

# Menhaden Resource Efficiency plc (the Company)

## UK ALTERNATIVE INVESTMENT FUND MANAGERS REGULATIONS DISCLOSURES In respect of the Company's financial year ended 31 December 2023

The Company's AIFM, Frostrow Capital LLP ("Frostrow"), and the Company are required to make certain disclosures available to investors in accordance with the UK Alternative Investment Fund Managers Regulations ("UK AIFMD")<sup>1</sup>.

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](http://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 of the Company's Annual Report for the year ended 31 December 2023.
- 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 17 to the Financial Statements in the Company's Annual Report for the year ended 31 December 2023 set out the risk profile and risk management systems in place. There were no changes to the risk management systems in place during the year and no breaches of the risk limits set, with no breach expected.
- Throughout the year ended 31 December 2023 the maximum permitted leverage<sup>2</sup> levels were 200% both on a gross basis and on a commitment basis (2022: same). As at 31 December 2023, gross leverage was 130.0% (2022: 141.1%) and commitment leverage was 68.3% (2022: 75.0%).
- No right of re-use of collateral or any guarantee were granted during the year.
- 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.

### <sup>1</sup> **Alternative Investment Fund Managers Regulations ("UK AIFMD")**

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the UK 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.

### <sup>2</sup> **Leverage**

For the purposes of the UK AIFMD, 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 using **gross** and **commitment** methods. 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 UK AIFMD) are offset against each other.