

TR EUROPEAN GROWTH TRUST PLC

REPORT
for the half year ended 31 December 2016
(unaudited)

TR EUROPEAN GROWTH TRUST PLC

Unaudited Results for the Half Year ended 31 December 2016

This announcement contains regulated information

Investment objective

To achieve capital growth by investing predominantly in smaller and medium sized companies in Europe (excluding the UK).

Performance highlights for the six months

- The net asset value (“NAV”) total return¹ (including dividends reinvested) was 22.0% compared to a total return from the benchmark index² of 16.9%.
- The share price³ total return (including dividends reinvested) was 26.9%.
- The discount⁴ decreased from 18.0% to 14.9% compared with a decrease in the sector⁶ discount from 15.4% to 13.7%⁵.

Total return performance (including dividends reinvested and excluding transaction costs)

	6 months	1 year	3 years	5 years	10 years
	%	%	%	%	%
NAV ¹	22.0	30.0	57.1	177.4	119.5
Share price ³	26.9	19.7	49.9	208.0	115.9
Benchmark index ²	16.9	23.3	41.8	128.0	104.0
Average sector NAV ⁶	13.6	17.1	43.5	139.5	116.7
Average sector share price	15.5	6.0	33.8	149.3	106.8

1 Net asset value total return per ordinary share with income reinvested for six months, 1, 3 and 5 years and capital NAV plus income reinvested for 10 years.

2 Euromoney European Smaller Companies Index (ex UK) total return and expressed in Sterling

3 Share price total return using mid-market closing price

4 Calculated using published daily NAVs including current year revenue

5 Sector discount is sourced from the AIC

6 The sector is the AIC European Smaller Companies sector

Sources: Henderson, Morningstar for the AIC, Datastream

Financial highlights

	At 31 December 2016	At 30 June 2016
Shareholders' funds		
Net assets attributable to ordinary shareholders (£'000)	452,289	377,683
Net asset value (“NAV”) per ordinary share	909.8p	755.7p
Mid-market price per ordinary share	774.5p	620.0p
	Half year ended	Year ended
	31 December 2016	30 June 2016
Total return to equity shareholders		
Revenue return after taxation (£'000)	501	6,739
Capital return after taxation (£'000)	81,869	38,043
	-----	-----
Total return	82,370	44,782
	=====	=====
Total return per ordinary share		
Revenue	1.00p	13.48p
Capital	164.18p	76.12p
	-----	-----
Total return	165.18p	89.60p
	=====	=====

INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

Performance

Over the six months to 31 December 2016 the net asset value per share total return was 22.0% compared to a total return of 16.9% from our benchmark, the Euromoney European Smaller Companies Index (ex UK) expressed in Sterling. Our share price total return was 26.9%. The Company's shares were trading at a discount of 14.9% as at 31 December 2016 (30 June 2016: 18.0%).

Gearing

During the period gearing averaged 11.2%, which has been beneficial to performance due to rising markets. Gearing finished the period at 10.7% (30 June 2016: 9.5%).

Share buy-backs

As part of its remit the Board monitors the discount on an ongoing basis and believes that the key to its sustained reduction over the long term is good performance and investor appetite for European equities. It may, though, sometimes be necessary to manage the discount in the shorter term. We did so over the course of the last six months by repurchasing for cancellation, 262,500 shares at a discount which we determined to be particularly good value. Subject to regular evaluation of the discount and that of our peers, we may continue to buy back shares in the Company if this situation persists in the future.

Prospects

In the coming months we continue to expect politics around the world to dominate the headlines as it did in 2016. As the second half of 2016 shows political noise does not necessarily inhibit the performance of equity markets. The global economic data continues to improve and in this environment European smaller companies can flourish. Our area of investment currently offers stand-out value versus other regions (particularly the US) and asset classes. Our Fund Managers continue to find compelling investment opportunities and I look forward to reporting our progress in the Annual Report.

Audley Twiston-Davies
Chairman

FUND MANAGERS' REPORT

The Company had a very good first half to the 2016/17 financial year with marked out-performance versus the benchmark index and the peer group. Some of this out-performance was due to a recovery in valuations – particularly those exposed to the UK post the knee-jerk fall that followed 'Brexit'. The Company opportunistically increased its gearing through greater exposure to those stocks hit hard by the UK referendum result, including **Dalata**, the Irish hotel chain, **Kingspan**, the Irish insulation company, **DFDS**, the Danish ferry operator, and **Sopra Steria**, the Anglo-French IT services provider. We believe that the market significantly over-reacted to the UK's decision to leave the European Union. Any economic impact was never likely to be immediate.

The Company's absolute returns have been helped by the weakness of Sterling versus the Euro.

Towards the end of 2016 we saw the emergence of some inflation for the first time in a number of years. This led to a change in leadership within equity markets, favouring stocks with more 'value' characteristics, which broadly helped the Company's underlying portfolio. Preceding the emergence of some inflation, equity markets had been dominated by momentum trading, with little regard for underlying valuation. A large number of participants believed that we would not see inflation, and that interest rates would stay near zero, for years to come, and that ever lower discount rates should be used to value equities. It was not a view we shared; we have always believed that the underlying valuation of a company is relevant. Our emphasis on valuation led us to being overweight banks in 2016 with holdings such as **Van Lanschot** in the Netherlands and **Aareal**, the German provider of property loans. This proved particularly fruitful towards the end of the calendar year. We expect this emphasis on value to continue into 2017.

After the unexpected result of the UK referendum, we had the surprise election of Donald Trump as the next President of the United States of America. The initial reaction of stock markets has been positive due to the expected tax cuts that will hopefully boost the US economy. Until now the stock market has not appeared overly concerned by his 'America first' protectionist rhetoric. That may change. In Continental Europe, Spain finally saw the re-election of a government, led by the centrist Prime Minister Rajoy, ending a ten month political impasse in the country. During that period, the economy improved and the equity market progressed. In Italy, equity markets suffered on the back of their undercapitalised banks and their referendum on political reform. The government lost a constitutional referendum at the start of December and Prime Minister Renzi subsequently resigned.

Political noise is likely to continue in 2017, with general elections in France, the Netherlands and Germany. It is this noise that seems to put off Anglo-Saxon investors from investing their money into the European smaller company space. In Continental Europe we do not expect a populist revolt similar to that seen in the UK and US. Either way, what 2016 has taught us is that the state of the economy is likely to remain of paramount importance for equity markets. For the time being, the global economy is improving, led by the US and China.

Whilst the Company's performance broadly benefited from a post "Brexit" bounce over the summer, the drivers of performance were very diverse and very much led by individual stock picking. **Fyffes**, a distributor of bananas and pineapples, was a major contributor, with Sumitomo bidding for the company at a 49% premium. **Gaztransport et Technigaz**, which provides technology in containment systems for the transport and storage of liquid natural gas, confounded analysts by picking up a number of new orders. **Evotec**, the German drug development firm, signed a number of alliances with major pharmaceutical companies, including an agreement with Celgene to tackle neurodegenerative diseases.

Other positive contributors over the period have included our small Greek holdings in **Jumbo**, the discount retailer, and **Mytilineos**, an aluminium producer. The market finally seems willing to judge the companies on their own merits, rather than focusing purely on country-level risks. The Company was also helped by the strong performance of **Lisi**, which provides fasteners for the aerospace and automotive industries, and **Criteo**, which provides targeted online advertising. We added **Lisi** to the portfolio at the start of the financial year.

The biggest negative contributor was **SLM Solutions**, a maker of additive manufacturing machines, which saw its share price hit after GE ended its acquisition bid on what it deemed to be excessive price demands from large shareholder Elliot. We had reduced the size of our holding, but have maintained a position, as prospects remain very exciting. Shares in **Heijmans**, the Dutch construction company, performed poorly after badly executed projects led to concerns surrounding the balance sheet. Whilst not ideal, we think the issue is manageable and that the shares offer an interesting risk/reward profile. **Livanova**, the medical technology company, and **Technicolor**, a technology licensing and manufacturer of set top boxes, also fell on disappointing operational results. We continue to hold both due to their attractive valuations.

The turnover of the portfolio increased during the review period, reflecting particularly volatile market conditions. In addition to **Lisi**, we added a position in **Ion Beam Applications**, which is leading a revolution in cancer treatment through proton therapy. We introduced a couple of new holdings through initial public offerings; **Ahlsell**, a Scandinavian building materials distributor, and **VA-Q-TEC**, which provides hi-tech insulation products for transportation. In very old technology we added **Corticiera Amorim**, which manufactures cork products, predominantly for wine bottles. The firm's growth prospects look very good and the valuation was attractive. Elsewhere, we initiated a position in **Also Holding**, a Swiss IT provider on valuation grounds.

We also revisited a couple of previous holdings where we now believe the market is undervaluing their prospects; **Tomra**, the manufacturer of sorting and collection equipment for recyclables, and **Ströer**, the German outdoor advertising services provider.

We sold a number of holdings that have been very rewarding which we now believe to be fully valued. These included defence contractors **Rheinmetall** and **Saab**. We also sold out of natural ingredients manufacturer **Naturex** and perfume manufacturer **Interparfums**. We locked in profits in **VAT Group**, a supplier of valves to the semiconductor market, and **Prosegur**, which supplies security services. These are all 'good companies', yet the valuations seem to be making heroic assumptions.

Finally, we sold out of a number of companies that have not progressed as well as we hoped. This included **Schaltbau**, a manufacturer of rail equipment, and Swiss radiator maker **Zehnder**.

In a world where the global economy is growing, the European smaller companies arena should remain a relatively attractive place to be invested. European equities offer some very good value compared to their US counterparts. In the UK and US, firms have already seen massive margin progression since the financial crisis. In Europe, by comparison, huge margin potential remains. Our job is to find the businesses that can deliver on that potential. The Company will continue to invest in areas of structural growth. However, we must remain cognisant of valuations in a world where inflation is finally seeing some traction. We would urge investors to look beyond the global political noise and focus more on the economic data. If the economy continues to grow, we are confident the Company can deliver healthy returns for our investors.

Ollie Beckett and Rory Stokes
Henderson Investment Funds Limited

Sector Exposure (% of portfolio excluding cash)

	31 December 2016	31 December 2015
Industrials goods	24.6	37.4
Financial	15.4	15.0
Technology	14.8	13.7
Business providers	14.1	3.9
Basic materials	13.3	5.5
Consumer goods	10.2	16.9
Retail providers	6.3	6.5
Natural resources	1.3	1.1
	-----	-----
	100.0	100.0
	=====	=====

Geographical Exposure (% of portfolio excluding cash)

	31 December 2016	31 December 2015
Germany	21.3	20.8
France	14.7	15.7
Netherlands	10.7	7.9
Italy	10.3	8.8
Switzerland	9.2	11.0
Sweden	6.6	7.8
Belgium	4.9	4.3
Finland	4.9	4.7
Norway	4.5	3.7
Denmark	3.8	3.9
Spain	3.2	2.2
Austria	2.0	1.6
Ireland	1.8	5.4
Greece	1.0	1.2
Portugal	0.7	0.8
Other	0.4	0.2
	-----	-----
	100.0	100.0
	=====	=====

3.2% of the portfolio is invested in unquoted securities

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 risks;
- Portfolio and market price risks;
- Tax and regulatory risks; and
- Operational risks.

Information on these risks and how they are managed is given in the Annual Report to 30 June 2016. 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Each of the Directors (as set out in note 12) confirms that, to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting', gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- this report includes a fair review of the information required by Disclosure Guidance 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
- this report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Audley Twiston-Davies
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 31 December 2016 (unaudited)			Half year ended 31 December 2015 (unaudited)			Year ended 30 June 2016 (audited)		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment income	1,240	-	1,240	1,089	-	1,089	8,215	-	8,215
Other income	-	-	-	-	-	-	43	-	43
Gains on investments held at fair value through profit or loss	-	84,519	84,519	-	25,886	25,886	-	41,583	41,583
Total income	1,240	84,519	85,759	1,089	25,886	26,975	8,258	41,583	49,841
Expenses									
Management and performance fees (note 7)	(270)	(2,441)	(2,711)	(203)	(2,159)	(2,362)	(427)	(3,099)	(3,526)
Other operating expenses	(298)	-	(298)	(297)	-	(297)	(591)	-	(591)
Profit before finance costs and taxation	672	82,078	82,750	589	23,727	24,316	7,240	38,484	45,724
Finance costs	(52)	(209)	(261)	(47)	(193)	(240)	(110)	(441)	(551)
Profit before taxation	620	81,869	82,489	542	23,534	24,076	7,130	38,043	45,173
Taxation	(119)	-	(119)	(79)	-	(79)	(391)	-	(391)
Profit for the period and total comprehensive income	501	81,869	82,370	463	23,534	23,997	6,739	38,043	44,782
Return per ordinary share – basic and diluted (note 2)	1.00p	164.18p	165.18p	0.93p	47.09p	48.02p	13.48p	76.12p	89.60p

The total column of this statement represents the Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS, as adopted by the European Union. The revenue and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

All income is attributable to the equity holders of TR European Growth Trust PLC, the Parent Company. There are no minority interests.

The net profit of the Parent Company for the half year was £82,370,000 (31 December 2015: profit of £23,997,000; 30 June 2016: profit of £44,782,000).

The Group does not have any other comprehensive income and hence the net profit for the period as disclosed above is the same as the Group's total comprehensive income.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half year ended 31 December 2016 (unaudited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 July 2016	6,247	115,451	13,931	218,118	23,936	377,683
Total comprehensive income:						
Profit for the period	-	-	-	81,869	501	82,370
Transactions with owners, recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(5,717)	(5,717)
Buy-backs of ordinary shares	(33)	-	33	(2,047)	-	(2,047)
	-----	-----	-----	-----	-----	-----
Total equity at 31 December 2016	6,214	115,451	13,964	297,940	18,720	452,289
	=====	=====	=====	=====	=====	=====
Half year ended 31 December 2015 (unaudited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 July 2015	6,247	115,451	13,931	180,075	21,941	337,645
Total comprehensive income:						
Profit for the period	-	-	-	23,534	463	23,997
Transactions with owners, recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(4,748)	(4,748)
	-----	-----	-----	-----	-----	-----
Total equity at 31 December 2015	6,247	115,451	13,931	203,609	17,656	356,894
	=====	=====	=====	=====	=====	=====
Year ended 30 June 2016 (audited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 July 2015	6,247	115,451	13,931	180,075	21,941	337,645
Total comprehensive income:						
Profit for the year	-	-	-	38,043	6,739	44,782
Transactions with owners, recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(4,748)	(4,748)
Refund of unclaimed dividends over 12 years old	-	-	-	-	4	4
	-----	-----	-----	-----	-----	-----
Total equity at 30 June 2016	6,247	115,451	13,931	218,118	23,936	377,683
	=====	=====	=====	=====	=====	=====

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

CONSOLIDATED BALANCE SHEET

	At 31 December 2016 (unaudited) £'000	At 31 December 2015 (unaudited) £'000	At 30 June 2016 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	500,482	396,630	413,379
	-----	-----	-----
Current assets			
Receivables	547	881	1,442
Cash and cash equivalents	38	119	73
	-----	-----	-----
	585	1,000	1,515
	-----	-----	-----
Total assets	501,067	397,630	414,894
	-----	-----	-----
Current liabilities			
Payables	(2,313)	(2,158)	(3,686)
Bank overdrafts	(46,465)	(38,578)	(33,525)
	-----	-----	-----
	(48,778)	(40,736)	(37,211)
	-----	-----	-----
Net assets	452,289	356,894	377,683
	=====	=====	=====
Equity attributable to equity shareholders of the parent company			
Called up share capital (note 3)	6,214	6,247	6,247
Share premium account	115,451	115,451	115,451
Capital redemption reserve	13,964	13,931	13,931
Retained earnings:			
Other capital reserves	297,940	203,609	218,118
Revenue reserve	18,720	17,656	23,936
	-----	-----	-----
Total equity	452,289	356,894	377,683
	=====	=====	=====
Net asset value per ordinary share – basic and diluted (note 4)	909.79p	714.13p	755.73p
	=====	=====	=====

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

CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 31 December 2016 (unaudited) £'000	Half year ended 31 December 2015 (unaudited) £'000	Year ended 30 June 2016 (audited) £'000
Operating activities			
Profit before taxation	82,489	24,076	45,173
Add back: interest payable	261	240	551
(Less): gains on investments held at fair value through profit and loss	(84,519)	(25,886)	(41,583)
Sales of investments held at fair value through profit or loss	122,366	128,069	246,136
Purchases of investments held at fair value through profit or loss	(124,698)	(117,388)	(232,013)
Withholding tax on dividends deducted at source	(186)	(79)	(990)
Decrease/(increase) in prepayments and accrued income	102	17	(89)
Decrease in amounts due from brokers	641	1,394	1,181
Increase/(decrease) in accruals and deferred income	119	(460)	(291)
Decrease in amounts due to brokers	(1,524)	(1,506)	(153)
	-----	-----	-----
Net cash (outflow)/inflow from operating activities before interest and taxation	(4,949)	8,477	17,922
	-----	-----	-----
Interest paid	(227)	(240)	(551)
Taxation recovered	216	119	482
	-----	-----	-----
Net cash (outflow)/inflow from operating activities	(4,960)	8,356	17,853
	-----	-----	-----
Financing activities			
Buy-backs of ordinary shares	(2,047)	-	-
Equity dividends paid (net of refund of unclaimed dividends)	(5,717)	(4,748)	(4,744)
	-----	-----	-----
Net cash outflow from financing	(7,764)	(4,748)	(4,744)
	-----	-----	-----
(Decrease)/increase in cash and cash equivalents	(12,724)	3,608	13,109
Cash and cash equivalents at the start of the period	(33,452)	(40,325)	(40,325)
Exchange movements	(251)	(1,742)	(6,236)
	-----	-----	-----
Cash and cash equivalents at the period end	(46,427)	(38,459)	(33,452)
	=====	=====	=====

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

Notes

1. Accounting policies

a) Basis of preparation

The condensed consolidated financial statements comprise the unaudited results of the Company and its subsidiary, TREG Finance Limited, for the half year ended 31 December 2016. They have been prepared on a going concern basis and in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union and with the Statement of Recommended Practice for Investment Trusts ("SORP") issued by the Association of Investment Companies dated November 2014, where the SORP is consistent with the requirements of IFRS.

For the period under review the Company's accounting policies have not varied from those described in the Annual Report for the year ended 30 June 2016. These financial statements have been neither audited nor reviewed by the Company's auditors.

The Group accounts comprise the accounts of the Company and its subsidiary drawn up to the balance sheet date. The Statement of Comprehensive Income is only presented in consolidated form, as provided by Section 408 of the Companies Act 2006.

b) Basis of consolidation

The Group financial statements consolidate the accounts of the Company and of its sole subsidiary undertaking, TREG Finance Limited.

2. Return per ordinary share

The return per ordinary share is based on the profit for the half year of £82,370,000 (half year ended 31 December 2015: profit £23,997,000; year ended 30 June 2016: profit £44,782,000) and on 49,866,085 ordinary shares (half year ended 31 December 2015: 49,975,897; year ended 30 June 2016: 49,975,897), being the weighted average number of ordinary shares in issue during the period.

The return per ordinary share detailed above can be further analysed between revenue and capital, as below.

	Half year ended 31 December 2016 (unaudited) £'000	Half year ended 31 December 2015 (unaudited) £'000	Year ended 30 June 2016 (audited) £'000
Net revenue profit	501	463	6,739
Net capital profit	81,869	23,534	38,043
	-----	-----	-----
Net profit	82,370	23,997	44,782
	=====	=====	=====
Weighted average number of ordinary shares in issue during the period	49,866,085	49,975,897	49,975,897
	Half year ended 31 December 2016 (unaudited) pence	Half year ended 31 December 2015 (unaudited) pence	Year ended 30 June 2016 (audited) pence
Revenue return per ordinary share	1.00	0.93	13.48
Capital return per ordinary share	164.18	47.09	76.12
	-----	-----	-----
Total return per ordinary share	165.18	48.02	89.60
	=====	=====	=====

3. Ordinary share capital

At 31 December 2016 there were 49,713,397 ordinary shares in issue (31 December 2015: 49,975,897; 30 June 2016: 49,975,897). During the half year ended 31 December 2016 the Company bought back 262,500 ordinary shares for cancellation (31 December 2015: nil; 30 June 2016: nil) at a cost of £2,047,000 (31 December 2015: nil; 30 June 2016: nil).

4. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £452,289,000 (31 December 2015: £356,894,000; 30 June 2016: £377,683,000) and on 49,713,397 ordinary shares (31 December 2015: 49,975,897; 30 June 2016: 49,975,897), being the number of ordinary shares in issue at the period end.

5. Dividends

The Company has not declared an interim dividend (2015: nil). A final dividend of 9.00p and a special dividend of 2.50p were paid on 5 December 2016 from the Company's revenue account.

6. Transaction costs

Purchase transaction costs for the half year ended 31 December 2016 were £168,000 (half year ended 31 December 2015: £171,000; year ended 30 June 2016: £315,000). These comprise mainly stamp duty and commission. Sales transaction costs for the half year ended 31 December 2016 were £115,000 (half year ended 31 December 2015: £126,000; year ended 30 June 2016: £238,000).

7. Management and performance fees

The base management fee payable to the Manager is 0.6% per annum and is calculated as 0.15% of net assets at each quarter end. Management fees are allocated 20% to revenue and 80% to capital.

The Manager may also be eligible to receive a performance related fee. In order to determine whether a performance is payable, performance is measured against, and expressed relative to, the benchmark, the Euromoney European Smaller Companies Index (ex UK) expressed in Sterling. Performance of both the Company and the benchmark is measured on a NAV total return (with gross income reinvested) basis and is measured over three years.

In any given year in which a performance fee is payable, the performance fee rate is 15% of the positive difference between the average annual NAV total return and the average annual total return of the benchmark. The upper limit on the total fee, including the base fee and any performance fee, for any given accounting year is 2.0% of the NAV of the Company as at the last day of the relevant calculation period. A performance fee hurdle over the benchmark of 1.0% has to be reached before any performance fee can be earned. For clarity, performance is measured solely on the basis of NAV total return relative to the total return of the benchmark index; no account is taken of whether the NAV grows or shrinks in absolute terms. Any performance fee payable is allocated to capital.

A performance fee of £1,362,000 has been accrued as at 31 December 2016 (31 December 2015: £1,346,000; 30 June 2016: £1,389,000).

8. Financial Instruments

At the period end the carrying value of financial assets and financial liabilities approximates their fair value.

Financial instruments carried at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset or liability. The different levels are defined as follows.

Level 1: Valued using quoted prices in active markets for identical assets

Level 2: Valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1

Level 3: Valued by reference to valuation techniques that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies set out in the Company's annual report for the year ended 30 June 2016.

Financial assets and financial liabilities at fair value through profit or loss at 31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments including derivatives: Equity securities designated at fair value through profit or loss	484,513	-	15,969	500,482
Total financial assets and liabilities carried at fair value	484,513	-	15,969	500,482
Level 3 investments at fair value through profit or loss				£'000
Opening balance				17,009
Acquisitions				-
Disposal proceeds				(1,781)
Transferred into Level 3				-
				15,228
Total gains included in the Statement of Comprehensive Income				
On assets sold				1,003
On assets held at period end				(262)
				741
Closing balance				15,969

There have been no transfers between levels of the fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

9. Going concern

Having reassessed the principal risks, the Directors consider that it is appropriate to continue to adopt the going concern basis and confirm that there are no material uncertainties of which they are aware. The assets of the Group consist mainly of securities, most of which are readily realisable and, accordingly, the Group has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

10. Related party transactions

The Company's transactions with related parties in the period were with the Directors, the subsidiary and Henderson. There have been no material transactions between the Company and its Directors during the period and the only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the period end. In relation to the provision of services by Henderson, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services there have been no material

transactions with Henderson affecting the financial position of the Company during the period under review.

11. 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 December 2016 and 31 December 2015 have not been audited or reviewed by the Company's auditors. The figures and financial information for the year ended 30 June 2016 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 Independent Auditors' Report which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

12. General

Company Status

TR European Growth Trust PLC is registered in England and Wales, No. 2520734, has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London Stock Exchange. The SEDOL/ISIN number is 0906692/GB0009066928. The London Stock Exchange (EPIC) code is TRG. The Company's Global Intermediary Identification Number (GIIN) is JX9KYH.99999.SL.826 and the Legal Entity Identifier (LEI) number is 213800N1B1HCQG2W4V90.

Directors and Secretary

The Directors of the Company are Audley Twiston-Davies (Chairman), Christopher Casey (Chairman of the Audit Committee), Andrew Martin Smith, Alexander Mettenheimer and Simona Heidempergher. The Corporate Secretary is Henderson Secretarial Services Limited, represented by Colleen Sutcliffe FCIS.

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.treuropeangrowthtrust.com

Half Year Report

The Half Year Report will be available in typed format on the Company's website or from the Company's registered office, 201 Bishopsgate, London EC2M 3AE. An update, extracted from the Company's report for the half year ended 31 December 2016, will be posted to shareholders in late February and will be available on the website thereafter.

For further information please contact:

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Henderson Global Investors
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Top 40 investments as at 31 December 2016

Ranking	Company	Sector	Geographical area	Valuation £'000	Percentage of portfolio
1.	Brainlab*	Industrial goods	Germany	13,524	2.7
2.	Van Lanschot	Financial	Netherlands	10,324	2.1
3.	FinecoBank	Financial	Italy	8,618	1.7
4.	OC Oerlikon	Industrial goods	Switzerland	7,252	1.4
5.	Aareal Bank	Financial	Germany	6,852	1.4
6.	EVS Broadcast Equipment	Technology	Belgium	6,704	1.3
7.	DFDS	Business providers	Denmark	6,389	1.3
8.	Verkkokauppa	Technology	Finland	6,126	1.2
9.	Anima	Financial	Italy	6,044	1.2
10.	Comet	Technology	Switzerland	6,000	1.2
10 largest				77,833	15.5
11.	Gaztransport et Technigaz	Industrial goods	France	5,909	1.2
12.	ASM International	Technology	Netherlands	5,857	1.2
13.	Nobia	Consumer goods	Sweden	5,661	1.1
14.	Origin Enterprises	Consumer goods	Switzerland	5,654	1.1
15.	Lisi	Industrial goods	France	5,619	1.1
16.	Sopra Steria	Technology	France	5,430	1.1
17.	Nexans	Industrial goods	France	5,388	1.1
18.	Europcar	Business providers	France	5,360	1.1
19.	CFE	Basic materials	Belgium	5,349	1.1
20.	Lenzing	Basic materials	Austria	5,202	1.0
20 largest				133,262	26.6
21.	Borregaard	Basic materials	Norway	5,195	1.0
22.	Aurelius	Financial	Germany	5,186	1.0
23.	Puma	Consumer goods	Germany	5,152	1.0
24.	NKT	Technology	Denmark	5,131	1.0
25.	Cerved Information Solutions	Business providers	Italy	4,921	1.0
26.	Credito Emiliano	Financial	Italy	4,755	1.0
27.	Dometic	Industrial goods	Sweden	4,666	0.9
28.	SGL	Basic materials	Germany	4,584	0.9
29.	Criteo	Technology	France	4,583	0.9
30.	TKH	Industrial goods	Netherlands	4,475	0.9
30 largest				181,910	36.2
31.	Ahlsell	Industrial goods	Sweden	4,362	0.9
32.	Technicolor	Business providers	France	4,348	0.9
33.	Sif	Industrial goods	Netherlands	4,243	0.8
34.	Dalata Hotel	Retail providers	Ireland	4,212	0.8
35.	Sixt Leasing	Business providers	Germany	4,177	0.8
36.	Nordic Waterproofing	Industrial goods	Sweden	4,049	0.8
37.	Fugro	Business providers	Netherlands	4,020	0.8
38.	Dialog Semiconductor	Technology	Germany	4,000	0.8
39.	ADVA Optical Networking	Technology	Germany	3,974	0.8
40.	S&T	Technology	Germany	3,958	0.8
40 largest				223,253	44.4

*Unquoted investment

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.