted investments through discussions with management and examination of control reports on the third party service organisations;
- agreeing the valuation of quoted investments to an independent source of market prices;
- obtaining and agreeing confirmation from the custodian of investments held in order to obtain comfort over existence and ownership;
- testing on a sample basis additions and disposals of investments throughout the year back to supporting documentation (bank statements and list of trade confirmations); and
- reviewing the adequacy of the disclosure in the financial statements and ensuring that the valuation methodology and fair value hierarchy applied is in accordance with UK GAAP and the Statement of Recommended Practice issued by the Association of Investment Companies.

Key observations

Based on the work performed and evidence obtained, we consider the methodology and assumptions used to value the investments as appropriate. We did not note any issues with regard to the existence or the ownership of the investments held as at 31 December 2019.

Independent Auditor's Report
continued

Impact of the outbreak of COVID-19 on the financial statements
Since the Statement of Financial Position date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The Directors' consideration of the impact on the financial statements is disclosed in the Audit Committee Report on page 49, the going concern assessment on page 37 and viability statement on page 30. Whilst the situation is still evolving, based on the information available at the date of the annual report, the Directors have assessed the impact of COVID-19 on the business and have concluded that adopting the going concern basis of preparation is appropriate.

As per Note 20 to the financial statements, the Directors have also concluded that COVID-19 is a non-adjusting subsequent reporting event.

Our response
We assessed the Directors' conclusion that the matter be treated as a non-adjusting subsequent reporting event and that adopting the going concern basis for preparation of the financial statements is appropriate. We considered:

- the timing of the development of the outbreak across the world and in the UK; and
- how the financial statements and business operations of the Company might be impacted by the disruption.

In forming our conclusions over going concern, we evaluated how the Directors' going concern assessment considered the impacts arising from COVID-19 as follows:

- we reviewed the Directors' going concern assessment including COVID-19 implications based on a 'most likely' (base case) scenario and a 'reverse stress tested scenario' as approved by the board of directors on 28 April 2020. We made enquiries of Directors to understand the period of assessment considered by the Directors, the completeness of the adjustments taken into account and implication of those when assessing the 'most likely' scenario and the 'reverse stress tested scenario' on the Company's future financial performance;
- we evaluated the key assumptions in the 'base case' forecast and the 'reverse stress tested scenario' forecast and considered whether these appeared reasonable;
- we examined the minimum cash inflow and committed outgoings under the 'base case' cash flow forecasts and evaluated whether the Directors' conclusion that liquidity headroom remained in all events was reasonable; and
- we evaluated the adequacy and appropriateness of the Directors' disclosure in respect of COVID-19 implications, in particular disclosures within principal risks & uncertainties, subsequent reporting events and going concern.

Our observations
Based on the work performed, we are satisfied that the matter has been appropriately reflected in the financial statements.

Our conclusions on going concern are set out above.

Our application of materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and

in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£931,000
How we determined it	This has been calculated with reference to the Company's total assets, of which it represents approximately 1%.
Rationale for benchmark applied	Total assets have been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders. 1% has been chosen to reflect the level of understanding of the stakeholders of the Company in relation to the inherent uncertainties around accounting estimates and judgements.
Performance materiality	On the basis of our risk assessments, together with our assessment of the overall control environment, and consideration of a first year audit, our judgement was that performance materiality was £605,000 which is approximately 65% of overall materiality.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £28,000 as well as any misstatements below that amount that, in our opinion, warranted reporting for qualitative reasons.

We also applied a lower level of specific materiality for certain areas such as the Income Statement, Directors' remuneration and related party transactions.

An overview of the scope of our audit, including the extent to which the audit was considered capable of detecting irregularities, including fraud

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the Directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements.

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

- at planning stage, we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to the applicable laws and regulations;
- we discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations;
- we discussed amongst the engagement team the identified laws and regulations, and remained alert to any indications of non-compliance; and

Independent Auditor's Report
continued

- during the audit, we focused on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the Directors (as required by auditing standards), from inspection of the Company's regulatory and legal correspondence and review of minutes of Directors' meetings in the year we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory requirements of the HMRC Investment Trust conditions. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2006 and UK tax legislation.

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** set out on page 40 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, position, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit Committee reporting** set out on page 47 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** set out on page 42 – the parts of the Directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

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

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

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Company.

Independent Auditor's Report
continued

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 40, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 10 December 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ending 31 December 2019.

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

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of the audit report

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

Stephen Eames (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
28 April 2020

Income Statement

	Notes	For the year ended 31 December 2019 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2018 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	8	–	22,720	22,720	–	(1,035)	(1,035)
Income from investments	2	1,087	–	1,087	1,509	–	1,509
AIFM and Portfolio management fees	3	(248)	(993)	(1,241)	(218)	(873)	(1,091)
Other expenses	4	(437)	–	(437)	(432)	–	(432)
Net return/(loss) before taxation		**402**	**21,727**	**22,129**	**859**	**(1,908)**	**(1,049)**
Taxation on net return	5	(78)	–	(78)	(135)	–	(135)
Net return/(loss) after taxation		**324**	**21,727**	**22,051**	**724**	**(1,908)**	**(1,184)**
Return/(loss) per share	6	**0.4p**	**27.2p**	**27.6p**	**0.9p**	**(2.4)p**	**(1.5)p**

The "Total" column of this statement is the Income Statement of the Company. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

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

The Company has no recognised gains and losses other than those shown above and therefore no separate Statement of Total Comprehensive Income has been presented.

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

Statement of Changes in Equity

For the year ended 31 December 2019

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

For the year ended 31 December 2018

	Ordinary share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 December 2017	800	77,371	(4,539)	60	73,692
Net (loss)/return after taxation	–	–	(1,908)	724	(1,184)
At 31 December 2018	**800**	**77,371**	**(6,447)**	**784**	**72,508**

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

Statement of Financial Position

	Notes	As at 31 December 2019 £000	As at 31 December 2018 £000
Fixed assets			
Investments at fair value through profit or loss	8	76,847	65,611
Current assets			
Debtors	10	108	131
Derivative financial instruments at fair value through profit or loss	9	1,393	–
Cash		15,879	7,732
		17,380	7,863
Creditors: amounts falling due within one year			
Other creditors	11	(228)	(182)
Derivative financial instruments at fair value through profit or loss	9	–	(784)
Net current assets		17,152	6,897
Total net assets		93,999	72,508
Capital and reserves			
Ordinary share capital	12	800	800
Special reserve		77,371	77,371
Capital reserve	17	15,280	(6,447)
Revenue reserve		548	784
Total shareholders' funds		93,999	72,508
Net asset value per share	13	117.5p	90.6p

The financial statements on pages 63 to 82 were approved by the Board of Directors and authorised for issue on 28 April 2020 and were signed on its behalf by:

Sir Ian Cheshire
Chairman

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

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

Statement of Cash Flows

	Notes	For the year ended 31 December 2019 £000	For the year ended 31 December 2018 £000
Net cash outflow from operating activities	14	(601)	(184)
Investing activities			
Purchases of investments		(28,275)	(28,170)
Sales of investments		37,823	25,877
Settlement of derivatives		(240)	222
Net cash inflow/(outflow) from investing activities		9,308	(2,071)
Financing activities			
Dividends paid		(560)	–
Increase/(decrease) in cash and cash equivalents		8,147	(2,255)
Cash and cash equivalents at beginning of the year		7,732	9,987
Cash and cash equivalents at end of the year		15,879	7,732

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

1. ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial statements have been prepared in accordance with United Kingdom company law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019 (the 'SORP'), and the historical cost convention, as modified by the valuation of investments at fair value through profit or loss. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of substantial falls in markets and significant reductions in market liquidity (including further stressing the current economic conditions caused by the coronavirus pandemic) on the Company's financial position and cash flows. Further information on the assumptions used in the stress scenarios is provided in the Audit Committee report on page 49. The results of the tests showed that the Company would have sufficient cash, or the ability to liquidate a sufficient proportion of its listed holdings, to meet its liabilities as they fall due. Based on the information available to the Directors at the time of this report, including the results of the stress tests, the Company's cash balances, and the liquidity of the Company's listed investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to adopt the going concern basis in preparing these financial statements.

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

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

- Level 1 – Quoted prices in active markets;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data), either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable)

Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

Notes to the Financial Statements
continued

1. ACCOUNTING POLICIES continued

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of the Company's unquoted (Level 3) investments. 29.1% (2018: 31.2%) of the Company's portfolio is comprised of unquoted investments. These are all valued in line with accounting policy 1(b) below. Under the accounting policy the reported net asset value or price of recent transactions methodologies have been adopted in valuing those investments, as set out on page 80.

Key sources of estimation uncertainty

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

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

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

Segmental Analysis

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

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

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

Purchases and sales of quoted investments are recognised on the trade date where a contract exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Changes in the fair value of investments and gains and losses on disposal are recognised in the Income Statement as 'gains or losses on investments'. Also included within this caption are transaction costs in relation to the purchase or sale of investments. The fair value of the different types of investment held by the Company is determined as follows:

- Quoted Investments

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

- Unquoted Investments

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

1. ACCOUNTING POLICIES continued

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

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

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

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

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

(c) Derivatives

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

(d) Investment Income

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

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield when it is probable that economic benefit will flow to the Company. Where income accruals previously recognised, but not received, are no longer considered to be reasonably expected to be received, due to doubt over their receipt, then these amounts are reversed through expenses.

Income distributions from limited partnership funds are recognised when the right to the distribution is established.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement; and

Notes to the Financial Statements
continued

1. ACCOUNTING POLICIES continued

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

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

(f) Taxation

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

(g) Foreign Currency

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

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

(h) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(i) Capital Reserves

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

Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve.

(j) Special Reserve

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

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

	2019 £'000	2018 £'000
Income from investments		
UK listed dividends	–	155
Unquoted distributions	114	142
Overseas dividends	966	1,196
Fixed interest income	7	16
	1,087	1,509
Total income comprises:		
Dividends	1,080	1,493
Interest	7	16
	1,087	1,509

3. AIFM AND PORTFOLIO MANAGEMENT FEES

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
AIFM fee	38	151	189	33	133	166
Portfolio management fee	210	842	1,052	185	740	925
	248	993	1,241	218	873	1,091

4. OTHER EXPENSES

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Directors' remuneration	170	–	170	170	–	170
Employers NIC on directors' remuneration	19	–	19	18	–	18
Auditors' remuneration for the audit of the Company's financial statements	33	–	33	35	–	35
Registrar fees	17	–	17	23	–	23
Broker fees	30	–	30	30	–	30
Legal and professional costs	9	–	9	13	–	13
Depositary and custody fees	50	–	50	53	–	53
Other costs	109	–	109	90	–	90
Total expenses	437	–	437	432	–	432

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

Notes to the Financial Statements
continued

5. TAXATION ON NET RETURN

(a) Analysis of charge in period

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Corporation tax						
Overseas taxation	78	–	78	135	–	135

(b) Factors affecting current tax charge for the year

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

The tax charged for the period is lower than the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%). The difference is explained below.

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Net return/(loss) before taxation	402	21,727	22,129	859	(1,908)	(1,049)
Corporation tax at 19.0% (2018: 19.0%)	76	4,128	4,204	163	(362)	(199)
Non-taxable (gains)/losses on investments	–	(4,317)	(4,317)	–	196	196
Overseas withholding taxation	78	–	78	135	–	135
Non taxable overseas dividends	(205)	–	(205)	(247)	–	(247)
Non taxable UK dividends	–	–	–	(29)	–	(29)
Excess management expenses	129	189	318	113	166	279
Total tax charge	78	–	78	135	–	135

(c) Provision for deferred tax

No provision for deferred taxation has been made in the current period. The Company has not provided for deferred tax on capital profits and losses arising on the revaluation or disposal of investments, as it is exempt from tax on these items because of its status as an investment trust company.

The Company has not recognised a deferred tax asset of £1,084,000 (17% tax rate) (2018: £831,000, 17%) as a result of excess management expenses. It is not anticipated that these excess expenses will be utilised in the foreseeable future. The reduction in the standard rate of corporation tax was substantively enacted on 13 September 2016 and was still in place at the year end. Following the Budget in March 2020 the UK corporation tax rate will remain at 19% from April 2020.

6. RETURN/(LOSS) PER SHARE

	2019 £'000	2018 £'000
The return per share is based on the following figures:		
Revenue return	324	724
Capital return/(loss)	21,727	(1,908)
	22,051	(1,184)
Weighted average number of shares in issue during the period	80,000,001	80,000,001
Revenue return per ordinary share	0.4p	0.9p
Capital return/(loss) per ordinary share	27.2p	(2.4)p
	27.6p	(1.5)p

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

7. DIVIDENDS PAID

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

	2019 £'000
2018 Final dividend of 0.7p per share	560

In respect of the year ended 31 December 2019, an interim dividend of 0.4p has been declared and will be reflected in the Annual Report for the year ending 31 December 2020. Details of the ex-dividend and payment dates are shown on page 7.

The Board's current policy is to only pay dividends out of revenue reserves except where payment from a capital reserve is required to maintain investment trust status. Therefore the amount available for distribution as at 31 December 2019 is £548,000 (2018: £784,000). The Company generated a revenue return in the year ended 31 December 2019 of £324,000 (2018: £724,000).

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

	2019 £'000	2018 £'000
Revenue available for distribution by way of dividend for the year	324	724
Interim dividend of 0.4p per share (2018: Final dividend of 0.7p)	(320)	(560)
Transfer to revenue reserves	4	164

Notes to the Financial Statements

continued

8. INVESTMENTS

	2019 Quoted Investments £'000	2019 Unquoted Investments £'000	2019 Total £'000	2018 Quoted Investments £'000	2018 Unquoted Investments £'000	2018 Total £'000
Opening balance						
Cost at 1 January	38,711	22,439	61,150	37,625	22,780	60,405
Investment holding gains/(losses) at 1 January	4,262	199	4,461	5,171	(2,243)	2,928
Valuation at 1 January	**42,973**	**22,638**	**65,611**	**42,796**	**20,537**	**63,333**
Movement in the period:						
Purchases at cost	19,518	8,759	28,277	24,772	3,402	28,174
Sales – proceeds received	(27,681)	(10,142)	(37,823)	(21,240)	(4,637)	(25,877)
Net movement in investment holdings gains/(losses)	14,750	6,032	20,782	(3,355)	3,336	(19)
Valuation at 31 December	**49,560**	**27,287**	**76,847**	**42,973**	**22,638**	**65,611**
Closing balance						
Cost at 31 December	38,258	22,922	61,180	38,711	22,439	61,150
Investment holding gains at 31 December	11,302	4,365	15,667	4,262	199	4,461
Valuation at 31 December	**49,560**	**27,287**	**76,847**	**42,973**	**22,638**	**65,611**

The Company received £37,823,000 (2018: £25,877,000) from investments sold in the year. The book cost of these investments was £28,247,000 (2018: £27,429,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

	2019 £'000	2018 £'000
Net movement in investment holding gains/(losses) in the year	20,782	(19)
Net movement in derivative holding gains/(losses) in the year	1,938	(1,016)
Gains/(losses) on investments	**22,720**	**(1,035)**

Purchase transaction costs were £3,000 (2018: £13,000). These comprise mainly commission and stamp duty.

Sales transaction costs were £17,000 (2018: £15,000). These comprise mainly commission.

9. DERIVATIVES

	2019 £'000	2018 £'000
Fair value of FX forwards	1,393	(784)

FX forwards are currently used to hedge the Company's exposure to the Euro and US Dollar. See note 16(ii) for further details. The Company paid £240,000 (2018: received £222,000) on FX forwards closed during the year. The FX forwards are revalued over time and any gains/losses (both realised and unrealised) are included in Gains/(losses) on investments in the capital column of the Income Statement.

10. DEBTORS

	2019 £'000	2018 £'000
VAT recoverable	10	15
Withholding tax recoverable	78	75
Prepayments and accrued income	20	41
	108	131

11. OTHER CREDITORS

	2019 £'000	2018 £'000
Amounts falling due within one year		
Other creditors	228	182

12. SHARE CAPITAL

	2019 £'000	2018 £'000
Issued and fully paid:		
80,000,001 ordinary shares of 1p	800	800

13. NET ASSET VALUE PER SHARE

	2019	2018
Net asset value per share	117.5p	90.6p

Net asset value per share

The net asset value per share is based on the assets attributable to equity shareholders of £93,999,000 (2018: £72,508,000) and on the number of Ordinary Shares in issue at the year end of 80,000,001.

Notes to the Financial Statements

continued

14. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2019 £'000	2018 £'000
Gains/(losses) before finance costs and taxation	22,129	(1,049)
Deduct: (Gains)/losses made on investments	(22,720)	1,035
	(591)	**(14)**
Decrease/(increase) in other debtors	26	(4)
Increase in creditors and accruals	46	15
Effective interest rate amortisation	(2)	(4)
Net taxation suffered on investment income	(80)	(177)
Net cash outflow from operating activities	**(601)**	**(184)**

15. RELATED PARTIES

The following are considered to be related parties:

- Frostrow Capital LLP
- The Directors of the Company

Details of the relationship between the Company and the Company's AIFM are disclosed in the Strategic Report on pages 25 to 26. Details of fees paid to Frostrow by the Company can be found in note 3 on page 71. All material related party transactions have been disclosed in note 3 on page 71. Details of the remuneration of all Directors can be found in note 4. Details of the Directors' interests in the capital of the Company can be found on page 35.

The balance outstanding to Frostrow at the year end was £18,000 (2018: £14,000). No balances were due to the Directors (2018: nil).

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

16. FINANCIAL INSTRUMENTS

Risk management policies and procedures

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

As an investment trust, the Company invests in equities and other investments for the long term so as to achieve its Investment Objective as stated on pages 8 and 9. In pursuing its Investment Objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets.

The main risks that the Company faces arising from its use of financial instruments are:

(i) market risk (including foreign currency risk, interest rate risk and other price risk)

(ii) liquidity risk

(iii) credit risk

These risks, with the exception of liquidity risk, and the Directors' approach to the management of them, are set out in the Strategic Report on pages 27 to 29. The AIFM, in close co-operation with the Board and the Portfolio Manager, co-ordinates the Company's risk management.

16. FINANCIAL INSTRUMENTS continued

(i) Other price risk

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

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

Other price risk sensitivity

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

If market prices at the date of the Statement of Financial Position had been 25% higher or lower while all other variables had remained constant: the revenue return would have decreased/increased by £283,000 (2018: £48,000); the capital return would have increased/decreased by £19,212,000 (2018: £16,209,000); and, the return on equity would have increased/decreased by £18,929,000 (2018: £16,161,000). The calculations are based on the portfolio as at the respective dates of the Statement of Financial Position and are not representative of the year as a whole.

(ii) Foreign currency risk

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

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

Foreign currency exposure

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

	2019				2018			
	Investments £'000	Derivatives* £'000	Current assets £'000	Net £'000	Investments £'000	Derivatives £'000	Current assets £'000	Net £'000
U.S. dollar	52,583	(37,704)	17	14,896	41,523	(13,715)	16	27,824
Euro	11,528	(14,422)	9,950	7,056	14,018	(13,032)	75	1,061
Other	3,621	–	9	3,630	2,385	–	10	2,395
	67,732	**(52,126)**	**9,976**	**25,582**	**57,926**	**(26,747)**	**101**	**31,280**

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

Notes to the Financial Statements

continued

16. FINANCIAL INSTRUMENTS continued

Foreign currency sensitivity

The following table details the sensitivity of the Company's net return for the year and shareholders' funds to a 10% increase and decrease in sterling against the relevant currency.

These percentages have been determined based on market volatility in exchange rates over the period since launch. The sensitivity analysis is based on the Company's significant foreign currency exposures at each Statement of Financial Position date.

	2019 USD £'000	2019 EUR £'000	2019 Other £'000	2018 USD £'000	2018 EUR £'000	2018 Other £'000
Sterling depreciates	1,655	784	403	3,083	116	262
Sterling appreciates	(1,354)	(641)	(330)	(2,522)	(95)	(215)

(iii) Interest rate risk

Interest rate changes may affect:

– the level of income receivable from floating and fixed rate securities and cash at bank and on deposit; and

– the fair value of investments in fixed interest securities.

Interest rate exposure

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

At 31 December 2019, the Company held 0.0% (2018: 0.2%) of the portfolio in debt instruments. The exposure is shown in the table below:

	2019 Fixed rate £'000	2019 Floating rate £'000	2018 Fixed rate £'000	2018 Floating rate £'000
Quoted debt investments	–	–	159	–
Cash	–	15,879	–	7,732
	–	15,879	159	7,732

Interest rate sensitivity

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's net return for the year ended 31 December 2019 and the net assets would increase/decrease by £159,000 (2018: £77,000).

16. FINANCIAL INSTRUMENTS continued

(iv) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

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

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

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

(v) Credit risk

Credit risk is the risk of failure of a counterparty to discharge its obligations resulting in the Company suffering a financial loss. The quoted debt investments are managed as part of an investment portfolio, and their credit risk is considered in the context of their overall investment risk.

Credit risk exposure

	2019 £'000	2018 £'000
Quoted debt investments	–	159
Derivative financial instruments	1,393	–
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable)	94	116
Cash	15,879	7,732

(vi) Hierarchy of investments

The Company's investments are valued within a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements as described in the accounting policies beginning on page 67.

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

As of 31 December 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	42,814	159	22,638	65,611
Derivatives	–	(784)	–	(784)

Notes to the Financial Statements
continued

16. FINANCIAL INSTRUMENTS continued

Level 3 investments as of 31 December 2019

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

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

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

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

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

Level 3 investments as of 31 December 2018

	Cost '000	Value £'000	Ownership	Valuation basis
KKR Evergreen Co-Invest LP [1]	£3,518	3,867	1.25%	NAV
Perfin Apollo 12 FIP	BRL3,577	711	5.80%	NAV
Helios Co-Invest LP [2]	US$13,116	15,594	6.00%	NAV
WCP Growth Fund LP	£7,742	947	10.30%	Discount to NAV
TCI Real Estate Partners Fund III LP	US$1,927	1,519	1.29%	NAV

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

The Company sold half its stake in the Alpina Partners Fund for £1,205,000 during 2018. The cost of the stake sold was €2,428,000 and its previous carrying value (adjusted for distributions and drawdowns prior to the sale) was £1,182,000.

The WCP Growth Fund made net drawdowns of £133,000 during the year. Helios Co-Invest LP's (Helios) fair value increased by £3,673,000 and a further investment of US$553,000 was made into Helios.

Perfin Apollo 12 FIP and TCI Real Estate Partners Fund III Limited made drawdowns of BRL524,000 and US$1,925,000, respectively, during the year. In addition KKR Evergreen Co-Invest made a distribution of £141,000.

16. FINANCIAL INSTRUMENTS continued

If a 25% discount to NAV was applied to the NAV of the level 3 investments as at 31 December 2018, or the discount already applied was increased by 25%, the impact would have been a decrease of £5,660,000 in net assets and the net return for the year.

(vii) Capital management policies and procedures

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

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

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

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

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

– the need to buy back equity shares, either for cancellation or to hold in treasury, in light of any share price discount to net asset value per share;

– the need for new issues of equity shares; and,

– the extent to which revenue in excess of that which is required to be distributed should be retained.

17. CAPITAL RESERVE

	2019 Capital Reserves			2018 Capital Reserves		
	Other £'000	Investment Holding (Losses) /Gains £'000	Total £'000	Other £'000	Investment Holding (Losses) /Gains £'000	Total £'000
At 1 January	(10,124)	3,677	(6,447)	(7,921)	3,382	(4,539)
Net gains/(losses) on investments	9,337	13,383	22,720	(1,330)	295	(1,035)
Expenses charged to capital	(993)	–	(993)	(873)	–	(873)
At 31 December	(1,780)	17,060	15,280	(10,124)	3,677	(6,447)

Sums within the Total Capital Reserve less unrealised gains (those on investments not readily convertible to cash) are available for distribution. In addition, the Revenue Reserve is available for distribution.

Notes to the Financial Statements
continued

18. FINANCIAL COMMITMENT
The Company has made commitments to provide additional funds to the following investments:

	Sterling Commitment	Local currency Commitment	Notice of drawdown
KKR Evergreen Co-Invest LP	£18,000	–	10 business days
WCP Growth Fund LP	£88,000	–	10 business days
Helios Co-Invest LP	£47,000	US$62,000	3 business days
TCI Real Estate Partners Fund III Limited	£9,830,000	US$13,022,019	10 business days

19. THE COMPANY
The Company is a public limited company (PLC) incorporated in England and Wales. Its registered office and principal place of business is 25 Southampton Buildings, London, WC2A 1AL.

20. NON-ADJUSTING SUBSEQUENT REPORTING EVENT
Subsequent to the year end, equity markets experienced substantial falls associated with uncertainties linked to the COVID-19 pandemic. As at 31 March 2020, the Company's unaudited net asset value had declined by 14.4%. The Directors have considered the impact of this event on the Company's financial position and, based on the information available to them at the date of this report, have concluded that this is a non-adjusting event. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of further substantial market falls, and significantly reduced market liquidity, to that experienced to date in connection with the coronavirus pandemic. Further information is provided in the Audit Committee Report on page 49. The Board's assessment of the Company's ability to carry on as a going concern is set out on page 37 and the assessment of the Company's longer-term viability is set out on page 30. Further comments and analysis are provided in the Chairman's Statement beginning on page 5 and the Portfolio Manager's Review beginning on page 14.

Shareholder Information

Financial Calendar

31 December	Financial Year End
March/April	Final Results Announced
June	Annual General Meeting, Dividend Paid
30 June	Half Year End
September	Half Year Results Announced

Annual General Meeting

The Annual General Meeting of Menhaden PLC will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on 9 June 2020 at 12 noon. Please refer to the Chairman's Statement on page 5 for details of this year's arrangements.

Share Prices

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

Change of Address

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

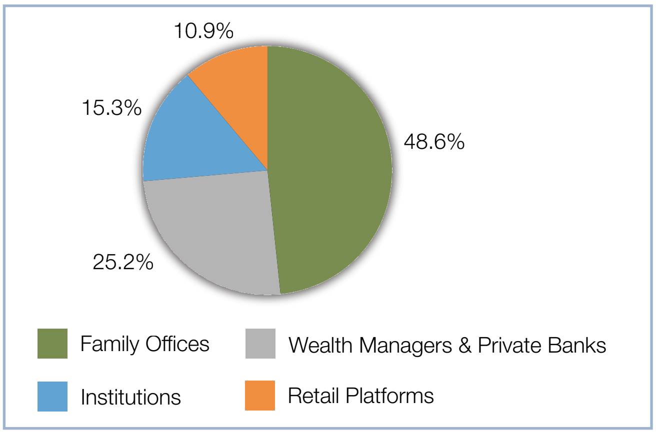
Net Asset Value

The net asset value of the Company's shares can be obtained on the Company's website at www.menhaden.com and is published monthly via the London Stock Exchange.

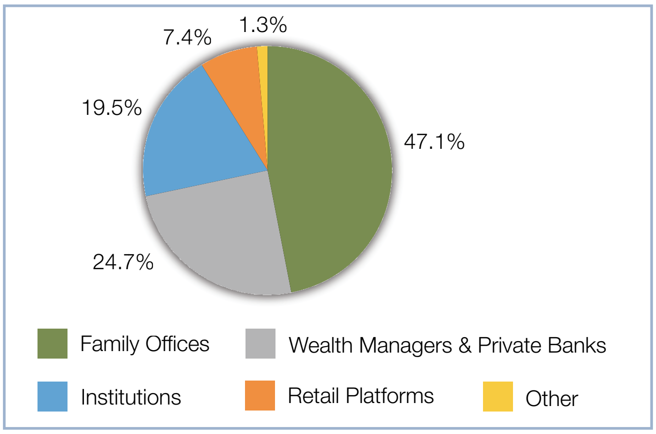
Profile of the Company's Ownership

% of Ordinary Shares held at:

31 December 2019



31 December 2018



AIFMD Disclosures

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

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

The periodic disclosures to investors are made below:

- Information on the investment strategy, sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Frostrow.
- The Strategic Report and note 16 to the Financial Statements set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place during the year under review and no breaches of the risk limits set, with no breach expected.
- At the start of the year under review, the maximum leverage limits were 200% on a gross basis and 120% on a commitment basis (see Glossary on page 85 for further details). With effect from 15 February 2019, the Board and the AIFM decided to raise the commitment limit from 120% to 200%. The reasons for this change are explained on page 9. The gross leverage limit remained 200%. As at 31 December 2019, gross leverage was 137.6% (2018: 128.2%) and commitment leverage was 100.2% (2018: 100.1%).
- No right of re-use of collateral or any guarantee granted under the leveraging arrangement has arisen during the period.
- Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

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

Glossary

Alternative Investment Fund Managers Directive (AIFMD)

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (AIFs) and requires them to appoint an Alternative Investment Fund Manager (AIFM) and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Compounding Hurdle

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

Discount or Premium

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

Gearing

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

Gearing represents borrowings at par less cash and cash equivalents expressed as a percentage of shareholders' funds. Potential gearing is the company's borrowings expressed as a percentage of shareholders' funds.

High Watermark

The high watermark is the highest net asset value that the Company has reached on which a performance fee has been paid. Its initial level was set at 100p on the launch of the Company.

Leverage

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a **gross** and a **commitment** method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions (as detailed in the AIFMD) are offset against each other.

Net Asset Value (NAV)

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

Glossary
continued

NAV Total Return

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

	31 December 2019	31 December 2018
Opening NAV	90.6p	92.1p
Increase/(decrease) in NAV	26.9p	(1.5p)
Closing NAV	117.5p	90.6p
% increase/(decrease) in NAV	29.7%	(1.6%)
Impact of reinvested dividends	0.8%	–
NAV Total Return	30.5%	(1.6%)

Share Price Total Return

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

	31 December 2019	31 December 2018
Opening share price	67.0p	68.5p
Increase/(decrease) in share price	29.5p	(1.5p)
Closing share price	96.5p	67.0p
% increase/(decrease) in share price	44.0%	(2.2%)
Impact of reinvested dividends	1.3%	–
Share Price Total Return	45.3%	(2.2%)

Ongoing Charges

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

	31 December 2019 £'000	31 December 2018 £'000
Total Operating Expenses	1,678	1,523
Average Net Assets during the year	83,249	73,983
Ongoing Charges	2.0%	2.1%

How to Invest

Retail Investors Advised by IFAs

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

Investment Platforms

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

AJ Bell Youinvest	http://www.youinvest.co.uk/
Barclays Stockbrokers	https://www.barclays.co.uk/smart-investor/
Bestinvest	http://www.bestinvest.co.uk
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
FundsDirect	http://www.fundsdirect.co.uk/
Halifax Share Dealing	http://www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://hsbc.co.uk/investments
iDealing	http://www.idealing.com/
Interactive Investor	http://www.ii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Saxo Capital Markets	https://www.home.saxo/

How to Invest
continued

Link Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrars, Link Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your share certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service please contact: www.linksharedeal.com (online dealing) or +44 (0) 371 664 0445 (telephone dealing).

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Lines are open 8.00 am to 4.30 pm Monday to Friday excluding public holidays in England and Wales.

Risk warnings

– *Past performance is no guarantee of future performance.*

– *The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.*

– *As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.*

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

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

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

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Menhaden PLC will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Tuesday, 9 June 2020 at 12 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and accept the Annual Report for the year ended 31 December 2019, including the financial statements and the directors' and auditor's reports thereon.
2. To receive and approve the Directors' Remuneration Report for the year ended 31 December 2019.
3. To approve the Company's dividend policy set out on page 24 of the Annual Report for the year ended 31 December 2019.
4. To re-elect Sir Ian Cheshire as a Director of the Company.
5. To re-elect Duncan Budge as a Director of the Company.
6. To re-elect Emma Howard Boyd as a Director of the Company.
7. To re-elect Howard Pearce as a Director of the Company.
8. To appoint Mazars LLP as the Company's Auditor to hold office from the conclusion of the meeting to the conclusion of the next Annual General Meeting at which accounts are laid, and to authorise the Audit Committee to determine their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 10, 11 and 12 will be proposed as special resolutions:

Authority to Issue Shares

9. THAT, in substitution for all existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to a maximum aggregate nominal amount of £80,000 (being 10% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed) and representing 8,000,000 shares of 1 penny each, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2021 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Notice of the Annual General Meeting
continued

Disapplication of Pre-emption Rights

10. THAT, in substitution of all existing powers, the Directors be and are hereby generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 9 set out in the notice convening the Annual General Meeting at which this resolution is proposed or otherwise as if section 561(1) of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment of equity securities pursuant to:

    (a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 1 penny each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

    (b) (otherwise than pursuant to sub-paragraph (a) above) an offer or offers of equity securities of up to an aggregate nominal value of £80,000 and expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

Authority to Repurchase Ordinary Shares

11. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1 penny each in the capital of the Company ("Shares") (either for retention as Treasury Shares for future reissue, resale, transfer or cancellation) provided that:

    (a) the maximum aggregate number of Shares authorised to be purchased is 11,992,000 or, if changed, the number representing approximately 14.99% of the issued share capital of the Company at the date of the meeting at which this resolution is proposed;

    (b) the minimum price (exclusive of expenses) which may be paid for a Share is 1 penny;

    (c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange;

    (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2021 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and

    (e) the Company may make a contract to purchase Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

General Meetings

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

Continuation of the Company

13. THAT the Company continues as an investment trust for a further period of five years.

By order of the Board

Registered Office:
25 Southampton Buildings
London WC2A 1AL

Frostrow Capital LLP
Company Secretary
28 April 2020

Notice of the Annual General Meeting

continued

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. Hard copy forms of proxy have not been included with this notice. Members can vote by: logging onto www.signalshares.com and following instructions, requesting a hard copy form of proxy directly from the registrars, Link Asset Services, by emailing enquiries@linkgroup.co.uk; or, in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. To be valid any appointment of a proxy must be completed, signed and received at Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 12 noon on 5 June 2020.
4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") at close of business on Friday, 5 June 2020 (or, in the event of any adjournment, on the date which is two business days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.
9. As at 27 April 2020 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 80,000,001 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 April 2020 are 80,000,001.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting, excluding non-business days. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. Members who have appointed a proxy using a hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Link Asset Services on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.
17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

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

Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report

The Annual Report for the year ended 31 December 2019 will be presented to the Annual General Meeting (AGM). The financial statements accompany this Notice of Meeting.

Resolutions 2 – Directors' Remuneration Report

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

Resolution 3 – Approval of the Company's Dividend Policy

Resolution 3 seeks shareholder approval of the Company's dividend policy, which is set out on page 24. Last year, the Board recommended a final dividend for shareholders' approval, however this year the Board has decided to declare an interim dividend to ensure that the dividend is paid even if the AGM needs to be postponed for reasons relating to the coronavirus outbreak. See the Chairman's Statement beginning on page 5 for further explanation.

Resolutions 4 to 7 – Re-election of Directors

Resolutions 4 to 7 deal with the re-election of each Director. Biographies of each of the Directors can be found on pages 34 and 35 of the Annual Report.

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

Sir Ian Cheshire

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

Duncan Budge

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

Emma Howard Boyd

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

Howard Pearce

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

Resolution 8 – Appointment of Auditor and the determination of their remuneration

Resolution 8 relates to the appointment of Mazars LLP as the Company's independent Auditor to hold office until the next AGM of the Company and also authorises the Audit Committee to set their remuneration. Following the implementation of the Competition and Markets Authority order on Statutory Audit Services, only the Audit Committee may negotiate and agree the terms of the Auditor's service agreement.

Resolutions 9 and 10 – Issue of Shares

Ordinary Resolution 9 in the Notice of Annual General Meeting will renew the authority to allot unissued share capital up to an aggregate nominal amount of £80,000 (equivalent to 8,000,000 shares, or 10% of the Company's existing issued share capital on 27 April 2020, being the nearest practicable date prior to the signing of this Annual Report). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting unless previously renewed.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 10 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 27 April 2020, as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 9. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 9 and 10 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 11 – Share Repurchases

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

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

Special Resolution 11 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 27 April 2020, being the nearest practicable date prior to the signing of this Annual Report, (amounting to 11,952,000 shares). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 12 – General Meetings

Special Resolution 12 seeks shareholder approval for the Company to hold General Meetings (other than the AGM) on 14 clear days' notice.

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

Resolution 13 – Continuation of the Company

Ordinary Resolution 13 seeks shareholder approval for the Company to continue as an investment trust for a further five years. The rationale for the continuation of the Company is set out in the Chairman's Statement beginning on page 5.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM as the Directors intend to do in respect of their own beneficial holdings totalling 183,000 shares.

Company Information

Directors

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

Company Registration Number

09242421 (Registered in England and Wales)
The Company is an investment company as defined under Section 833 of the Companies Act 2006
The Company was incorporated on 30 September 2014. The Company was incorporated as BGT Capital PLC.

Website

Website: www.menhaden.com

Registered Office

25 Southampton Buildings
London WC2A 1AL

Alternative Investment Fund Manager, Company Secretary and Administrator

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

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

Portfolio Manager

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Authorised and regulated by the Financial Conduct Authority

Depositary

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25 Bank Street
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Auditor

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Milton Keynes
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Corporate Broker

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Registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone + 44 371 664 0300
E-mail: enquiries@linkgroup.co.uk
Shareholder Portal: www.signalshares.com
Website: www.linkassetservices.com
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

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

Share Price Listings

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

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

Identification Codes

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

Legal Entity Identifier

2138004NTCUZTHFWXS17

Investment scams are often sophisticated and difficult to spot

How to avoid investment scams

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

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

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

If you're suspicious, report it

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

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

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

FCA FINANCIAL CONDUCT AUTHORITY
Be a ScamSmart Investor

aic
The Association of Investment Companies

A member of the Association of Investment Companies

Disability Act

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

Environment

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