Company Number: 02718241

HENDERSON EUROTRUST PLC

HALF YEAR REPORT
(unaudited)
for the six months ended 31 January 2015

www.hendersoneurotrust.com

HENDERSON EUROTRUST PLC
Report for the half year ended 31 January 2015

Financial Highlights

	(Unaudited) Half year ended 31 January 2015	(Unaudited) Half year ended 31 January 2014	(Audited) Year ended 31 July 2014
Net asset value ('NAV') per ordinary share	**845.8p**	**797.9p**	803.2p
Revenue return/(loss) per ordinary share	**1.02p**	**(0.5)p**	17.6p
Dividends per ordinary share	**5.50p**	**5.0p**	17.5p
Price per ordinary share	**842.5p**	**772.0p**	796.0p
Discount	**0.4%**	**3.2%**	0.9%

Total Return Performance

	6 months	1 year	3 years	5 years
NAV per ordinary share	7.0	8.3	59.3	78.7
Share price	7.5	11.5	83.3	93.1
Average Continental European Investment Trust*	6.9	10.2	61.8	76.8
FTSE World Europe (ex UK) Index (the 'benchmark index')	5.0	7.5	47.6	47.2

Sources: Morningstar and the AIC.
* Arithmetic average net asset value total return for the AIC Europe sector.
Total return is the return on the share price or NAV taking into account both the rise and fall in the value of investments and dividends paid to shareholders. Dividends received are assumed to have been reinvested.

Interim Management Report

Chairman's Statement
Half year ended 31 January 2015

Performance
Over the six months to 31 January 2015 the Company's Net Asset Value ("NAV") total return was 7.0%. This compares with a return on the benchmark index, FTSE World Europe (ex UK) Index of 5.0%. This outperformance versus the index is particularly encouraging given the disappointment of the loss of 2.3% to performance over the interim period due to the bankruptcy of OW Bunker in November 2014. The share price total return was 7.5%, reflecting a slight narrowing of the discount.

Share Capital
I am very pleased to report that, subsequent to the end of the half year period, the Company has traded at a premium sufficient to allow us to issue 55,000 ordinary shares to take advantage of demand in the market. This is the first opportunity we have had to issue shares in many years. The Company's share price has been trading close to NAV for most of the period under review, either at a modest discount or small premium. The Company's shares were trading at a very small discount to NAV of 0.4% at the period end. The shares were issued at a 2% premium to cum income NAV, sufficient to cover all costs of issuing new shares and thus are NAV enhancing for existing shareholders.

To the extent that we are able to issue further shares, we expect not only to satisfy existing demand but also potentially to create additional demand for investing in the Company, since the limited liquidity in the Company's shares deters some potential shareholders from establishing holdings. To be clear, the Company will only issue shares if it is in the interest of existing shareholders to do so. At the time of writing, the Company continues to trade at or around NAV. We hope to be able to issue further shares as and when the opportunity arises in the remainder of the year. We have not bought back any shares since the Company's year-end.

Gearing
We have continued to use the gearing facility over the period to maintain a modest level of gearing, which has allowed us to take advantage of positive market sentiment in Continental Europe and this has benefited the Company's performance. Although we have borrowed in Swiss Francs in past periods, we had no debt in Swiss Francs at the time of the abandonment of that currency's peg to the Euro; currently, all of the Company's gearing is in Euros. We have also taken the decision to renew the Company's existing loan facility for a further two years, given the attractively low interest rates currently on offer

Dividend
An interim dividend of 5.50p, an increase of 10% on the 2014 interim dividend, will be paid on 24 April 2015 to shareholders on the Register of Members on 7 April 2015. Total dividends have been increased in each of the last ten years and this increase in the interim dividend reflects confidence in the improved outlook for Europe. The shares will go ex-dividend on 2 April 2015.

Outlook
Although expectations for company earnings in the current year have been downgraded yet again, on balance, recent developments have been broadly positive. The long discussed "Quantitative Easing" has begun, the decline in the Euro, while reducing returns in Euro denominated investments for UK investors, considerably improves competitiveness for the Euro markets, and Europe is also a beneficiary of the lower oil price. As always, generalisations in respect of such a diverse region are suspect, and threats remain; most obviously, events in Ukraine and the possibility – thus far avoided – of a disorderly outcome to the crisis in Greece. Nonetheless, we remain positive about European markets, and our portfolio in particular, and expect, for the time being at least, to keep the portfolio modestly geared.

Nicola Ralston
Chairman

26 March 2015

Principal Risks and Uncertainties

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

• Investment activity and performance risk
• Portfolio and market risk
• Regulatory risk
• Operational risk

Information on these risks and how they are managed is given in the Report and Financial Statements for the year ended 31 July 2014. In the view of the Board these principal risks and uncertainties were unchanged over the last six months and are as applicable to the remaining six months of the financial year as they were to the six months under review.

Related Party Transactions

Other than the relationship between the Company and its Directors, the provision of services by Henderson is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with this related party affecting the financial position or the performance of the Company during the period under review.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

(a) the financial statements for the half year ended 31 January 2015 has been prepared in accordance with the Accounting Standards Board's statement 'Half Yearly Financial Reports';

(b) this report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) this report includes a fair review of the information required by the Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Nicola Ralston
Chairman
26 March 2015

Fund Manager's Commentary

The six months since our year end (31 July 2014) have seen most emotions from gloom to euphoria influence European markets. Economic growth has continued to be lower than expected, and falling oil and commodity prices, combined with low demand, have led to negative inflation rates in early 2015. This may well persist for quite a few more months and the dangerous combination of low growth and low inflation has led the European Central Bank ("ECB") to launch a long awaited programme of Quantitative Easing. The anticipation of this has kept bond yields at record low levels, for example German 10 year bonds now yield less than 0.3%, and the only Eurozone country where Bond yields are well ahead is Greece. Meanwhile the US, and to a lesser extent the UK economies continue to do well, and the Euro has fallen sharply as a result in particular against the US Dollar, but to a lesser extent also against Sterling. Markets have been buffeted by gloom at the low pace of recovery. Earnings are estimated to have only grown by 2% in 2014 after earlier expectations of 14%, and yet the optimism of better growth in 2015 as economies recover (albeit slowly) and earnings filter through on the back of a currency tailwind has led to markets performing quite well, at least in local currency terms.

Other stress has been caused first by the Swiss abandoning the currency peg which had kept the Swiss Franc at a level of about 1.20 to the Euro. This led to a revaluation of the Swiss Franc of about 12%. Secondly, the election of the radical anti-austerity Syriza party in Greece. The mandate of the Greek coalition government is to end austerity and ask for debt write-down, on the basis that Greece is simply bankrupt and saddled by too much debt to be able to run the economy in any viable way. The compromise solution eventually hammered out postpones any final decisions by a further four months. We believe this saga is going to run and run, with Greece being forced to continue with a degree of prudence and austerity in the meantime. The simple fact remains that members of the Euro club have very little economic independence from a prudent fiscal course, which might not necessarily be as bad an idea as some would believe.

Performance

The Company has outperformed the index by an estimated 2.0% on a NAV total return basis in the six months to the end of January, which is heartening after the serious blow caused by the bankruptcy of OW Bunker in November. As a reminder, this is the first ever bankruptcy in the portfolio, and was a thoroughly unpleasant surprise caused by alleged fraud in the Singapore subsidiary of the bunkering company. Outperformance has been achieved by strong performance from the Fresenius family, Partners Group and Deutsche Post, and being underweight in Oil and Oil service companies.

During the first half we have sold Schoeller Bleckmann, ABB, Vinci, SAP, Richemont, Qiagen and GN Store. All of these were felt to have a risk in terms of their growth rate and the multiples at which they were trading. On the purchase side we have tried to add an element of cyclical exposure by adding names such as Sandvik in Sweden, Brembo in Italy, and Philips in the Netherlands. We have also maintained an increasing weight of the portfolio in both telecom companies and also banks, where an improvement in economies should lead to better earnings growth.

Outlook

European equity markets have started calendar 2015 with an enthusiasm that has not been seen for quite some time. The “solution” to the problems of Greece and Ukraine has given further fuel to a market at the same time as bonds are at all-time highs forcing income-hungry investors into equities.
While much of this confidence is well placed, as we have for some time maintained that European economies should start to show signs of recovery, we would caution that low growth is likely to be the “normal” state in future years. There remains a mountain of debt to be refinanced and the torrent of new issues pouring out of private equity houses shows a degree of opportunism.

We continue to use our borrowing facility actively and the Company should benefit from being well exposed to the current positive market sentiment.

Tim Stevenson
Portfolio Manager
26 March 2015

Twenty Largest Investments by value (as at 31 January 2015)

	Name of Investment	Country	Sector	Valuation £'000	% of Total Portfolio
1	Deutsche Post	Germany	Air Freight & Logistics	9,699	5.5
2	Sodexo	France	Catering Services	7,256	4.1
3	Novartis	Switzerland	Pharmaceuticals & Biotechnology	6,948	3.9
4	Fresenius	Germany	Health Care	6,753	3.8
5	Groupe Eurotunnel	France	Industrial Transportation	6,127	3.5
6	Fresenius Medical Care	Germany	Health Care	5,931	3.3
7	Roche	Switzerland	Pharmaceuticals & Biotechnology	5,089	2.9
8	Intesa Sanpaolo	Italy	Banks	4,924	2.8
9	Nestlé	Switzerland	Food Producers	4,816	2.7
10	Deutsche Telekom	Germany	Telecommunications	4,653	2.6
11	AXA	France	Insurance	4,370	2.5
12	Essilor	France	Ophthalmology	4,006	2.3
13	Nordea Bank	Sweden	Banks	3,982	2.2
14	Autoliv	Sweden	Automobiles & Parts	3,915	2.2
15	BIC	France	Commercial Supplies	3,812	2.2
16	L'Oréal	France	Personal Goods	3,669	2.1
17	ING	Netherlands	Life Insurance	3,548	2.0
18	Bayer	Germany	Pharmaceuticals & Biotechnology	3,546	2.0
19	Crédit Agricole	France	Banks	3,431	1.9
20	Amadeus	Spain	Support Services	3,387	1.9
	Total			**99,862**	**56.4**

Sector Analysis

Name of Sector	**31 Jan 2015 %**	31 Jan 2014 %	Index* 31 Jan 2015 %
Basic Materials	**3.9**	**1.7**	8.2
Consumer Goods	**18.6**	**16.8**	17.9
Consumer Services	**7.9**	**7.8**	5.5
Financials	**18.2**	**21.0**	23.5
Health Care	**17.7**	**15.8**	13.1
Industrials	**23.0**	**24.3**	14.1
Oil & Gas	**2.5**	**2.9**	5.1
Technology	**3.8**	**7.8**	3.9
Telecommunications	**4.4**	**1.9**	4.2
Total	**100.0**	100.0	100.0

Country Analysis

Name of Country	**31 Jan 2015 %**	31 Jan 2014 %	Index* 31 Jan 2015 %
Austria	**-**	**1.1**	0.4
Denmark	**3.0**	**9.9**	3.5
France	**27.2**	**19.4**	20.3
Germany	**25.4**	**26.4**	19.4
Ireland	**1.2**	**-**	0.6
Italy	**5.6**	**1.3**	5.4
Netherlands	**4.5**	**6.8**	6.3
Norway	**1.4**	**1.9**	1.7
Spain	**4.6**	**4.7**	7.8
Sweden	**10.0**	**5.6**	6.7
Switzerland	**17.1**	**22.9**	20.1
Other	**-**	-	7.8
Total	**100.0**	100.0	100.0

* FTSE World Europe (ex UK) Index.
Sources: Morningstar and Henderson.

HENDERSON EUROTRUST PLC
Report for the half year ended 31 January 2015

Income Statement

	(Unaudited) Half year ended 31 January 2015			(Unaudited) Half year ended 31 January 2014			(Audited) Year ended 31 July 2014		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains from investments held at fair value through profit or loss	**-**	**11,724**	**11,724**	-	7,431	7,431	-	6,017	6,017
Investment income	**553**	**-**	**553**	237	-	237	4,628	-	4,628
Interest received	**-**	**-**	**-**	-	-	-	2	-	2
Gross revenue and capital gains	**553**	**11,724**	**12,277**	237	7,431	7,668	4,630	6,017	10,647
Management and performance fees (note 4)	**(107)**	**(667)**	**(774)**	(109)	(819)	(928)	(219)	(955)	(1,174)
Other administrative expenses	**(167)**	**-**	**(167)**	(182)	-	(182)	(344)	-	(344)
Net return on ordinary activities before finance costs and taxation	**279**	**11,057**	**11,336**	(54)	6,612	6,558	4,067	5,062	9,129
Finance charges	**(6)**	**(22)**	**(28)**	(5)	(20)	(25)	(12)	(51)	(63)
Net return on ordinary activities before taxation	**273**	**11,035**	**11,308**	(59)	6,592	6,533	4,055	5,011	9,066
Taxation on net return on ordinary activities	**(64)**	**-**	**(64)**	(37)	-	(37)	(473)	-	(473)
Net return on ordinary activities after taxation	**209**	**11,035**	**11,244**	(96)	6,592	6,496	3,582	5,011	8,593
Return per ordinary share basic and diluted (note 2)	**1.02p**	**54.12p**	**55.14p**	(0.5)p	32.3p	31.8p	17.6p	24.5p	42.1p

The total columns of this statement represent the Income Statement of the Company.

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

No operations were acquired or discontinued during the half year ended 31 January 2015. The Company has no recognised gains or losses other than those recognised in the Income Statement and the Reconciliation of Movements in Shareholders' Funds.

The accompanying notes are an integral part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

Half year ended 31 January 2015 (Unaudited)	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
As at 31 July 2014	**1,020**	**33,814**	**263**	**123,864**	**4,810**	**163,771**
Net return on ordinary activities after taxation	**-**	**-**	**-**	**11,035**	**209**	**11,244**
Final dividend for 2014 paid	**-**	**-**	**-**	**-**	**(2,548)**	**(2,548)**
As at 31 January 2015	**1,020**	**33,814**	**263**	**134,899**	**2,471**	**172,467**

Half year ended 31 January 2014 (Unaudited)						
At 31 July 2013	1,020	33,814	263	118,853	4,695	158,645
Net return/(loss) on ordinary activities after taxation	-	-	-	6,592	(96)	6,496
Final dividend for 2013 paid	-	-	-	-	(2,447)	(2,447)
At 31 January 2014	1,020	33,814	263	125,445	2,152	162,694

Year ended 31 July 2014 (Audited)						
At 31 July 2013	1,020	33,814	263	118,853	4,695	158,645
Net return on ordinary activities after taxation	-	-	-	5,011	3,582	8,593
Final dividend for 2013 paid	-	-	-	-	(2,447)	(2,447)
Interim dividend for 2014 paid	-	-	-	-	(1,020)	(1,020)
At 31 July 2014	1,020	33,814	263	123,864	4,810	163,771

The accompanying notes are an integral part of these financial statements.

Balance Sheet

	(Unaudited) 31 January 2015 £'000	(Unaudited) 31 January 2014 £'000	(Audited) 31 July 2014 £'000
Fixed asset investments held at fair value through profit or loss	**177,030**	174,382	165,206
Current assets			
Debtors	**602**	417	776
Cash at bank and in hand	**2,624**	147	1,513
	3,226	564	2,289
Creditors: amounts falling due within one year	**(7,789)**	(12,252)	(3,724)
Net current liabilities	**(4,563)**	(11,688)	(1,435)
Net assets	**172,467**	162,694	163,771
Capital and reserves			
Called up share capital	**1,020**	1,020	1,020
Share premium account	**33,814**	33,814	33,814
Capital redemption reserve	**263**	263	263
Capital reserves	**134,899**	125,445	123,864
Revenue reserve	**2,471**	2,152	4,810
Equity shareholders' funds	**172,467**	162,694	163,771
Net asset value per ordinary share basic and diluted (note 3)	**845.8p**	797.9p	803.2p

The accompanying notes are an integral part of these financial statements.

Cash Flow Statement

	(Unaudited) Half year ended 31 January 2015 £'000	(Unaudited) Half year ended 31 January 2014 £'000	(Audited) Year ended 31 July 2014 £'000
Net cash (outflow)/inflow from operating activities	**(627)**	(1,107)	2,407
Servicing of finance	**(30)**	(25)	(64)
Overseas tax recovered/(paid)	**165**	(2)	4
Net cash inflow/(outflow) from financial investment	**85**	(1,341)	3,986
Equity dividends paid	**(2,548)**	(2,447)	(3,467)
Net cash outflow before financing	**(2,955)**	(4,922)	2,866
Net cash inflow/(outflow) from financing	**4,291**	1,177	(4,729)
Increase/(decrease) in cash	**1,336**	(3,745)	(1,863)
Reconciliation of operating revenue to net cash (outflow)/inflow from operating activities			
Net gain before finance costs and taxation	**11,336**	6,558	9,129
Capital gain before finance costs and taxation	**(11,057)**	(6,612)	(5,062)
Increase in prepayments, accrued income and other debtors	**(70)**	(91)	-
(Increase)/decrease in creditors and accruals	**(72)**	(97)	96
Expenses charged to capital	**(667)**	(819)	(955)
Tax on unfranked investment income deducted at source	**(97)**	(46)	(801)
Net cash (outflow)/inflow from operating activities	**(627)**	(1,107)	2,407
Reconciliation of net cash flow to movements in net debt			
Increase/(decrease) in cash as above	**1,336**	(3,745)	(1,863)
Net cash(inflow)/outflow from (increase)/decrease in loans	**(4,291)**	(1,177)	4,729
Exchange movements	**344**	372	425
Change in net debt resulting from cashflows	**(2,611)**	(4,550)	3,291
Net debt at start of the period	**(1,418)**	(4,709)	(4,709)
Net debt at end of the period	**(4,029)**	(9,259)	(1,418)
Represented by:			
Cash and cash equivalents	**2,624**	147	1,513
Bank loans	**(6,653)**	(9,406)	(2,931)
	(4,029)	(9,259)	(1,418)

The accompanying notes are an integral part of these financial statements.

Notes

1. **Accounting policies**

The accounts have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of investments at fair value and in accordance with applicable accounting standards, pronouncements on interim reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice for Investment Trusts ('SORP') dated January 2009.

For the period under review the Company's accounting policies have not varied from those described in the Annual Report for the year ended 31 July 2014. These financial statements have not been either audited or reviewed by the Company's auditors.

2. **Return/(loss) per ordinary share**

Return/(loss) per ordinary share is based on the net return attributable to the ordinary shares of £11,244,000 (half year ended 31 January 2014: £6,496,000; year ended 31 July 2014: £8,593,000) and on the 20,390,541 weighted average number of shares (half year ended 31 January 2014: 20,390,541; year ended 31 July 2014: 20,390,541) in issue.

Revenue return per ordinary share is based on the net revenue return attributable to the ordinary shares of £209,000 (half year ended 31 January 2014: loss of £96,000; year ended 31 July 2014: return of £3,582,000) and on the 20,390,541 weighted average number of shares (half year ended 31 January 2014: 20,390,541; year ended 31 July 2014: 20,390,541) in issue.

Capital return per ordinary share is based on the net capital return attributable to the ordinary shares of £11,035,000 (half year ended 31 January 2014: £6,592,000; year ended 31 July 2014: £5,011,000) and on the 20,390,541 weighted average number of shares (half year ended 31 January 2014: 20,390,541; year ended 31 July 2014: 20,390,541) in issue.

3. **Net asset value per ordinary share**

Net asset value per ordinary share is based on the 20,390,541 (half year ended 31 January 2014: 20,390,541; year ended 31 July 2014: 20,390,541) ordinary shares in issue. During the period ended 31 January 2015, no ordinary shares were repurchased for cancellation (half year ended 31 July 2014: none; year ended 31 January 2014: none). Since 31 January 2015 55,000 shares have been issued for proceeds of £476,000.

4. **Management and performance fees**

Management and performance fees are charged in accordance with the terms of the management agreement. Performance fees are provided for, based on the out-performance of the Company's net asset value against the FTSE World Europe (ex UK) Index. For the half year ended 31 January 2015 there was a performance fee provision of £238,000 (half year ended 31 January 2014: £382,000 and year ended 31 July 2014: £78,000).

5. **Going Concern**

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

6. **Interim dividend**

An interim dividend of 5.50p (2014: 5.0p) per ordinary share will be paid on 24 April 2015 to shareholders on the Register of Members on 7 April 2015. The Company's shares will be quoted ex-dividend on 2 April 2015. Based on the number of shares in issue on 19 March 2015, the cost of this dividend will be £1,125,000.

7. **Comparative information**

The financial information contained in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 January 2015 and 31 January 2014 has not been audited or reviewed by the Company's auditors. The figures and financial information for the year ended 31 July 2014 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

8. **General Information**

a) Company Objective and Investment Style

Invests predominantly in large and medium-sized companies which are perceived to be undervalued in view of their growth prospects or on account of a significant change in management or structure. The Company's aim is to achieve a superior total return from a portfolio of high quality European investments.

b) Company Status

Henderson EuroTrust plc is registered in England, No. 2718241, has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London Stock Exchange. The SEDOL/ISIN number is GB0004199294. The London Stock Exchange (EPIC) Code is HNE. The Company's Global Intermediary Identification Number (GIIN) is P560WP.99999.SL.826 and the LEI number is 213800DAFFNXRBWOEF12.

c) Directors and Secretary

The Directors of the Company are Nicola Ralston (Chairman), John Cornish (Senior Independent Director), Joop Feilzer and David Marsh. The Secretary is Henderson Secretarial Services Limited, represented by Melissa Conway, ACIS.

d) Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at www.hendersoneurotrust.com.

9. **Half Year Report**

The Half Year Report will be available in typed format on the Company's website (www.hendersoneurotrust.com) or from the Company's registered office, 201 Bishopsgate, London EC2M 3AE. An abbreviated version, the 'Update', will be circulated to shareholders in early April.

For further information please contact:

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