

TR EUROPEAN GROWTH TRUST PLC

Report for the half-year ended 31 December 2019 *(unaudited)*

TR EUROPEAN GROWTH TRUST PLC

Unaudited results for the half-year ended 31 December 2019

This announcement contains regulated information

Investment Objective

The Company seeks capital growth by investing in smaller and medium sized companies which are quoted, domiciled, listed or have operations in Europe.

Performance highlights for the six months to 31 December 2019

- Net asset value per share total return was 5.9% compared to a total return from the benchmark index of 4.0%
- Share price total return was 10.3% compared to the sector average of 5.0%
- The shares were trading at a discount¹ of 10.9% at the period end, down from 14.2% at the full year
- Interim dividend of 7.80p per ordinary share declared (2018: 7.50p)

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

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV ²	5.9	25.3	25.8	99.3	191.6
Benchmark index ³	4.0	20.6	29.9	87.7	166.9
Average sector ⁴ NAV	3.1	23.5	35.4	99.2	215.8
Share price ⁵	10.3	28.2	32.3	105.5	188.4
Average sector ⁴ share price	5.0	27.5	46.8	106.2	235.0

Financial highlights

	at 31 December 2019	at 30 June 2019
Shareholders' funds		
Net assets (£'000)	544,075	521,023
Net asset value per ordinary share	1,085.80p	1,039.79p
Mid-market price per ordinary share	970.50p	892.00p
	Half-year ended	Year ended
	31 December 2019	30 June 2019
	£'000	£'000
Total return to equity shareholders		
Revenue return after taxation	1,202	12,068
Capital return after taxation	29,116	(54,863)
Total return	30,318	(42,795)
Total return per ordinary share		
Revenue	2.40p	24.08p
Capital	58.11p	(109.49p)
Total return per ordinary share	60.51p	(85.41p)

1. The discount is calculated using published daily net asset values including current year revenue
2. Net Asset Value ('NAV') per ordinary share total return (including dividends reinvested and excluding the cost of reinvestment)
3. The benchmark index is the Euromoney Smaller European Companies index (ex UK) expressed in Sterling
4. The sector is the AIC European Smaller Companies sector
5. Share price total return using mid-market closing price

Sources: Janus Henderson, Morningstar, Refinitiv Datastream

INTERIM MANAGEMENT REPORT

Chairman's statement

Performance

Your Company has made a good start to the financial year, with the NAV total return performance for the six months to 31 December 2019 being 5.9%. This was 1.9% ahead of the benchmark and 2.8% ahead of the AIC sector average of 4.0% and 3.1% respectively. The share price total return was 10.3%, with the share price itself improving 8.8% to 970.50p from the year-end position of 892.00p.

There have been no shortages of challenges in the global economy and by extension the European economy in recent times: slowing global growth, Sino-American trade wars, and Brexit to name but three. Sector specific issues such as the accelerating shift away from internal combustion engine cars have impacted the important automotive sector in Europe dislocating many stock prices. The stock market has bifurcated into very expensive 'quality growth' names and very cheap 'value names' and expensive stocks have rarely looked so expensive. The sustainability of this trend is one we question. We take comfort from the fact that the portfolio has a combination of self-help cheap stocks and undervalued structural growth stories to navigate this dynamic.

Dividend

The Board was pleased to declare an interim dividend of 7.80p per ordinary share, representing a 4.0% increase on the interim dividend paid in the prior year. The interim dividend will be paid on 17 April 2020 to shareholders on the register on 27 March 2020. The shares will trade ex-dividend on 26 March 2020.

Board changes

During the period, we said goodbye to Audley Twiston-Davies. Audley was the Chairman from 2002 and retired from the Board at the Annual General Meeting held on 25 November 2019. I would like to thank him for his very substantial contribution to the Company and its shareholders, and well appreciate that he has left some large shoes to fill.

We welcomed two new directors to the Board during the period, Ann Grevelius and Daniel (Dan) Burgess, on 23 September 2019 and 25 November 2019 respectively. Ann has substantial investment management experience and Dan brings with him extensive audit and accounting experience having been a partner at KPMG for twenty-three years. Dan became the Audit Committee Chairman on appointment.

Outlook

The economic backdrop remains sluggish and uncertain, albeit there are indications that things might improve. The Purchasing Managers' Index (PMI) look to be troughing and smaller companies typically outperform after such troughs. The Sino-American trade war seems to be less antagonistic which should offer relief to Europe where the economy is driven by global economic growth. Brexit stagnation appears to be lifting which should offer a further boost. In this context it is pleasing to see the upturn in performance in recent months and we remain optimistic that our managers can continue to find undervalued companies in which to invest the company's capital.

Christopher Casey
Chairman

Fund Manager's report

The first half of 2019 saw the Company outperform the benchmark in a market that was less turbulent and more sanguine on the economic outlook. A combination of some of our undervalued stocks rerating and growth in other holdings drove performance in an environment that remains heavily tilted towards earnings momentum at almost any price. This calmer market exposed some of our 'self-help' stories to the oxygen of recognition.

In the preceding year we had been too optimistic on the markets' interpretation of the US-China trade war, Brexit and European politics. We can hope that the political backdrop will be calmer in the year ahead. In reality, investors will need to get used to political volatility as Mr Trump is still President, UK-EU negotiations are still ongoing and Germany will need to transition from Chancellor Merkel's leadership. European smaller company investing is a noisy sector, but it is a space filled with innovative companies that are exposed to all the exciting change that is taking place in the world.

We endeavour to find stocks that are exposed to global fluctuations and complement them with investments in companies that are too cheap due to a misperception of their prospects. The positive contributors to performance reflect this mix. French cable manufacturer **Nexans** experienced a substantial rerating as the benefits of its restructuring programme coincided with a rebound in demand for their high voltage cables and a strong backdrop in the renewables market of offshore wind which they serve. Elsewhere, battery manufacturer **Varta** contributed strongly to performance as their microbatteries were included in Apple AirPods and they look to show considerable growth among other manufacturers. We have subsequently sold the position as we felt the valuation discounted too much growth and assumed little or no new competitors.

Detractors from performance were value companies that did not execute their plans well. French listed global manufacturer of floor coverings and artificial sports pitches, **Tarkett**, had a substantial profit warning in July and yet another in December. A weak trading backdrop in the US and Europe combined with mis-execution on a new Enterprise Resource Management system resulted in weak profitability. Online gambling service provider, **Kindred**, also detracted from performance as tighter regulations in Sweden, the UK and the Netherlands combined with poor corporate communication led to a profit warning. While many market participants view the environmental, social and governance ('ESG') criteria as a reason to sell the entire sector, **Kindred** is a market leader in responsible gaming and we remain invested as we do not believe that the derating of the equity offsets the opportunity of growth in the US. Both **Tarkett** and **Kindred** are substantially under-valued and have management teams that we continue to back to deliver on the self-help the companies require.

We opened new positions in Swiss software value added reseller **SoftwareONE**, which has a big opportunity as a purely cloud focused software vendor. We also opened a position in Spanish online travel company **eDreams ODIGEO**, which is beginning to reap the benefits of consolidating the market and transitioning to a new revenue model.

Meanwhile, we exited positions in Austrian manmade fibre company **Lenzing** as we had reservations about their large capital expenditure programme in an environment of falling prices for their underlying products. We also exited Swedish home builder, **JM**, taking profits as we felt that enthusiasm for the sector had overshot.

Going into 2020 we had anticipated neither a global economic recession or a dynamic recovery, but instead a period of anaemic global growth. At the time of writing, the Coronavirus has created huge uncertainty for the global economy. Like everyone else, we are unsure how long the impact will last. It seems reasonably certain that the first half of the calendar year will be weak; understandably leading to ever lower bond yields and a flight to safety. If the health scare can be contained in the coming weeks, we might see a v-shaped recovery and a rapid reversal in market leadership. This would be helpful for the performance of European smaller companies as Europe remains heavily geared to global growth.

Ollie Beckett and Rory Stokes

Sector Exposure (*% of portfolio excluding cash*)

	at 31 December 2019	at 30 June 2019
	%	%
Industrial Goods	25.2	25.3
Consumer Goods	17.7	18.5
Financial	13.8	12.5
Basic Materials	12.3	14.9
Technology	12.3	11.1
Business Providers	11.0	11.7
Retail Providers	6.7	5.0
Natural Resources	1.0	1.0
	100.0	100.0

Geographical Exposure (*% of portfolio excluding cash*)

	at 31 December 2019	at 30 June 2019
	%	%
Austria	0.9	2.0
Belgium	5.2	4.3
Denmark	3.0	3.4
Finland	5.8	7.4
France	14.3	12.5
Germany	17.4	17.8
Greece	0.7	0.7
Ireland	2.2	2.3
Italy	8.6	7.4
Netherlands	9.6	10.9
Norway	4.5	5.9
Portugal	1.6	1.5
Spain	3.3	2.1
Sweden	12.6	12.4
Switzerland	10.3	9.4
	100.0	100.0

Top 40 investments at 31 December 2019

Rank	Company	Sector	Geographical area	Valuation £'000	Percentage of portfolio
1	DFDS	Business Providers	Denmark	15,297	2.6
2	Van Lanschot	Financial	Netherlands	12,462	2.1
3	TKH	Industrial Goods	Netherlands	11,578	1.9
4	Nexans	Industrial Goods	France	11,065	1.9
5	Conzzeta	Industrial Goods	Switzerland	9,356	1.6
6	Karnov	Consumer Goods	Sweden	9,192	1.5
7	Gaztransport et Technigaz	Industrial Goods	France	8,534	1.4
8	Banca Farmafactoring	Financial	Italy	7,574	1.3
9	Trigano	Consumer Goods	France	7,255	1.2
10	Mersen	Industrial Goods	France	7,229	1.2
10 largest				99,542	16.7
11	Dermapharmaceutical	Consumer Goods	Germany	7,222	1.2
12	Medios	Consumer Goods	Germany	7,199	1.2
13	Boskalis Westminster	Basic Materials	Netherlands	7,177	1.2
14	SAES Getters Di Risp	Technology	Italy	7,134	1.2
15	Aareal Bank	Financial	Germany	7,051	1.2
16	Deutz	Industrial Goods	Germany	6,959	1.2
17	Recticel	Basic Materials	Belgium	6,720	1.1
18	Anima	Financial	Italy	6,636	1.1
19	Bygghemma	Retail Providers	Sweden	6,214	1.0
20	SoftwareONE	Technology	Switzerland	6,137	1.0
20 largest				167,991	28.1
21	Almirall	Consumer Goods	Spain	5,999	1.0
22	Zur Rose	Retail Providers	Switzerland	5,893	1.0
23	Tarkett	Basic Materials	France	5,881	1.0
24	FLEX LNG	Natural Resources	Norway	5,843	1.0
25	Ambea	Consumer Goods	Sweden	5,768	1.0
26	Vetropack	Industrial Goods	Switzerland	5,751	1.0
27	S.O.I.T.E.C	Technology	France	5,637	0.9
28	Caverion	Basic Materials	Finland	5,630	0.9
29	PVA	Technology	Germany	5,532	0.9
30	Kindred	Retail Providers	Sweden	5,438	0.9
30 largest				225,363	37.7
31	Tikehau	Financial	France	5,435	0.9
32	eDreams ODIGEO	Retail Providers	Spain	5,386	0.9
33	Fjordkraft	Industrial Goods	Norway	5,340	0.9
34	Befesa	Industrial Goods	Germany	5,131	0.9
35	CFE	Basic Materials	Belgium	5,131	0.9
36	Swissquote	Financial	Switzerland	5,054	0.8
37	Navigator	Basic Materials	Portugal	4,970	0.8
38	Credito Emiliano	Financial	Italy	4,939	0.8
39	OC Oerlikon	Industrial Goods	Switzerland	4,929	0.8
40	Kaufman & Broad	Basic Materials	France	4,925	0.8
40 largest				276,603	46.2

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 for the year ended 30 June 2019. 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 16) confirms, to the best of their knowledge, that:

- 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 as required by Disclosure and Transparency Rule ('DTR') 4.2.4 R;
- the interim management report includes a fair review of the information required:
 - by DTR 4.2.7 R (indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year); and
 - by DTR 4.2.8 R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Christopher Casey
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half-year ended 31 December 2019 (unaudited)			Half-year ended 31 December 2018 (unaudited)			Year ended 30 June 2019 (audited)		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	2,109	-	2,109	1,543	-	1,543	14,657	-	14,657
Other income	-	-	-	-	-	-	1	-	1
Gains/(losses) on investments held at fair value through profit or loss	-	30,670	30,670	-	(122,836)	(122,836)	-	(51,954)	(51,954)
Total income/(expense)	2,109	30,670	32,779	1,543	(122,836)	(121,293)	14,658	(51,954)	(37,296)
Expenses									
Management and performance fees (note 7)	(312)	(1,248)	(1,560)	(302)	(1,208)	(1,510)	(600)	(2,399)	(2,999)
Other operating expenses	(373)	-	(373)	(334)	-	(334)	(653)	-	(653)
Profit/(loss) before finance costs and taxation	1,424	29,422	30,846	907	(124,044)	(123,137)	13,405	(54,353)	(40,948)
Finance costs	(76)	(306)	(382)	(65)	(260)	(325)	(128)	(510)	(638)
Profit/(loss) before taxation	1,348	29,116	30,464	842	(124,304)	(123,462)	13,277	(54,863)	(41,586)
Taxation	(146)	-	(146)	(147)	-	(147)	(1,209)	-	(1,209)
Profit/(loss) for the period and total comprehensive income	1,202	29,116	30,318	695	(124,304)	(123,609)	12,068	(54,863)	(42,795)
Return per ordinary share – basic and diluted (note 2)	2.40p	58.11p	60.51p	1.39p	(248.07p)	(246.68p)	24.08p	(109.49p)	85.41p

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 £30,318,000 (31 December 2018: loss of £123,609,000; 30 June 2019: loss of £42,795,000).

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 condensed financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 December 2019 (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 2019	6,264	120,364	13,964	351,150	29,281	521,023
Total comprehensive income:						
Profit for the period	-	-	-	29,116	1,202	30,318
Transactions with owners recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(7,266)	(7,266)
Total equity at 31 December 2019	6,264	120,364	13,964	380,266	23,217	544,075
Half-year ended 31 December 2018 (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 2018	6,264	120,364	13,964	406,013	27,986	574,591
Total comprehensive income:						
(Loss)/profit for the period	-	-	-	(124,304)	695	(123,609)
Transactions with owners recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(7,015)	(7,015)
Total equity at 31 December 2018	6,264	120,364	13,964	281,709	21,666	443,967
Year ended 30 June 2019 (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 2018	6,264	120,364	13,964	406,013	27,986	574,591
Total comprehensive income:						
(Loss)/profit for the year	-	-	-	(54,863)	12,068	(42,795)
Transactions with owners recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(10,773)	(10,773)
Total equity at 30 June 2019	6,264	120,364	13,964	351,150	29,281	521,023

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

CONSOLIDATED BALANCE SHEET

	at 31 December 2019 (unaudited) £'000	at 31 December 2018 (unaudited) £'000	at 30 June 2019 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	595,572	505,818	580,396
	-----	-----	-----
Current assets			
Receivables	1,700	1,989	4,625
Cash and cash equivalents	-	3	3
	-----	-----	-----
	1,700	1,992	4,628
	-----	-----	-----
Total assets	597,272	507,810	585,024
	-----	-----	-----
Current liabilities			
Payables	(1,146)	(1,957)	(6,721)
Bank overdrafts	(52,051)	(61,886)	(57,280)
	-----	-----	-----
	(53,197)	(63,843)	(64,001)
	-----	-----	-----
Net assets	544,075	443,967	521,023
	=====	=====	=====
 Equity attributable to equity shareholders of the parent company			
Called up share capital (note 3)	6,264	6,264	6,264
Share premium account	120,364	120,364	120,364
Capital redemption reserve	13,964	13,964	13,964
Retained earnings:			
Other capital reserves	380,266	281,709	351,150
Revenue reserve	23,217	21,666	29,281
	-----	-----	-----
Total equity	544,075	443,967	521,023
	=====	=====	=====
 Net asset value per ordinary share – basic and diluted (note 4)	1,085.80p	886.01p	1,039.79p
	=====	=====	=====

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

CONSOLIDATED CASH FLOW STATEMENT

	Half-year ended 31 December 2019 (unaudited) £'000	Half-year ended 31 December 2018 (unaudited) £'000	Year ended 30 June 2019 (audited) £'000
Operating activities			
Profit/(loss) before taxation	30,464	(123,462)	(41,586)
Add back: interest payable	382	325	638
Less: (gains)/losses on investments held at fair value through profit or loss	(30,670)	122,836	51,954
Sales of investments held at fair value through profit or loss	153,981	195,527	350,500
Purchases of investments held at fair value through profit or loss	(142,072)	(196,863)	(355,397)
Withholding tax on dividends deducted at source	(225)	(175)	(1,865)
Decrease/(increase) in prepayments and accrued income	525	245	(159)
Decrease/(increase) in amounts due from brokers	2,488	2	(1,675)
Decrease in accruals and deferred income	(37)	(784)	(1,466)
(Decrease)/increase in amounts due to brokers	(5,537)	(4,886)	560
	-----	-----	-----
Net cash inflow/(outflow) from operating activities before interest and taxation	9,299	(7,235)	1,504
	-----	-----	-----
Interest paid	(382)	(325)	(638)
Taxation recovered	(42)	24	35
	-----	-----	-----
Net cash inflow/(outflow) from operating activities	8,875	(7,536)	901
	-----	-----	-----
Financing activities			
Equity dividends paid (net of refund of unclaimed dividends)	(7,266)	(7,015)	(10,773)
Net (repayment)/drawdown of bank overdraft	(1,612)	14,433	9,754
	-----	-----	-----
Net cash (outflow)/inflow from financing activities	(8,878)	7,418	(1,019)
	-----	-----	-----
Decrease in cash and cash equivalents	(3)	(118)	(118)
Cash and cash equivalents at the start of the period	3	121	121
	-----	-----	-----
Cash and cash equivalents at the period end	-	3	3
	=====	=====	=====

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

Notes to the condensed financial statements

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 2019. 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'), 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued in October 2019 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 2019. These financial statements have not been audited or reviewed by the Company's auditors.

The Group financial statements 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 financial statements 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 £30,318,000 (half-year ended 31 December 2018: loss of £123,609,000; year ended 30 June 2019: loss of £42,795,000) and on 50,108,397 ordinary shares (half-year ended 31 December 2018 and year ended 30 June 2019: same), 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 2019 (unaudited) £'000	Half-year ended 31 December 2018 (unaudited) £'000	Year ended 30 June 2019 (audited) £'000
Net revenue profit	1,202	695	12,068
Net capital profit/(loss)	29,116	(124,304)	(54,863)
	-----	-----	-----
Net profit/(loss)	30,318	(123,609)	(42,795)
	=====	=====	=====
Weighted average number of ordinary shares in issue during the period	50,108,397	50,108,397	50,108,397
	Half-year ended 31 December 2019 (unaudited) pence	Half-year ended 31 December 2018 (unaudited) pence	Year ended 30 June 2019 (audited) pence
Revenue return per ordinary share	2.40	1.39	24.08
Capital return per ordinary share	58.11	(248.07)	(109.49)
	-----	-----	-----
Total return per ordinary share	60.51	(246.68)	(85.41)
	=====	=====	=====

3. Share capital

At 31 December 2019 there were 50,108,397 ordinary shares in issue (31 December 2018 and 30 June 2019: same).

During the half-year ended 31 December 2019 the Company did not issue any ordinary shares (31 December 2018 and 30 June 2019: same).

In the current financial year to date, the Company has not repurchased any shares for cancellation.

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 £544,075,000 (31 December 2018: £443,967,000; 30 June 2019: £521,023,000) and on 50,108,397 ordinary shares (31 December 2018 and 30 June 2019: same), being the number of ordinary shares in issue at the period end.

Notes to the condensed financial statements continued...

5. Dividends

The Company has declared an interim dividend of 7.80p per ordinary share (31 December 2018: 7.50p) payable on 17 April 2020 to members on the register as at 27 March 2020. The ex-dividend date will be 26 March 2020.

A final dividend of 14.50p per ordinary share was paid on 29 November 2019 from the Company's revenue account in respect of the year ended 30 June 2019.

6. Transaction costs

Purchase transaction costs for the half-year ended 31 December 2019 were £132,000 (half-year ended 31 December 2018: £148,000; year ended 30 June 2019: £287,000). These comprise mainly stamp duty and commission. Sales transaction costs for the half-year ended 31 December 2019 were £60,000 (half-year ended 31 December 2018: £79,000; year ended 30 June 2019: £144,000).

7. Management and performance fees

The base management fee payable to the Manager for the first quarter of the year ended 30 June 2019 was 0.6% per annum, charged quarterly in arrears. With effect from 1 October 2018, the base fee for assets over £500m was reduced to 0.5%. 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 fee is payable, performance is measured against, and expressed relative to, the benchmark, the Euromoney Smaller European 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.

No performance fee has been accrued as at 31 December 2019 (31 December 2018 and 30 June 2019: £nil).

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 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; and

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

Financial assets and financial liabilities at fair value through profit or loss at 31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments including derivatives:				
Equity securities designated at fair value through profit or loss	595,500	-	72	595,572
	-----	-----	-----	-----
Total financial assets and liabilities carried at fair value	595,500	-	72	595,572
	=====	=====	=====	=====

Notes to the condensed financial statements continued...

Level 3 investments at fair value through profit or loss	£'000
Opening balance	104
Acquisitions	-
Disposal proceeds	(22)
Transferred into Level 3	-

	82

Total losses included in the Statement of Comprehensive Income	
On assets sold	-
On assets held at period end	(10)

	(10)

Closing balance	72
	=====

There have been no transfers between levels of 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 and uncertainties, the directors consider that it is appropriate to continue to adopt the going concern basis of preparation 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 Janus 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 Janus 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 Janus Henderson affecting the financial position of the Company during the period under review. During the period, the wholly owned subsidiary, TREG Finance Limited, paid a dividend to the Parent Company of £969,000 from its reserves.

11. Post balance sheet event

The subsidiary shareholder has approved the liquidation and a liquidator was appointed with effect from 24 February 2020.

12. 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 2019 and 31 December 2018 have not been audited or reviewed by the Company's auditors. The figures and financial information for the year ended 30 June 2019 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.

13. 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

14. Half-year report

The half-year report will be available in typed format on the Company's website. An update extracted from the Company's report for the half-year ended 31 December 2019, will be posted to shareholders in March and will be available on the website thereafter.

Notes to the condensed financial statements continued...

15. 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.

SEDOL/ISIN: 0906692/GB0009066928

London Stock Exchange (TIDM) code: TRG

Global Intermediary Identification Number (GIIN): JX9KYH.99999.SL.826

Legal Entity Identifier (LEI): 213800N1B1HCQG2W4V90

16. Directors and Secretary

At the date of this report, the directors of the Company are Christopher Casey (Chairman), Daniel Burgess (Chairman of the Audit Committee), Ann Grevelius, Simona Heidempergher, Andrew Martin Smith and Alexander Mettenheimer. The Corporate Secretary is Henderson Secretarial Services Limited.