

Key Information Document

Menhaden

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Menhaden Resource Efficiency PLC
ISIN: GB00BZ0XWD04
Frostrow Capital LLP ('Frostrow') is the alternative investment fund manager of the Company. Frostrow's website is www.frostrow.com and phone number is 0203 0084910. Portfolio Management has been delegated to Menhaden Capital Management LLP ('Portfolio Manager'). Frostrow and the Portfolio Manager are authorised and regulated by the FCA.

Date of Production: 13/06/2024

What is this product?

Menhaden Resource Efficiency PLC (the 'Company') is a public limited company whose shares are premium listed on the London Stock Exchange ('LSE') and is registered with HMRC as an investment trust.

The Company aims to generate long-term shareholder returns, predominantly in the form of capital growth, by investing in businesses and opportunities that are demonstrably delivering or benefiting significantly from the efficient use of energy and resources irrespective of their size, location or stage of development. The Company seeks to achieve its investment objective through the construction of a conviction-driven portfolio consisting primarily of direct listed and unlisted holdings across asset classes and geographies.

The Company does not have a fixed life although shareholders consider and vote on the continuation of the Company every five years. The next such vote will be held in 2025. The intended retail investors are those with a long-term (at least five years) investment horizon, the ability to bear capital losses and at least basic market knowledge and experience.

The Company does not currently deploy any leverage. However, its investment policy permits the use of currency forwards to potentially hedge foreign exchange movements and permits it to borrow to purchase investments.

Shares in the Company are bought and sold on the LSE. The price you pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company. At any given time, the price you pay for a share will normally be higher than the price you could sell it.

What are the risks and what could I get in return?

The summary risk indicator (SRI) is a guide to the level of risk of the Company compared to other products. It shows how likely it is that the Company will lose money because of movements in the markets.

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Lower risk

Higher risk

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The SRI assumes you hold your shares in the Company for at least five years. It rates the potential losses from future performance at a medium level, and poor market conditions will impact the amount you could get back. Any return you receive depends on future market performance. This product does not include any protection from future market performance so you could lose some or all of your investment.

We have classified the Company as 4 out of 7, which is a medium risk class.

The SRI only reflects the historic share price volatility of the Company's shares. It excludes other risks inherent in the Company and therefore understates the risk to investors. Please refer to the Company's Annual Report at www.menhaden.com which should be read to ensure a full understanding of the risks involved in investing in the Company. An investor should not make a decision to invest in the Company solely on the basis of this Key Information Document ('KID').

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Investment performance information

The Company has a non-benchmarked total return investment strategy. It invests in businesses that are demonstrably delivering or benefitting significantly from the efficient use of energy and resources irrespective of their size, location or stage of development. It is expected that the portfolio will comprise approximately 15 to 30 positions. The relatively narrow mandate and concentrated portfolio means that it is especially subject to market movements in the sectors and regions in which it invests, particular areas of exposure being infrastructure and digitisation, and to the price movements of individual material-sized positions.

A significant proportion of the Company's investment portfolio is denominated in currencies other than sterling and therefore volatility in the foreign currency market can have a material impact on the Company's future performance too, on both income and investment valuations. The Company's Portfolio Manager employs currency hedging (for the purpose of efficient portfolio management only), which is aimed at reducing the Company's exposure to foreign exchange rate volatility.

Other factors that may affect the return include the exposure to country, industrial sector, and stock-specific factors (including those relating to the sustainability of the business model of investments). Global, and regional, political, and macroeconomic events such as Brexit, high interest rates, supply chain issues, or labour shortages can all be expected to lead to market volatility.

What could affect my return positively?

Factors that are likely to have a positive impact on returns include: market increases in sectors and regions invested in; market increases specific to the Company's investment themes such as from alternative energy price increases and increasing digitisation; and market demand for the Company's resource efficiency proposition, narrowing the discount.

Currency movements against sterling can also have a positive impact on the share price of the Company, as a proportion of the Company's investments and income are denominated in currencies other than sterling. If sterling depreciates against the currencies in which the Company's investments are denominated, this would broadly be expected to have a positive impact on returns.

What could affect my return negatively?

Factors that are likely to have a negative impact on returns include: market falls in sectors and regions invested in; resource efficiency credentials of portfolio companies being compromised; and lack of liquidity in and demand for the Company's shares, widening the discount. If sterling appreciates against the currencies in which the Company's investments are denominated, this would broadly be expected to have a negative impact on returns.

If a shareholder decides to sell their shares under severely adverse market conditions, they may get back less than the amount initially invested.

What happens if the Company is unable to pay out?

The Company is not required to make any payment to you in respect of your investment. If the Company was liquidated, you would be entitled to receive a distribution equal to your share of the Company's assets, after payment of all of its creditors.

As a shareholder you would not be able to make a claim to the Financial Services Compensation Scheme, or other compensation or guarantee scheme, in the event that the Company is unable to pay out. If you invest in the Company, you should be prepared to assume the risk that you could lose some or all of your investment.

What are the costs?

The table shows the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the shares and how well the Company does. The amounts shown here are illustrations based on an example investment amount of £10,000 and different possible investment periods.

The person selling you or advising you about the Company may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment £10,000			
Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at 5 years
Total costs	£211	£656	£1,136
Impact on return (RIY) per year	1.99%	1.99%	1.99%

What are the costs? (continued)

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	Entry costs	N/A	There are no direct entry costs associated with the Company.
	Exit costs	N/A	There are no direct exit costs associated with the Company.
Ongoing costs	Portfolio transaction costs	0.02%	The impact of the costs of us buying and selling underlying investments for the Company.
	Other ongoing costs	1.73%	The impact of the costs that are incurred each year for running the Company and managing its investments.
Incidental costs	Performance fees	0.23%	The impact of the performance fee of 10% of outperformance. The Portfolio Manager receives this from the Company if in respect of a given three year performance period, the Company's adjusted NAV at the end of that performance period exceeds the higher of ('a') a compounding hurdle on the gross proceeds of the IPO of 5% per annum; and ('b') a high watermark. 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. The high watermark is the highest net asset value that the Company reached on which a performance was paid.
	Carried interests	N/A	The Company does not pay carried interest.

How long should I hold it and can I take money out early?

Recommended holding period: 5 years

The Company's shares have no required minimum holding period but are designed for long-term investment; you should be prepared to stay invested for at least 5 years. This period is deemed appropriate due to the long-term investment horizon taken by the Portfolio Manager. Investors can sell their shares at any time when the LSE is open, either directly or via their advisor or distributor.

How can I complain?

As a shareholder you do not have the right to complain to the Financial Ombudsman Service ('FOS') about the management of the Company. Complaints about the Company or the Key Information Document can be made via the Contact section of the Company's website, www.menhaden.com, by emailing info@frostrow.com or in writing to the Company at 25 Southampton Buildings, London, WC2A 1AL.

Other relevant information

The cost, performance and risk calculations included in this KID follow the methodology prescribed by UK legislation. This KID should be considered only in conjunction with the Annual Report, the Half Year Report and the Investor Disclosure Document which are available on the Company's website, www.menhaden.com, along with other information about the Company, including further details of the Company's principal risks.

The costs shown in the 'What are the costs?' section may differ from the Ongoing Charges Figure declared in the Company's Annual Report, factsheet and website as the methodology for calculation of costs mandated under the UK legislation also includes the costs of the Company's borrowings and the transaction costs of buying and selling investments in the portfolio.

Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and Stamp Duty. The person selling you or advising you about the Company will provide you with additional information about these.