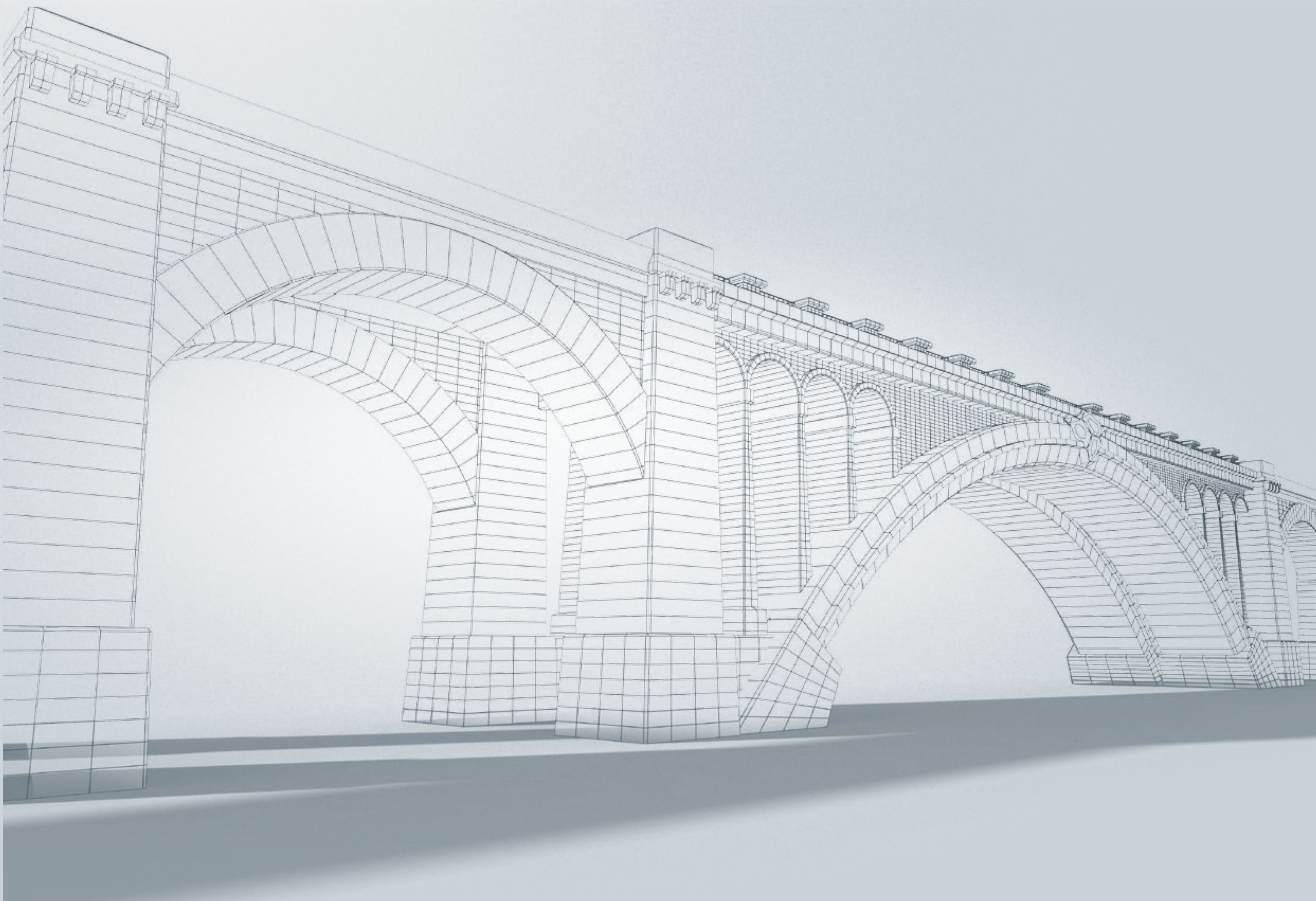
TR EUROPEAN GROWTH TRUST PLC

Annual Report 2016



MANAGED BY
Henderson
GLOBAL INVESTORS

TR European Growth Trust PLC – Annual Report 2016

HGI9228/2016

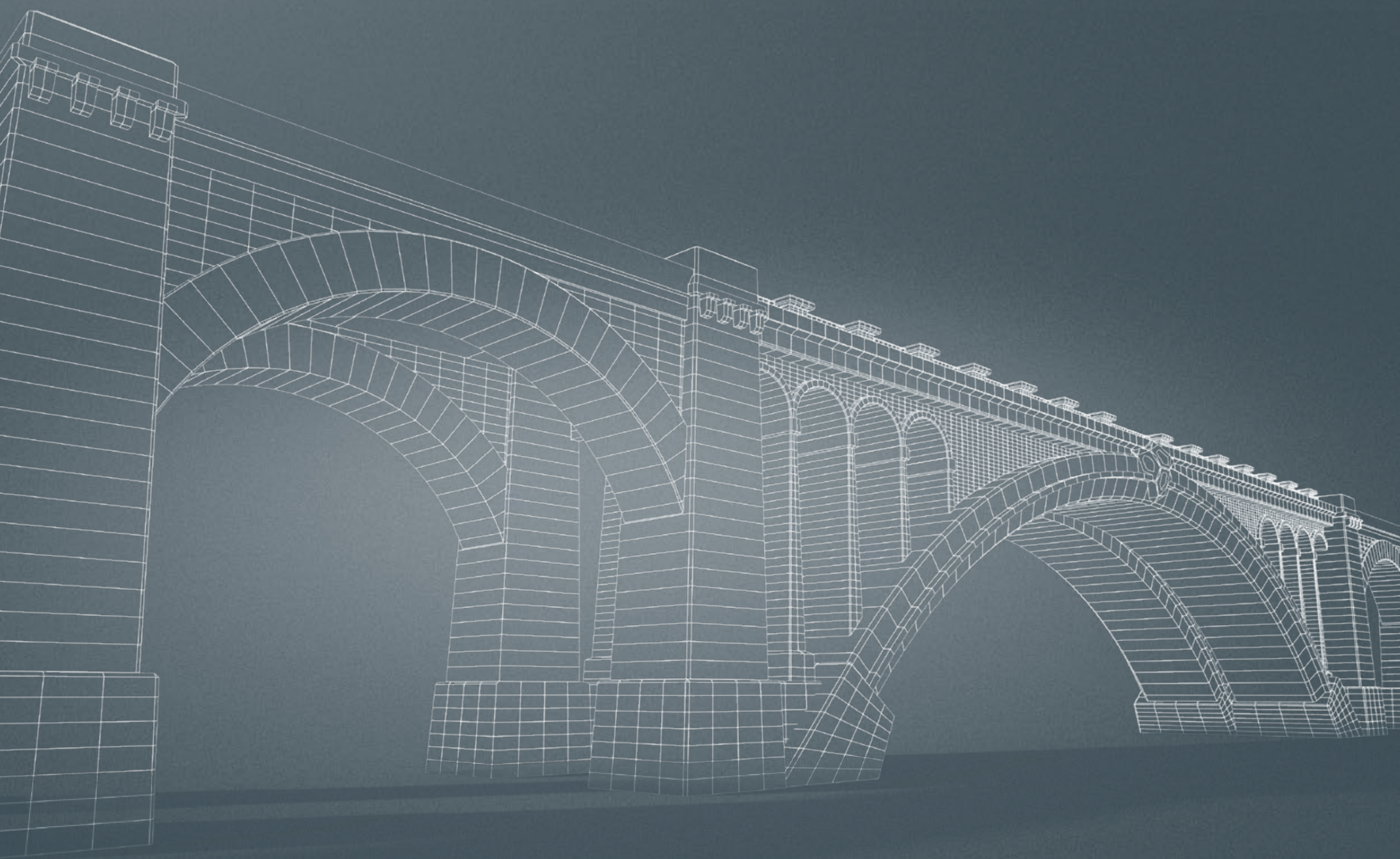
Contents

The image on the front cover is the Adolphe Bridge, Luxembourg.

Strategic Report

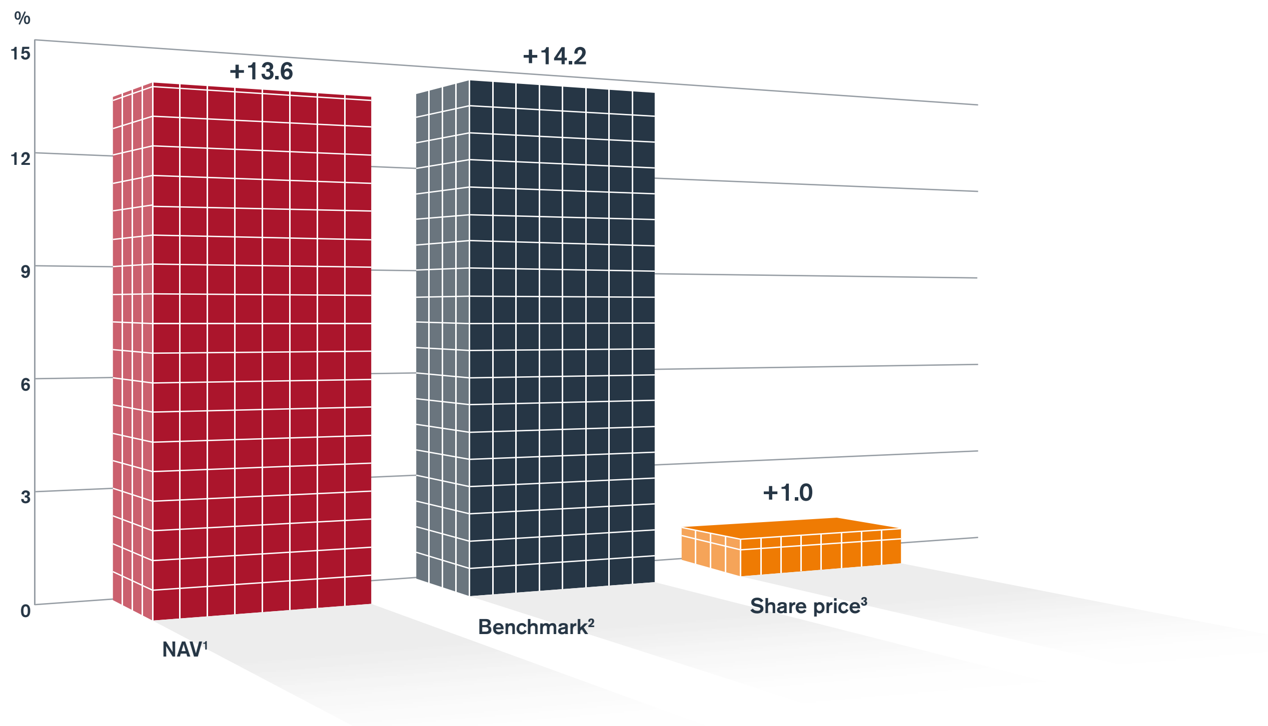
"We are optimistic there continues to be substantial investment opportunity in Europe."

Audley Twiston-Davies, Chairman

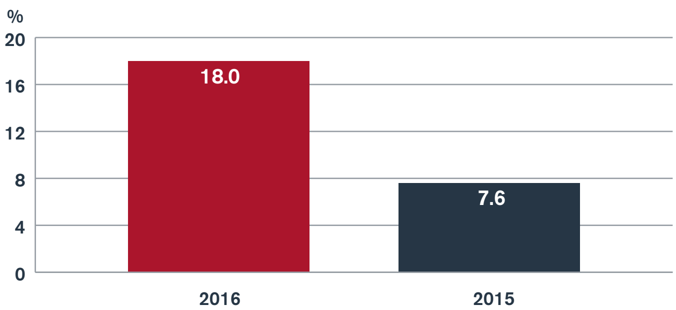


Strategic Report: Performance Highlights

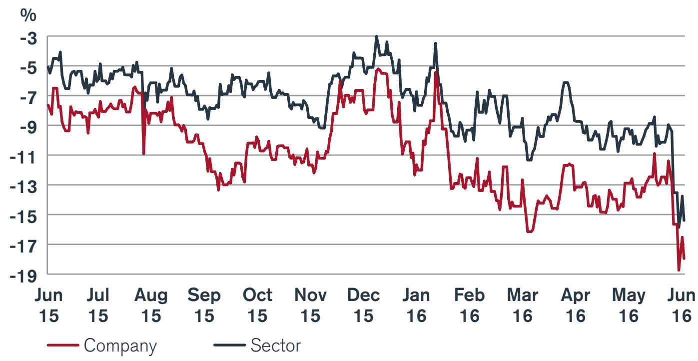
Total Return Performance for year to 30 June 2016



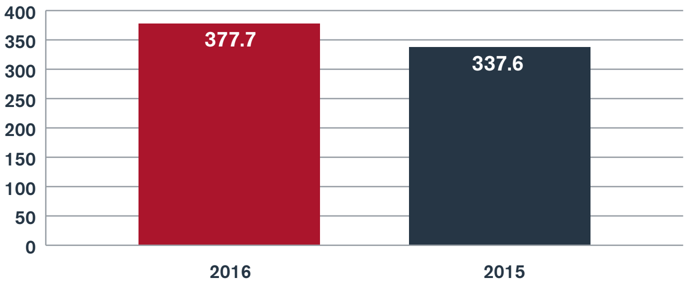
Discount at year end[4]



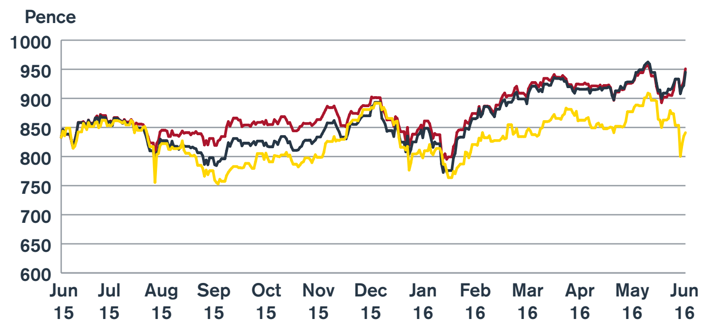
Discount[5]



Net assets at year end £million



NAV and share price performance versus the benchmark[6]



Source: Thomson Reuters Datastream

Strategic Report: Performance Highlights (continued)

NAV per share at year end

2016 755.73p

2015 675.62p

Share price at year end

2016 620.00p

2015 624.00p

Dividend for year

2016 11.5p[7]

2015 9.5p

Dividend yield[8]

2016 1.85%

2015 1.5%

Ongoing charge for year[9]

2016 0.79%

2015 0.78%

Gearing at year end

2016 9.5%

2015 12.5%

Number of investments[10]

2016 142

2015 140

Performance fee paid

2016 £1.4m

2015 £1.8m

1 Net asset value per share total return (including dividends reinvested). This is based on preliminary estimates made by the AIC, which is the industry recognised source for performance data, and does not reflect any subsequent change in the year end NAVs reflected in this report
2 Euromoney European Smaller Companies Index (ex UK) expressed in sterling
3 Share price total return using mid-market closing price
4 Calculated using published daily NAVs including current year revenue
5 Graph shows the Company's share price discount to NAV compared with the average discount of the AIC European Smaller Companies sector over the year to 30 June 2016
6 Graph shows the Company's NAV per share total return and share price total return compared to the total return of the benchmark over the year to 30 June 2016
7 This represents ordinary and special dividends recommended or paid for the year. See page 5 for more details
8 Based on the ordinary and special dividends and the share price at the year end
9 The ongoing charge excludes the performance fee. The charge including the performance fee would have been 1.20% (2015: 1.34%)
10 Excludes those stocks valued at nil by the Directors
Sources: Morningstar for the AIC, Henderson, Datastream
A glossary of terms is included on pages 17 and 18

Strategic Report: Business Model

Investment objective

The Company's investment objective is to achieve capital growth by investing predominantly in smaller and medium sized companies in Europe (excluding the UK).

Investment policy

The Company's portfolio is managed within a framework of investment limits and restrictions determined by the Board, the primary purpose of which is to spread and mitigate investment risk. It is intended that the Company will continue to be managed so as to satisfy each year the conditions for approval by HM Revenue & Customs ("HMRC") as an investment trust.

Diversification

The Company maintains a diversified portfolio. The Company will not invest more than 7% of its total assets, calculated as at the time of investment, in any one holding. Henderson provides regular reports on investment activity and portfolio construction to the Directors at and between Board meetings.

Asset allocation

Generally, the Company will invest in companies which are quoted, domiciled, listed or have operations in European countries. Unquoted investments are permitted with prior Board approval. Investments may include shares, securities and related financial instruments, including derivatives.

Gearing

The Company will borrow money for investment purposes if the Board considers it appropriate. Net borrowings are limited to a maximum of 30% of NAV at the time of investment.

General

In accordance with the listing rules of the Financial Conduct Authority (the "Listing Rules"), it is the Company's stated policy that it will not invest more than 15% of its gross assets in other listed Investment companies, including investment trusts, and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

Strategy

As an investment trust, the Company's strategy is to deliver capital growth to its shareholders in line with the investment objective and policy. This is achieved through the appointment of specialised third-party service providers whose performance is monitored and challenged by a Board of independent non-executive directors. The Board is directly accountable to the Company's shareholders.

Management

The Company qualifies as an Alternative Investment Fund in accordance with the Alternative Investment Fund Managers Directive. The Company has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager in accordance with an agreement which was effective from 22 July 2014 and is terminable on six months' notice. HIFL delegates investment management services to Henderson Global Investors Limited. Both entities are authorised and regulated by the Financial Conduct Authority ("FCA"). References to Henderson within this report refer to the services provided by both entities.

The fund management team is led by Ollie Beckett, who has been in place since 1 July 2011, assisted by Rory Stokes.

Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of Henderson, by BNP Paribas Securities Services. Colleen Sutcliffe, FCIS acts as Company Secretary on behalf of the Corporate Secretary, Henderson Secretarial Services Limited.

The base management fee payable to Henderson is 0.6% per annum and is calculated as 0.15% of net assets at each quarter end.

Henderson 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 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 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.

Subsidiary

The Company maintains a 100% beneficial interest in subsidiary undertaking, TREG Finance Limited, which can be used for investment dealing but was not active in the year. Together they are referred to as the "Group".

Strategic Report: Chairman's Statement

The Chairman of the Company, Audley Twiston-Davies, reports on the year to 30 June 2016

Performance

Over the year to 30 June 2016 our net asset value per share total return was 13.6% compared to a total return for our benchmark of 14.2%. The share price total return for the period was 1%. This is a credible return in what has been a turbulent year for European markets.

Over the three year qualifying period for the performance fee, the Company has delivered a net asset value per share total return of 60.7% against a benchmark of 44.2%, and share price total return of 59.3%. As a consequence of the outperformance over the three year qualifying period we will be paying a performance fee to Henderson for the year of £1,389,000 (2015: £1,759,000). This is equal to 0.4% of net assets as at 30 June 2016 (2015: 0.5%).

Revenue and dividends

Revenue return per share was 13.48p (2015: 11.34p), a rise of 18.9%.

The Board aims to make progressive and steady increases in annual dividend payments. Shareholders must, however, recognise that such increases can never be guaranteed, and that circumstances may arise when it is necessary to reduce a dividend payment. Equally, there may be instances when the level of payment must be increased in order to comply with Section 1158 of the Corporation Tax Act in respect of the retention of distributable income. Where such instances would result in a payment going beyond the Board's aim, one-off "special dividend" payments are declared.

We are proposing, subject to shareholder approval at our annual general meeting, a final dividend per ordinary share of 9.00p, an increase of 28.6% over last year's final dividend of 7.00p. We are also proposing a special dividend of 2.50p per ordinary share, making a total dividend of 11.50p. This represents an overall increase of 21% in the dividends paid last year.

Annual general meeting ("AGM")

Shareholders are encouraged to attend the AGM on Monday 21 November 2016 at 201 Bishopsgate, London, EC2M 3AE. The meeting will start at 12.30pm, will include a presentation by Ollie Beckett and will be followed by an opportunity for shareholders to meet the Board and management team. The Notice of the Meeting and full details of the resolutions to be proposed are included in a separate document which will be posted to shareholders with the Annual Report. The Directors recommend that shareholders vote in favour of all of the proposed resolutions as they intend to do in respect of their own beneficial holdings.

The Company's AGM will be broadcast live on the internet. If you are unable to attend in person you can watch the meeting as it happens by visiting **www.henderson.com/trustslive**.

Continuation vote

In keeping with the Company's provisions in the Articles of Association regarding the duration of the Company, the continuation vote will, as a matter of course, be put to shareholders at the upcoming AGM. This was last considered in 2013 and, as we did on the last occasion, the Board recommends that shareholders vote in favour of the resolution.

The Company continues to deliver returns over the medium to long term as demonstrated by the performance record over the three year period mentioned earlier and the growth in the dividend over the five year period of 9.2% compared with the sector average of 5.3%. Given the unpredictability of the markets in recent years, we consider this a solid performance and one justifying shareholders' support for continuing the operations of the Company.

Outlook

Another year of crisis, another reasonable year for European equity markets. Not least in the smaller company arena. Despite the headlines the global economy remains robust and this economic environment should be beneficial to our Company, which continues to be exposed to companies with a relatively small market capitalisation that are generally the beneficiaries of a benign global economic backdrop.

Clarity around the UK relationship with Europe would be a help, but no doubt there will continue to be politically driven areas of concern that the market will focus on. However, the suggestion of more expansionary fiscal policy in much of the world should be helpful and should drive global growth. Our fund managers will continue to focus on finding under valued stocks, with one eye on the macro economic development. We are optimistic there continues to be substantial investment opportunity in Europe for them to take advantage of in order to deliver good returns to shareholders.

Audley Twiston-Davies
Chairman
10 October 2016

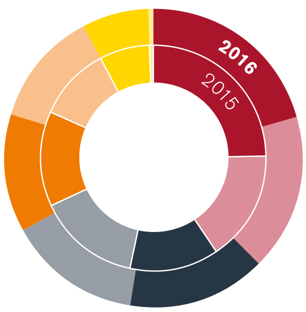
Strategic Report: Portfolio Information

Ten largest investments at 30 June 2016

Ranking 2016	Ranking 2015	Company	Principal activities	Geographical area	Valuation 2016 £'000	Percentage of portfolio
1	1	**Brainlab**	Radiotherapy and image – guided surgery equipment **www.brainlab.com**	Germany	13,134	3.2%
2	11	**Van Lanschot**	Specialist independent wealth management, private and merchant banking **www.vanlanschot.nl**	Netherlands	8,126	2.0%
3	2	**OC Oerlikon**	Leading Swiss technology conglomerate manufacturing vacuum pumps, machinery for man made fibres, drive systems for agricultural and construction machinery and drilling and mining applications **www.oerlikon.com**	Switzerland	6,711	1.6%
4	15	**Criteo**	Digital advertising solutions **www.criteo.com**	France	5,752	1.4%
5	62	**EVS Broadcast Equipment**	Media technologies **www.evs.com**	Belgium	5,678	1.4%
6	9	**Verkkokauppa**	Online retailer **www.verkkokauppa.com**	Finland	5,532	1.3%
7	14	**Aareal Bank**	Specialist property bank **www.aareal-bank.com**	Germany	5,425	1.3%
8	5	**Comet**	High quality systems, components and services in x-ray, ebeam and RF technologies **www.comet-group.com**	Switzerland	5,256	1.3%
9	18	**ASM International**	Supplier of semi-conductor process equipment **www.asm.com**	Netherlands	5,094	1.2%
10	–	**Valmet**	Developer and supplier of technologies, automation and services for the pulp, paper and energy industries **www.valmet.com**	Finland	4,772	1.2%
					65,480	**15.9%**

Sector exposure at 30 June

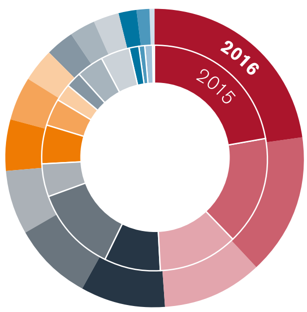
As a percentage of the investment portfolio excluding cash



	2016 %	2015 %
Industrial Goods	**20.6**	24.8
Technology	**17.0**	15.9
Business Providers	**15.1**	12.9
Financial	**14.4**	14.6
Basic Materials	**12.8**	13.5
Consumer Goods	**12.5**	10.6
Retail Providers	**7.1**	7.2
Natural Resources	**0.5**	0.5

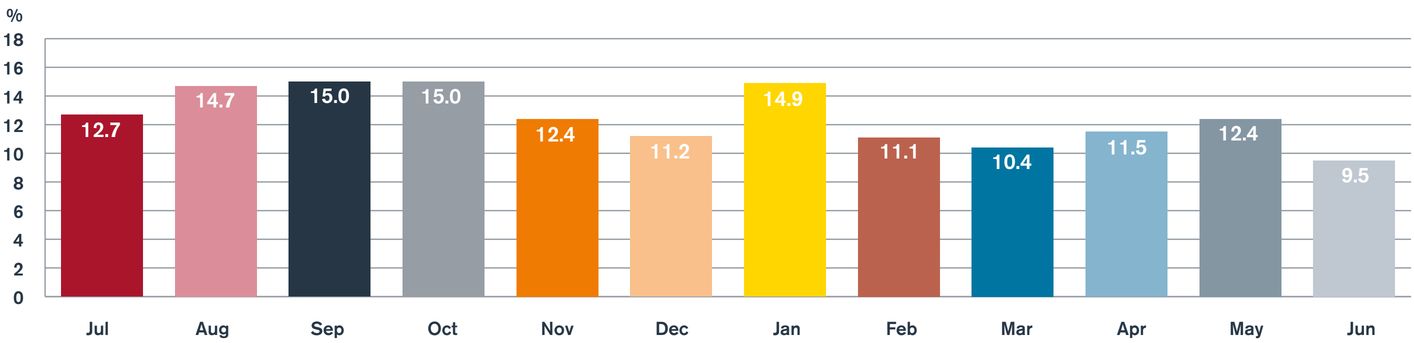
Geographic exposure at 30 June

As a percentage of the investment portfolio excluding cash



	2016 %	2015 %
Germany	**22.9**	22.3
France	**15.2**	15.6
Switzerland	**10.9**	11.3
Netherlands	**9.2**	8.1
Italy	**8.7**	12.0
Sweden	**6.8**	4.8
Finland	**5.6**	5.5
Belgium	**4.7**	3.8
Denmark	**3.5**	2.5
Norway	**3.2**	2.3
Ireland	**2.8**	3.9
Spain	**2.7**	4.2
Austria	**2.1**	1.4
Greece	**1.4**	0.8
Portugal	–	1.4
Other	**0.3**	0.1

Gearing levels over the year to 30 June 2016



Source: Henderson

Strategic Report: Fund Managers' Report

The Fund Manager of the portfolio, Ollie Beckett, reports on the year to 30 June 2016

Rory Stokes assists Ollie Beckett with the management of the portfolio

Introduction

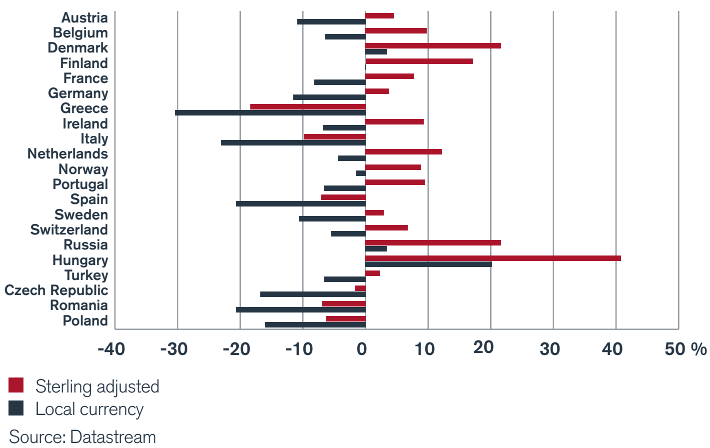
The year to June 2016 has been another event filled period of time, which started with fears of a Greek exit from the EU and culminated in an unexpected British vote to exit. In the intervening period the oil price halved and then doubled, the Federal Reserve raised interest rates for the first time since the global financial crisis, worries about the Chinese economy resurfaced then subsided, Europe experienced a migration crisis exacerbated by Russian intervention in Syria, France suffered horrific terrorism and the political fringes saw a surge in support across much of Europe. With that backdrop it is perhaps surprising that the Company's NAV should increase 13.6% in the year, slightly lagging the benchmark up 14.2%.

The Company suffered over 2% relative to the benchmark from the day after the UK referendum to the end of the financial year as the Company was incorrectly positioned.

Despite the long list of things to worry about, the European economy continues to grow, as loose monetary policy combines with resilience in the global economy to help the recovery endure. As long as the US and Chinese economies stay solid then this should persist, though European politics, instability in the Middle East and conceivably further rate rises in the US all might provoke bouts of volatility in markets.

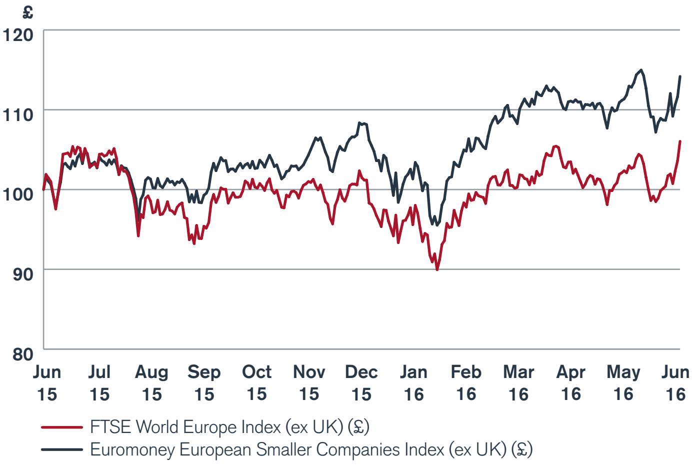
In a world where interest rates in countries such as Germany and Switzerland are negative, the value in the equity market continues to appeal, especially in European smaller companies which is where the value and the growth reside.

European stock exchange indices total return for the year ended 30 June 2016



Source: Datastream

Movement in European indices (rebased to 100 at 30 June 2015)



The Portfolio

Portfolio Positioning

We have focused on looking for stock specific ideas with valuation discrepancies where companies can either deliver substantial growth or can help improve the profitability of the business through self-help. For instance we have bought a position in a Dutch wealth manager, **Van Lanschot**, that has had a stock overhang removed and stands to benefit from tackling an inflated cost base that will allow for an improvement in return on equity and hopefully a rerating of a very cheap stock. We have also added to our holding in **Criteo**, the French technology company that dominates the market in retargeting display advertising on the internet. The company grew sales by 33% in 2015 and is set to do the same again in 2016. As the company grows the topline faster than costs the margins should expand and the earnings grow even faster than sales.

Performance Attribution

The Company's performance suffered in the wake of the UK referendum result for leaving the European Union as a consequence of being geared and a number of stocks being perceived to be "Brexit stocks" such as Irish hotel company **Dalata**, Irish agronomy services provider **Origin Enterprises**, Danish listed English Channel ferry company **DFDS** and **Nobia** owner of UK kitchen retailer Magnet.

Strategic Report: Fund Managers' Report (continued)

All these companies either have substantial UK revenues or have a dependency upon British customers.

Overall the performance of the Company over the course of the year was characterised by a handful of successful investments being offset by a handful of poorly performing ones and the failure to own a group of strongly performing momentum stocks. The Company benefited from strong performance in: Finnish online retailer **Verkkokauppa.com**, Finland's answer to Amazon; Danish ferry company **DFDS** that saw off Eurotunnel's ferry business and then delivered a series of earnings upgrades; and **Carl Zeiss Meditec**, the German maker of ophthalmology equipment on new product releases and earnings forecast upgrades. The Company also benefited from a number of bids for companies it was invested in, for example French rail equipment company **Faiveley**, Swiss travel and visa processing business **Kuoni**, Swiss airline catering business **Gategroup**, French mobile gaming company **Gameloft** and French retailer **Darty**.

However, performance was burdened by investments in stocks such as Italian eyewear manufacturer, **Safilo**, where it has proved far harder to turn the business around than we expected following the loss of the Gucci license. Another noticeably poor performer was car hire business **Europcar** which has suffered a derating as the US listed car hire businesses such as Hertz and Avis have underperformed due to overcapacity, despite this not being an issue in Europe and despite a very different business model. Terrorism attacks in France have also weighed on sentiment. Finnish mining equipment and service company, **Outotec**, also hurt performance as cuts to capex budgets in the mining industry were more severe than we anticipated.

The Company also saw performance relative to the benchmark challenged by not owning certain stocks that performed very strongly in the year to June 2016. The market was characterised by a focus on momentum rather than valuation and certain stocks such as commercial steam over manufacturer **Rational**, Danish pharmaceutical **H Lundbeck** or Irish bookmaker **Paddy Power Betfair** had valuations that were too steep for us, but performed well despite this due to earnings and price momentum. We also were not invested in video game company **Ubisoft** that has had bid speculation surround it.

Whilst we don't dismiss the importance of earnings momentum, we manage the Company with a keen eye on valuation – both of cash flow and of growth – and this will continue to be the case.

Geographical and Sector Distribution

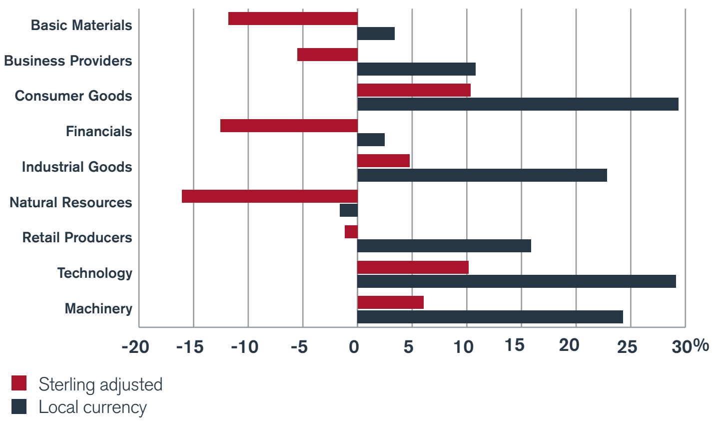
We remain dedicated to making stock selection on a bottom-up basis, rather than allocating capital to specific countries or sectors. We don't use the benchmark as a guide to portfolio structure and are happy running country and sector weightings that are substantially different from the benchmark, though we pay careful attention to the shape of the portfolio and any concentrated risks that might build up. The portfolio continues to be heavily overweight in Germany as we still find terrific companies, earning good returns with good growth or appealing valuations there. For instance, we have built a position in **SLM Solutions** a leading company in the manufacturing of 3D printers, machines that can build complex parts for industries such as aerospace or medical implants. The company grew sales 97% in 2015 and has considerable growth to come. The Netherlands has become our second largest overweight geographic exposure largely from stock specific opportunities we have found such as the investments in **Van Lanschot** or electromagnetic component manufacturer **Kendrion**. We also participated in IPOs of Dutch insurer **ASR** and offshore wind turbine foundation manufacturer **SIF**. Ireland also remains a noticeable geographic overweight, though we are keeping a close eye on this in the light of the uncertainty associated with the UK referendum result.

The substantial overweight position in Switzerland has been reducing for a couple of years and is now broadly representative of the benchmark as we exited positions such as **Burckhardt Compression**, maker of compressors for the oil & gas industry, poorly performing private bank **EFG** and accepted bids for **Kuoni** and **Gategroup**.

The portfolio is underweight Sweden and Spain where we struggle to find many stocks with alluring valuations.

The sector exposure of the portfolio continues to be heavily overweight industrials and information technology. The industrial exposure does leave the portfolio with a pro-cyclical bias, but the aim of the stock selection is to find companies that are growing in a secular fashion or are improving the quality of the business through self-help. For instance we added a position in **VAT Group**, a Swiss company that is the dominant supplier of valves for vacuum pumps globally, which are crucial in the production of semiconductors, a sector that whilst cyclical is a source of growth in a low growth world. Conversely, we added a position in Swiss ventilation system and radiator business **Zehnder** as management have attacked the cost base after a number of years of complacency about recovery being the solution to the margin compression in the business. If cyclical recovery comes it will be a bonus on the self-help being delivered. Information technology is likely to persist as an overweight for the foreseeable future as it is a growth sector. We built a position in German IT business **S&T** which provides smart meters, security software and IT services, all areas that are showing good growth.

Total return by sector for the year ended 30 June 2016



Source: Datastream

Strategic Report: Fund Managers' Report (continued)

Other Purchases

Substantial purchases in the year include buying back into **Valmet**, the Finnish provider of technology, automation and services to the pulp, paper, energy and process industries. Management have done a super job improving margins and return on capital, and we believe there is still much more to be done. We also built a position in sporting good company **Puma**, as the turnaround of this underperforming brand has begun to take shape. Swedish global leader in bike racks and cargo carriers, **Thule**, is also a position we have built up as the company earns good returns and is benefiting from the ongoing trend to outdoor pursuits. We also built positions in French floor covering company **Tarkett** and Austrian manufacturer of non-woven fabric machines **Lenzing**.

Other Disposals

We fully exited our positions in German media company **Ströer** after valuation became very stretched, though we have recently bought back into the stock after a substantial derating. We also took profits in Spanish pulp producer **Ence** and Portuguese cable company **NOS**.

Brexit

The Company does not normally invest directly in UK listed businesses, however a number of stocks within the portfolio do have substantial sales in the UK. The swift reorganisation of British politics following the result is helpful, but we anticipate that the uncertainty caused by the UK referendum will persist for some time to come and may result in a slowdown in the UK and continental Europe that affects some of the portfolio holdings. We will monitor the situation actively.

Gearing

Gearing levels varied between 4.2% and 15.6% and was at 9.5% at the end of the financial year. It should be noted that 4.1% of the portfolio is in unquoted investments. We used the debt facility to maintain flexibility and freedom of action over the year as opportunities arose, rather than raising cash by selling assets quickly at bad prices. The gearing also offers the potential to enhance returns.

Market Capitalisation range

We have continued to focus the portfolio towards small and medium sized companies, with a weighted average market capitalisation of £861m as of 30 June 2016. The largest company in the portfolio was **Imerys** at £3.8bn and the smallest was **Robit** at £77m.

Unquoted Investments

The Company continues to have three legacy unquoted investments. **Brainlab** is a global leader in software for high precision radiotherapy and image-guided surgery. This is a good asset for which we continue to seek fair value. We continue to maintain an extensive dialogue with management and have encouraged interest in the company from certain investment banks. We are also invested in a French private equity fund **21 Centrale Partners III**. This is now in payback mode and will gradually decline in importance for the Company. The small holding in **Doughty Hanson & Co. Fund III** has been retained. The unquoted holdings as at 30 June 2016 were:

	Value £'000	% of the portfolio
Brainlab	13,134	3.2
21 Centrale Partners III	2,487	0.6
Doughty Hanson & Co. Fund III LP9	1,388	0.3
	17,009	**4.1**

These are good quality assets; however, going forward we will not be seeking unquoted opportunities.

Outlook

As stated, we have lurched from one "crisis" to another in the last financial year. It began with the Chinese yuan currency devaluation, then moved on to concerns about junk debt in the energy sector, January's global growth scare, June's UK referendum and now fears of Italian banking non-performing loans (NPLs). So far, all these predicted catastrophes for the global stock markets have fallen short. In a world of competing 24-hour news channels we all need to learn to live with the never-ending drama of "breaking news".

A backdrop of uncertainty and muted global economic growth has meant investors have sought the comfort blanket of so-called "high quality reliable growth" companies. Investors have paid ever-higher prices for consumer staples and medical technology companies, despite limited growth. We will continue to seek investments where we believe the companies are undervalued and where we think the market is not reflecting their potential. We will not assume ever-lower discount rates (the minimum interest rate set by the ECB in Europe), predicated on the hope that inflation never returns. We will be "valuation aware".

Our portfolio does however contain a lot of high structural growth, where we think the valuations are attractive. We are very enthusiastic about the growth prospects of **Criteo**, the online advertising optimisation company, online retailer **Yoox**, **Net-A-Porter** in luxury and **Showroomprive** in flash sales, as well as the hugely exciting **SLM Solutions**, with its additive manufacturing machines. We will continue to add companies that we think can be the large capitalisation companies of the future. Since our year end, we have added **Ion Beam Applications**, the Belgian company that is leading the way in proton therapy for the treatment of cancer.

The most recent crisis has been the UK referendum, where the majority chose to leave the European Union. It is far too early to tell what the impact of that historic event will have on our area of investment, Continental Europe. The UK Prime Minister says "Brexit means Brexit" but we do not yet know what this means. The UK economy is slowing, but how prolonged and deep will that slowdown be? We continue to hold companies like **Nobia** (kitchen specialist), **Dalata** (Irish hotels) and **BAM** (Anglo-Dutch construction). These are firms with UK exposure, where we believe an overly pessimistic scenario has been factored in. We will continue to have a watching brief on the UK and its impact on the European economy.

Strategic Report: Fund Managers' Report (continued)

We will also have to see what the political impact of Brexit will be on the European Union. We do not think it will lead to the collapse of the European Union, as many suggested leading up to the vote on 23 June. It may lead to even closer ties amongst many European nations. Certainly the status quo does not seem viable, particularly once some of the key political figures leave the stage. A new European Union will emerge in the coming years.

A key question with very serious investment implications is – are we nearing the end of the era of quantative easing? Arguably, it saved the day in the dark days post the financial crisis. Yet it has not really delivered sustained economic growth. It has led to corporate underinvestment and investors scavenging for yield with ever-increasing desperation. This is unlikely to unwind quickly and we will continue to own companies like **Nexity** (French housebuilder) that can grow and deliver healthy income. However, again, we will not overpay for yield. It is a very crowded trade, (with a lot of interest from other investors). This Company is primarily about providing capital growth.

It is looking increasingly likely that governments around the world will turn to fiscal policy with higher government spending and lower taxes to try and deliver that elusive sustained economic growth. Europe is unlikely to lead the way, but there are European companies that can benefit from this transition, such as cabling manufacturer **Nexans**.

Despite the global news flow the two economic superpowers, the United States and China, are showing improving economic data. If this continues, then global GDP will grow. Ultimately, the European smaller companies investment space has historically been a leveraged play on that global growth. If the strong Chinese economy persists then the German Mittelstand will benefit. There is a risk that the US economy slows into the Presidential election in early November, as the electorate becomes fixated by the strange reality show before them. That aside, we do not think the global economic outlook is as gloomy as many portend.

Numerous investors seem to have given up on European equities, having been ground down by political news flow and terrorist attacks. Now is not the time to run away. We see a lot of interesting value opportunities outside the crowded trades of "quality growth" and "yield". We are confident we can seek out many of those opportunities to deliver healthy returns for our investors in the year ahead.

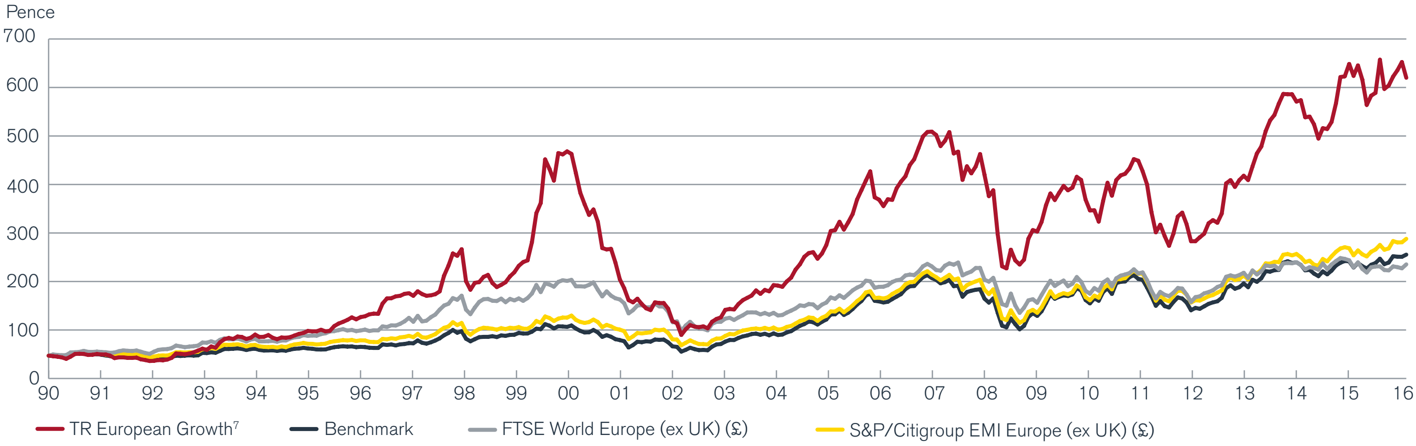
Ollie Beckett and Rory Stokes
Henderson Investment Funds Limited
10 October 2016

Strategic Report: Historical Performance and Financial Information

Total return performance to 30 June 2016 (including dividends reinvested and excluding transaction costs)

	1 year %	3 years %	5 years %	10 years %	Since launch[1] %
NAV[2]	13.6	60.7	55.1	102.1	1,933.8
Benchmark index[3]	14.2	44.2	41.0	103.4	1,528.6
Average sector[4] NAV	16.0	50.3	57.0	125.4	1,917.3
Share price[5]	1.0	59.3	57.5	93.6	1,689.6
Average sector share price[6]	3.2	45.4	57.9	121.6	1,713.4

Share price movement against indices since launch to 30 June 2016 (rebased to ordinary subscription price at launch)



Financial information

At 30 June	Net assets £'000	NAV p	Mid-market price per ordinary share p	Discount %	Profit/(loss) for year £'000	Revenue return p	Capital return p	Total return p	Final dividend p	Special dividend p	Expenses[8] %
2007	460,100	565.0	509.00	9.9	125,670	2.92	143.35	146.27	2.80	–	–
2008	331,900	458.6	420.00	8.4	(84,515)	5.39	(115.02)	(109.63)	3.00	2.00	–
2009	215,400	334.1	303.00	9.3	(91,145)	5.79	(138.04)	(132.25)	3.20	2.30	–
2010	199,500	386.4	346.50	10.3	36,455	4.31	57.95	62.26	3.40	0.85	0.73
2011	264,400	522.2	427.13	18.2	70,917	3.79	135.36	139.15	3.60	0.65	0.75
2012	185,006	370.2	283.00	23.5	(75,149)	6.89	(155.73)	(148.84)	4.50	1.50	0.72
2013	246,124	492.5	409.25	16.9	64,115	9.29	119.00	128.29	6.00	2.00	0.74
2014	325,676	651.7	573.75	12.0	83,548	11.15	156.02	167.17	6.50	2.70	0.69
2015	337,645	675.6	624.00	7.6	16,565	11.34	21.80	33.14	7.00	2.50	0.78
2016	**377,683**	**755.7**	**620.00**	**18.0**	**44,782**	**13.48**	**76.12**	**89.60**	**9.00**	**2.50**	**0.79**

1 Calculated from the end of September 1990 (the Company commenced business on 6 September 1990)
2 Net asset value per ordinary share with income reinvested for 1, 3 and 5 years and capital NAV plus income reinvested for 10 years
3 Euromoney European Smaller Companies Index (ex UK) total return and expressed in sterling
4 The sector is the AIC European Smaller Companies sector
5 Middle market closing price
6 Average share price for the AIC European Smaller Companies Sector
7 Share price total return
8 Using total expense ratio methodology for 2011 and previous years; ongoing charge methodology thereafter. Data is not available for periods prior to 2010
Sources: Henderson, Morningstar for the AIC, Datastream

Strategic Report: Corporate Information

Directors

The Directors appointed to the Board at the date of this report are:

Audley Twiston-Davies

Position: Chairman of the Board and of the Nomination and Management Engagement committees
Date of appointment: 31 January 2000 (Chairman in May 2002)
Audley is currently chairman of BlackRock Frontiers Investment Trust plc. He was formerly Chairman of Taylor Young Investment Management Limited and previously Chief Executive Officer of Foreign & Colonial Emerging Markets Limited. He is Chairman of the Company's subsidiary.

Christopher Casey

Position: Chairman of the Audit Committee
Date of appointment: 1 March 2010
Christopher was a partner of KPMG LLP and its predecessor firms from 1992, having joined Peat Marwick & Mitchell in 1977. He was an audit partner responsible for large and listed companies but latterly specialised in mergers and acquisitions advisory assistance. He retired from KPMG LLP in February 2010. He is also a non-executive director of BlackRock North American and Income Investment Trust plc. He is a director of the Company's subsidiary.

Simona Heidempergher

Position: Director
Date of appointment: 1 September 2014
Simona is an executive director of Merifin Capital, a private investment company with its main office in Brussels. She is also a member of the board of directors for Fondazione Bruno Kessler, Europa Investimenti SpA, Flayr Bazando SA and Industrie De Nora.

Andrew Martin Smith

Position: Director
Date of appointment: 19 May 2008
Andrew currently works as an adviser and consultant with Guinness Asset Management Limited. He holds a number of directorships including M&G High Income Investment Trust P.L.C. and Church House Investments Limited.

Alexander Mettenheimer

Position: Director
Date of appointment: 1 July 2011
Alexander was deputy chairman of the board of administration for Bayerische Landesbank, the leading Bavarian commercial bank for large and middle-market corporate customers in Germany and Europe from 2010 to 2013. His previous appointments include Chief Executive Officer of both Merck Finck & Co Privatbankiers and Confia SA as well as various positions with Citibank. He holds other board positions in Germany and was spokesman of the executive directors of BHF Bank AG until March 2016.

All Directors are independent of Henderson and are members of the Nomination, Management Engagement and Audit committees.

Strategic Report: Corporate Information (continued)

Registered office

201 Bishopsgate
London EC2M 3AE

Service providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate
London EC2M 3AE

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Stockbrokers

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Corporate Secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone: 0371 384 2472
(or +44 121 415 7047 if calling from overseas).
Lines are open 8.30 am to 5.30 pm, Monday to Friday.

There is a range of shareholder information online.

You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk**.

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Financial calendar

Annual results announced	October 2016
Ex dividend date	3 November 2016
Dividend record date	4 November 2016
Annual general meeting	21 November 2016[1]
Dividend payment date	5 December 2016
Half year results announced	February 2017

Information sources

For more information about the Company, visit the website at **www.treuropeangrowthtrust.com**

HGi

HGi is a content platform provided by Henderson that offers online personalisation where you can "follow" investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi: http://HGi.co/rb

Follow Henderson Investment Trusts on Twitter, YouTube and Facebook

To get the latest updates follow us on Twitter @HGiTrusts

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone 03457 22 55 25, email **Henderson@halifax.co.uk** or visit their website **www.halifax.co.uk/sharedealing**.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman. Investors via Halifax Share Dealing receive all shareholder communications and a voting instruction form is provided to facilitate voting at general meetings of the Company.

1 At the Company's registered office at 12.30pm.

Strategic Report: Corporate Information (continued)

Status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 (the "Act") and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ("Section 1158"), is subject to the Listing Rules of the Financial Conduct Authority ('FCA') and is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company. The Company has obtained approval from HMRC of its status as an investment trust under Section 1158; the Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

Borrowing

The Company has a secured multicurrency overdraft arrangement with HSBC Bank plc that allows it to borrow up to the lesser of £50 million and 25% of custody assets as and when required. The level of gearing at 30 June 2016 is shown on page 3.

Viability Statement

The Company is a long term investor; the Board believe it is appropriate to assess the Company's viability over a three year period in recognition of the Company's long term horizon and what the Board believe to be investors' horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties as documented on page 15 in the Strategic Report.

The assessment has considered the impact of the likelihood of the principal risks and uncertainties facing the Company, in particular the investment strategy and performance against benchmark, whether from asset allocation or the level of gearing, and market risk, in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The Board took into account the liquidity of the portfolio and the borrowings in place when considering the viability of the Company over the next three years and its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's borrowing facilities and how a breach of any covenants could impact on the Company's net asset value and share price.

The Board do not expect there to be any significant change in the current principal risks and adequacy of the mitigating controls in place. Also the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. Only a substantial financial crisis affecting the global economy could have an impact on this assessment. Whilst there is currently uncertainty in the markets following the UK referendum result to leave the European Union, the Board does not believe that this will have a long term impact on the viability of the Company and its ability to continue in operation.

The Board recognise that there is a continuation vote that is due to take place at the 2016 Annual General Meeting. The Directors support the continuation of the Company and expect that the Company will continue to exist for the foreseeable future, at least for the period of assessment. However, if such a vote were not passed, the Directors would follow the necessary provisions relating to the winding up of the Company and the realisation of its assets.

Based on this assessment, the Board have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three year period.

Future developments

While the future performance of the Company is mainly dependent on the performance of international financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment objective and strategy explained earlier. The Chairman's Statement and Fund Manager's Report provide commentary on the outlook for the Company.

Corporate responsibility

Responsible investment

Henderson is responsible for reporting on its work on corporate governance and corporate responsibility (or social, environmental and ethical ("SEE") issues) in the companies in which it invests on its clients' behalf, across all funds as part of its management duties. In May 2005 Henderson became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance ("ESG") issues into mainstream investment decision-making and ownership practices.

The way companies respond to sustainability and corporate responsibility can affect their business performance, both directly and indirectly. An investee company's policy on social responsibility and the environment is considered by Henderson's risk team but investments are not ruled out on social and environmental grounds only.

Strategic Report: Corporate Information (continued)

Principal risks and uncertainties

The Board, with the assistance of Henderson, has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. In carrying out this assessment, the Board has considered the market uncertainty arising from the result of the UK referendum to leave the European Union. The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, and the steps taken by the Board to mitigate these as far as possible, and whether the Board considers the impact of such risks has changed over the past year, are as follows:

Risk	Mitigation
Investment activity and performance risks An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group.	The Board monitors investment performance at each Board meeting and regularly reviews the extent of its borrowings.
Portfolio and market price risks Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. Investments in European stock markets may be impacted by political events. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds.	The Fund Manager seeks to maintain a diversified portfolio to mitigate against this risk. The Board regularly reviews the portfolio, activities and performance.
Tax and regulatory risks A breach of Section 1158 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the Listing Rules could result in suspension of the Company's shares, while a breach of the Act could lead to criminal proceedings, or financial or reputational damage.	Henderson provides investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by Henderson on a quarterly basis, which confirm regulatory compliance.
Operational risks Disruption to, or failure of, Henderson's accounting, dealing or payment systems or the custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its service providers may not provide the required level of service.	The Board monitors the services provided by Henderson and its other service providers and receives reports on the key elements in place to provide effective internal control.

Key performance indicators

In order to measure the success of the Company in meeting its objective and to evaluate the performance of Henderson, the Directors take into account the following key performance indicators ("KPIs"):

KPI	Action
Performance measured against the benchmark	The Board reviews and compares, at each meeting, the performance of both the NAV per share and share price for the Company and its benchmark. The Board considers the benchmark to be its most important key performance indicator and has determined that it should also be used to calculate whether a performance fee is payable to Henderson. Details of the performance fee arrangements are set out on page 4.
Discount to NAV	At each Board meeting, the Board monitors the level of the Company's discount to NAV per share (including income) and reviews the average discount/premium for the AIC European Smaller Companies sector. The Company publishes a NAV per share figure on a daily basis through the official newswire of the London Stock Exchange.
Performance against the Company's peer group	The Company is included in the AIC European Smaller Companies sector. In addition to comparison against the stated benchmark, the Board also considers at each meeting the performance of this AIC sector, as well as other European investment trusts and other European funds managed by Henderson.

The charts and tables on pages 2, 3 and 11 show how the Company has performed against these KPIs.

Strategic Report: Corporate Information (continued)

Voting policy and the UK stewardship code

Henderson's responsible investment policy sets out its approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients and its policy on proxy voting. The policy also sets out how Henderson implements the Stewardship Code. The Company has reviewed the policy and has delegated responsibility for voting to Henderson. The Board receives regular reports on the voting undertaken by Henderson on behalf of the Company. The Board and Henderson believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the Fund Manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale for doing so are fed back to the investee company prior to voting.

Practical difficulties may prevent Henderson voting in some markets. In particular, various factors, including restrictions on dealing and costs, may inhibit voting in some international markets and must be taken into account.

The Henderson responsible investment policy and further details of Henderson's responsible investment activities can be found on the Henderson website, **www.henderson.com**.

Employees, social, community, human rights and environmental matters

The Company's core activities are undertaken by Henderson, which has implemented environmental management practices, including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste, where possible. The Company has therefore not reported on these, or social, community or human rights issues here; Henderson's policies are included in its annual report which can be found on the website **www.henderson.com**.

Henderson's corporate responsibility statement is included on the website stated above. In 2012 it was granted CarbonNeutral® Company status which it has committed to maintain at least until the end of 2018.

The Company's Annual Report is printed on paper produced using 50% recycled post-consumer waste and 50% wood fibre from fully sustainable forests with certification by the Forest Stewardship Council; the printing company used is certified as CarbonNeutral®. Papers for the Company's Board meetings are now mainly circulated electronically rather than in paper form.

The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011, and confirmed its zero tolerance to bribery and corruption in its business activities. It has received assurances from the Company's main contractors and suppliers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Modern Slavery Act 2015

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Board diversity

The Directors bring a range of skills to the Board, including global and European investment, banking and accounting experience. The Directors consider diversity when making appointments to the Board, taking into account relevant skills, experience, knowledge and gender. The Company has no employees and therefore there are no further disclosures in respect of gender representation within the Company.

For and on behalf of the Board

Christopher Casey
Director
10 October 2016

Strategic Report: Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into English law, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark

An index against which performance is compared. For the Company this is the Euromoney European Smaller Companies Index (ex UK) (in sterling terms, total return).

Custodian

The custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

With effect from 22 July 2014 all AIFs were required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a custodian. The depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it is has discharged its liability in certain markets. The depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

Gearing

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage reflects the amount of borrowings (e.g. bank loans or overdrafts) the Company has used to invest in the market and is calculated by taking the difference between total investments and equity shareholders' funds, dividing this by equity shareholders' funds and multiplying by 100. The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

Investment trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market capitalisation (market cap)

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Strategic Report: Glossary (continued)

Net asset value ("NAV") per ordinary share

The value of the Company's assets (i.e. investments and cash held) less any liabilities (i.e. bank borrowings and debt securities) for which the Company is responsible, divided by the number of shares in issue. The aggregate NAV is also referred to as shareholders' funds on the balance sheet. The NAV is published daily.

Ongoing charge

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs, excluding any performance fees in accordance with the AIC methodology.

Premium/discount

The amount by which the market price per share of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Revenue return per share

The revenue return per share is the revenue profit for the year divided by the weighted average number of ordinary shares in issue during the year.

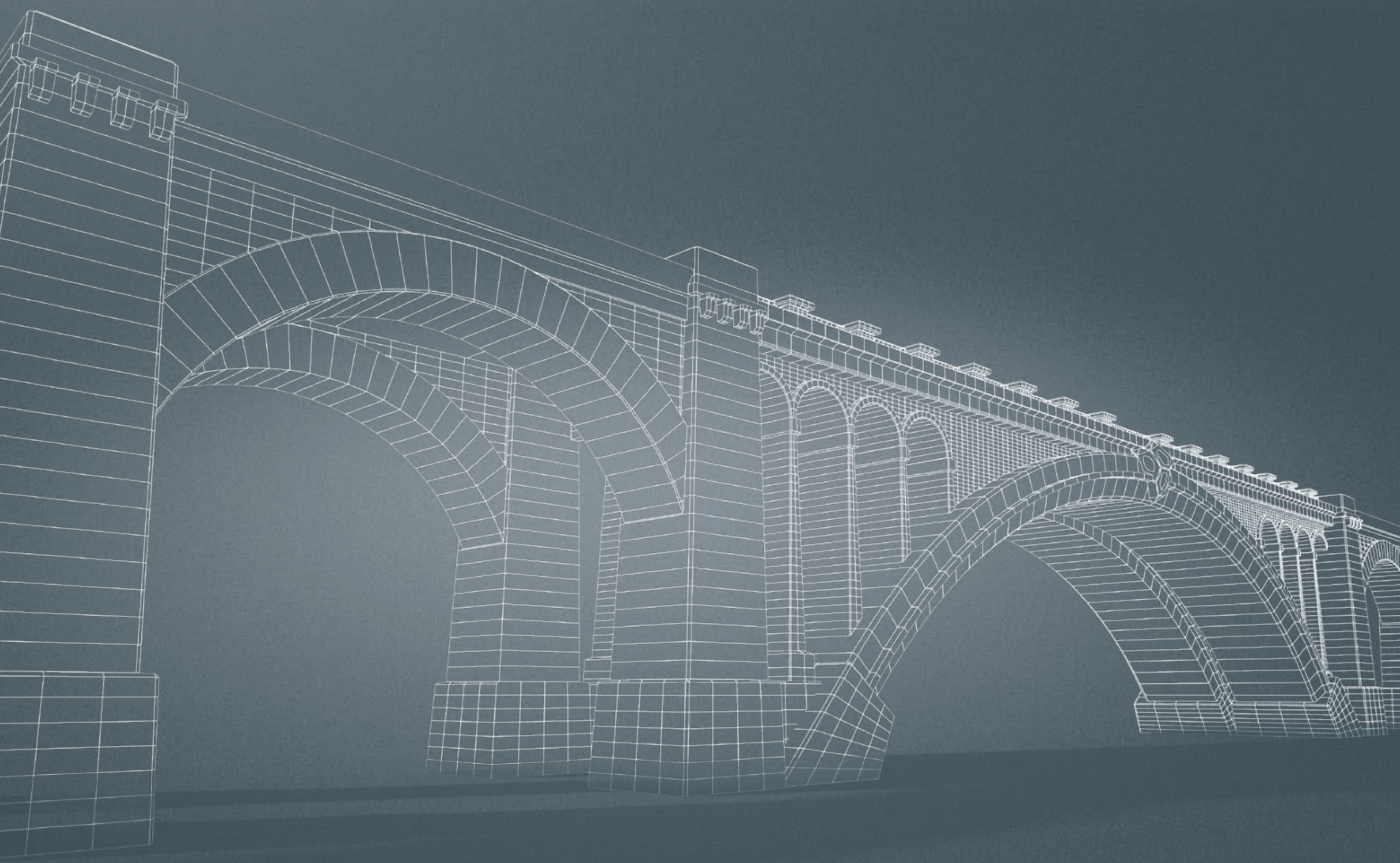
Total return performance

This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

Yield

The annual dividend expressed as a percentage of the share price.

Corporate Report



Report of the Directors

The Directors present the audited financial statements of the Group and their report for the year from 1 July 2015 to 30 June 2016. The Group comprises TR European Growth Trust PLC (the "Company" or "Parent Company") and its subsidiary undertaking, TREG Finance Limited (the "subsidiary"). The Company (registered in England & Wales on 10 July 1990 with company registration number 2520734) was active throughout the year under review.

Directors' remuneration and shareholdings

The Directors' Remuneration Report on pages 23 and 24 provides information on the remuneration and share interests of the Directors.

Directors' conflicts of interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts. The Board believes that the systems in place for reporting and considering situational conflicts continue to operate effectively.

Related party transactions

The Company's transactions with related parties in the year were with the Directors, the subsidiary and Henderson. There have been no material transactions between the Company and its Directors during the year and the only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the year end. Directors' shareholdings are disclosed on page 23. The Company has paid expenses on behalf of the subsidiary as disclosed on page 60. 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 year under review. More details on transactions with Henderson, including amounts outstanding at the year end, are given in note 22 on page 60.

Share capital

As at 30 June 2016 the Company's paid up share capital consisted of 49,975,897 ordinary shares of 12.5p each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no restrictions on voting, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

Subject to annual shareholder approval, the Company may purchase its own ordinary shares at a discount to net asset value ("NAV") per share. At the annual general meeting ("AGM") in November 2015 shareholders gave the Board authority to buy back 7,491,386 ordinary shares. In the current financial year to date 69,500 shares have been bought back by the Company, leaving an existing authority of 7,421,886. This authority will expire at the earlier of the date falling 15 months after the passing of the resolution and the conclusion of the 2015 AGM. The Company also seeks authority annually to allot shares; no shares have been issued since 1 July 2014.

The holders of the Company's ordinary shares are entitled to one vote for every two shares. Therefore, as at 30 June 2016 the voting rights were 24,987,948 votes. As at 10 October 2016 the total voting rights were 24,953,199.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 30 June 2016 in accordance with the disclosure and transparency rules ("DTRs") were as follows:

	% of voting rights
Investec Wealth & Investment	6.3
Lazard Asset Management LLC	6.0
Rathbone Brothers	5.0
1607 Capital Partners	4.6

No changes have been notified in the period 1 July 2016 to 10 October 2016.

In accordance with section 793 of the Companies Act 2006 ("section 793"), the Company is aware of the following substantial holdings in the Company's ordinary shares as at 30 June 2016:

	Number of ordinary shares held	% of ordinary shares in issue
Halifax Share Dealing	6,932,129	13.8
Investec Wealth & Investment	4,550,796	9.1
Lazard Asset Management	3,198,174	6.4
Alliance Trust Savings	2,269,589	4.5
Wells Capital Management	2,164,647	4.3
Hargreaves Lansdown	1,965,279	3.9
Rathbone Brothers	1,698,873	3.4
LGT Group	1,550,642	3.1

Differences between the disclosures made under the DTRs and section 793 arise when the beneficial owner has not given voting rights to the registered owner.

Report of the Directors (continued)

At 30 June 2016, 13.8% of the issued ordinary shares were held on behalf of participants in Halifax Share Dealing products run by Halifax Share Dealing Limited ("HSDL"). In accordance with the arrangements made between HSDL and Henderson, the participants in these schemes are given the opportunity to instruct the relevant nominee company to exercise the voting rights attached to their shares in respect of all general meetings of the Company.

Duration of the Company

The Company's Articles of Association require that at every third AGM of the Company an ordinary resolution be put to shareholders asking them to approve the continuation of the Company. The next such resolution will be proposed at the AGM in 2016.

Annual general meeting

The AGM will be held on Monday 21 November 2016 at 12.30 pm at the Company's registered office. The Notice and details of the resolutions to be put at the AGM are contained in the separate document being sent to shareholders with this report.

Corporate Governance

The Corporate Governance Statement set out on pages 25 to 28 forms part of the Report of the Directors.

Other information

Information on dividends, future developments and financial risks are detailed in the Strategic Report.

Directors' statement as to disclosure of information to auditors

Each of the Directors who were members of the Board at the date of approval of this report confirms that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report which the Company's auditors are unaware and he or she has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Global greenhouse gas emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 30 June 2016 (2015: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

By order of the Board

Henderson Secretarial Services Limited
10 October 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the International Accounting Standards Regulation. They are also responsible for safeguarding the assets of the Parent Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's position and performance, business model and strategy.

Statement under DTR 4.1.12

Each of the Directors, who are listed on page 12, confirms that, to the best of his or her knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Christopher Casey
Director
10 October 2016

The financial statements are published on **www.treuropeangrowthtrust.com** which is a website maintained by Henderson.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The maintenance and integrity of the website is the responsibility of Henderson; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Annual Report since it was initially presented on the website.

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the "Regulations"). The report also meets the relevant requirements of the Companies Act 2006 (the "Act") and the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to Directors' remuneration. As required by section 439 of the Act, an ordinary resolution to approve the report will be proposed at the Annual General Meeting ("AGM") on 21 November 2016. The Company's remuneration policy was approved by shareholders at the AGM in 2014 in accordance with section 439A of the Act. No changes to the policy are currently proposed.

The Company's auditors are required to report on certain information contained within this report; where information set out below has been audited it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board as a whole considers the Directors' remuneration. The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration (although the Directors review annually the fees paid to the boards of directors of other comparable investment trust companies).

Remuneration policy

Directors are remunerated in the form of fees, payable quarterly in arrears. In accordance with the Company's Articles of Association the aggregate remuneration of the Directors may not exceed £200,000 per annum. Subject to this overall limit, the Board's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors, and should be sufficient to promote the long-term success of the Company. All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit Committee who are paid a higher fee in recognition of their additional responsibilities. The level of remuneration paid to each Director is reviewed annually, although such review will not necessarily result in any change to the rate. Any feedback from shareholders would be taken into account when setting remuneration levels. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

No Director has a service contract with the Company. Directors' appointments may be terminated at any time by written notice with no compensation payable.

This policy has been in place since 1 July 2013 and will remain in place until the Annual General Meeting in 2017 unless it is amended by way of ordinary resolution put to shareholders at a general meeting. The Board may amend the level of remuneration paid to individual Directors within the parameters of the remuneration policy.

Annual statement

As Chairman, Audley Twiston-Davies reports that there have been no decisions on Directors' remuneration and no changes to the remuneration paid to each individual Director in the year ended 30 June 2016.

From 1 July 2016 the fee paid to the Chairman increased to £33,000. The adjustment was made after consideration of the fees paid to other investment trusts in the sector of an equivalent size. The fees paid to all other Directors remain unchanged.

Annual report on remuneration

Directors' interests in shares (audited)

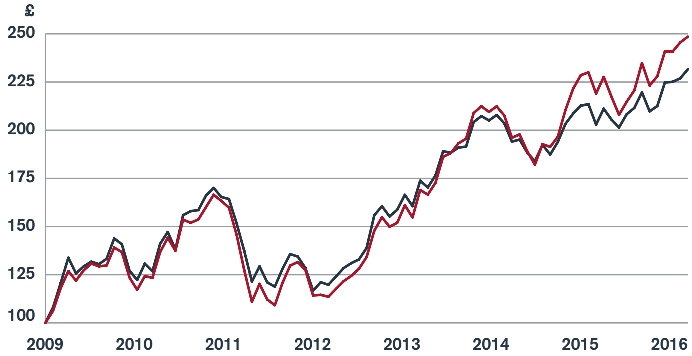
	Ordinary shares of 12.5p	
	30 June 2016	1 July 2015
Audley Twiston-Davies	12,500	12,500
Christopher Casey	6,000	6,000
Simona Heidempergher	1,600	1,600
Andrew Martin Smith	10,000	10,000
Alexander Mettenheimer	–	–

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the above table. There have been no changes to any of the Directors' holdings in the period 1 July to 10 October 2016. Alexander Mettenheimer does not hold shares in the Company because of penal tax treatment of investment trust holdings by the German authorities.

Directors' Remuneration Report (continued)

Performance

The graph compares the mid-market price of the Company's ordinary shares over the seven year period ended 30 June 2016 with the return from the Euromoney European Smaller Companies Index (ex UK) expressed in sterling ("Index") over the same period.



Company's share price total return, assuming the investment of £100 on 30 June 2009 and the reinvestment of all dividends (excluding dealing expenses) (Source: Morningstar for the AIC)

Index total return, assuming the notional investment of £100 on 30 June 2009 and the reinvestment of all income (excluding dealing expenses) (Source: Datastream)

Directors' remuneration (audited)

The remuneration paid to the Directors who served during the years ended 30 June 2016 and 30 June 2015 was as follows:

	Year ended 30 June 2016 Total salary and fees £	Year ended 30 June 2015 Total salary and fees £	Year ended 30 June 2016 Taxable benefits £	Year ended 30 June 2015 Taxable benefits £	Year ended 30 June 2016 Total £	Year ended 30 June 2015 Total £
Audley Twiston-Davies[1]	31,000	31,000	–	–	31,000	31,000
Christopher Casey[2]	26,000	26,000	–	–	26,000	26,000
Simona Heidempergher	24,000	20,000	–	–	24,000	20,000
Andrew Martin Smith	24,000	24,000	–	–	24,000	24,000
Alexander Mettenheimer[3]	24,000	24,000	2,700	2,400	26,700	26,400
Jane Tufnell[4]	–	9,130	–	–	–	9,130
Total	**129,000**	**134,130**	**2,700**	**2,400**	**131,700**	**136,530**

Notes:

The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made.

1 Chairman and highest paid Director
2 Chairman of the Audit Committee
3 £2,700 of taxable benefits (2015: £2,400) relate to personal tax services provided by PricewaterhouseCoopers LLP
4 Retired on 17 November 2014

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties specified by any of them.

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions paid to shareholders by way of dividends. There were no other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2016 £	2015 £	Change £
Total remuneration	131,700	136,530	(4,830)
Ordinary dividend paid during the year	4,747,710	4,597,783	149,927

Statement of voting at AGM

At the 2015 AGM 5,733,384 votes (98.88%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 52,976 (0.91%) were against, 12,292 (0.21%) were discretionary and 26,436 were withheld; the percentage of votes excludes votes withheld.

In relation to the approval of the remuneration policy, 9,388,895 votes (94.9%) were received voting for the resolution, 468,258 (4.7%) were against, 26,900 (0.4%) were discretionary and 185,953 were withheld.

For and on behalf of the Board

Christopher Casey
Director
10 October 2016

Corporate Governance Statement

Applicable corporate governance codes

The Board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties; the Company has no employees and the Directors are all non-executive. Therefore not all the provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council ("FRC") in April 2014 are directly applicable to the Company. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in February 2015 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the applicable principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The FRC has confirmed that by following the AIC Guide, boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

The Board has noted that the FRC and the AIC have issued revised Codes which the Company will be required to report against next year.

Copies of the AIC Code, the AIC Guide and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**.

Statement of compliance

The Directors believe that the Company has complied with the recommendations of the AIC Code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report and thereby the provisions of the UK Code except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. In particular, all of the Company's day to day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

Directors

Directors' appointment and retirement

The Board may appoint Directors to the Board without shareholder approval. Any Director so appointed must stand for election by the shareholders at the next Annual General Meeting ("AGM") in accordance with the Articles of Association. The AIC Code states that any Director who has served for more than nine years is subject to annual re-election. Audley Twiston-Davies is therefore required to seek re-election to the Board at the 2016 AGM. All Directors retire at intervals of not more than three years. The Company's Articles of Association also provide that one-third (but not more than one-third) of "Relevant Directors" must seek re-election at each AGM. Relevant Directors exclude any Director who is required to seek re-election for any reason other than rotation in accordance with the Articles of Association. There are four Relevant Directors, one of whom must retire. Andrew Martin-Smith will retire by rotation at the 2016 AGM and has confirmed that he wishes to seek re-election to the Board. The contribution and performance of each of the Directors seeking re-election was reviewed by the Nomination Committee at its meeting in July 2016, which recommended to the Board the continuing appointment of each of those Directors. Under the Articles of Association shareholders may remove a Director before the end of his term by passing an ordinary resolution at a general meeting. An ordinary resolution is passed if more than 50% of the votes cast, in person or by proxy, are in favour of the resolution.

Directors' independence

All Directors have a wide range of other interests and are not dependent on the Company itself. At the Nomination Committee meeting in July 2016, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of Henderson. Audley Twiston-Davies has served on the Board for more than nine years. In line with the AIC Code, the Board believes that length of service does not diminish the contribution from a Director as experience and knowledge of the Company is a positive factor and should not impact a Director's independence. It believes that longer serving Directors are less likely to take a short-term view, an approach which is supported by the AIC Code. The Board has determined that all Directors are independent in character and judgement and that their individual skills, broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

A senior independent director has not been identified as the Board considers that all the Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed. There were no contracts in existence during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' professional development

When a new Director is appointed he or she is offered an induction seminar. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors are also able to attend external training facilities and industry seminars at the expense of the Company. Each Director's individual training requirements are considered as part of the annual performance evaluation.

Corporate Governance Statement (continued)

Directors' insurance and indemnification
Directors' and officers' liability insurance cover is in place which indemnifies the Directors against certain liabilities arising from the carrying out of their duties. Under the Company's Articles of Association and, subject to the provisions of English law, a qualifying third party provision indemnity may be provided to Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. The Company has granted indemnity to Directors to the extent permitted by law in respect of liabilities that may attach to them in their capacity as Directors of the Company.

The Board

Board composition
The Board currently consists of five non-executive Directors and the biographies of those holding office at the date of this report are included on page 12. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors. All Directors served throughout the year.

Responsibilities of the Board and its Committees
The Board meets formally at least five times a year, with additional Board or committee meetings arranged when required. The Directors have regular contact with the Fund Manager and representatives of the Corporate Secretary between formal meetings. The Board has a formal schedule of matters specifically reserved for its decision, which include strategy, management and structure, financial reporting and other communications, Board membership and other appointments, internal control and corporate governance.

The Board is responsible for the approval of annual and half year results and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects. The Directors confirm that they are satisfied that the Annual Report for the year ended 30 June 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

At each meeting the Directors follow a formal agenda, which includes a review of the Company's net asset value ("NAV"), share price, discount, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure that control is maintained over the affairs of the Company.

The Board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which Henderson has discretion to act and regularly reviews investment strategy. It has adopted a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Committees of the Board
The Board has three principal committees: the Audit Committee, the Management Engagement Committee and the Nomination Committee. The terms of reference for these committees are available on the website **www.treuropeangrowthtrust.com** or via the Corporate Secretary. The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations.

A separate remuneration committee has not been established as the Board is wholly comprised of non-executive Directors. The Board as a whole is responsible for setting Directors' fees in line with the remuneration policy set out on page 23, which is subject to periodic shareholder approval.

Audit Committee

The Audit Committee comprises all of the Directors and is chaired by Christopher Casey, who is a chartered accountant. The other Audit Committee members have a combination of financial, investment and other experience gained throughout their careers. The Board is satisfied that at least one member has recent and relevant financial experience. All members of the Audit Committee are independent. The Report of the Audit Committee, which forms part of this Corporate Governance Statement, can be found on pages 29 and 30.

Nomination Committee

All Directors are members of the Nomination Committee, which is chaired by the Chairman of the Board. The Committee is responsible for reviewing Board succession planning and tenure policy, the performance of the Board as a whole and its committees, as well as making recommendations to the Board on the appointment of new Directors. The Chairman does not chair the Committee when his successor is being considered. Appointments to the Board follow an established, formal procedure.

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience and diversity on the Board. Diversity is also considered as part of the annual performance evaluation. The Board considers that a range of backgrounds and nationalities is represented on the Board, with each Director bringing different qualities to the Board and its discussions.

The Board does not consider it appropriate for the Company to have set targets in relation to diversity. Candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. The Nomination Committee will make recommendations to the Board when the recruitment of additional non-executive Directors is required. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Company uses external agencies as and when required.

The Committee reviews the performance of Directors seeking re-election and makes recommendations to the Board accordingly. In considering the performance of Directors, the Committee takes into account the mix of skills and experience of the current Board members, as well as their independence. Recommendation for re-election is not automatic. Any Director serving for longer than six years is subject to particularly rigorous assessment of their contribution.

Corporate Governance Statement (continued)

The Committee met in July 2016 to discuss the results of its annual performance evaluation. The results are detailed on page 27.

Management Engagement Committee

All Directors are members of the Management Engagement Committee, which is chaired by the Chairman of the Board. The Committee is responsible for reviewing the management contract on a regular basis, ensuring that the terms are fair, reasonable and competitive, and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders. The Committee also reviews the performance and cost effectiveness of the Company's other service providers.

The Committee met in July 2016 to carry out its annual review of Henderson, the results of which are detailed on page 28.

Board attendance

The table below sets out the number of Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors attended the AGM on 9 November 2015.

	Board	AC	MEC	NC
Number of meetings	**5**	**2**	**1**	**1**
Audley Twiston-Davies	5	2	1	1
Christopher Casey	5	2	1	1
Simona Heidempergher	5	2	1	1
Andrew Martin Smith	5	2	1	1
Alexander Mettenheimer	5	2	1	1

A Committee of the Board met on three occasions during the year to approve the Company's results and dividends, and to consider additional business impacting the Company's financial performance.

Performance evaluation

The performance of the Company is considered at each Board meeting. In the year under review the Board conducted a review of its own performance, together with that of its Committees, the Chairman and each individual Director. This was carried out through the use of a questionnaire. The Chairman of the Audit Committee undertook a performance evaluation of the Chairman. The outcome concluded that the Board continues to have a good balance of skills and experience and that each Directors makes a significant contribution to the affairs of the Company. The review of the Chairman's performance concluded that he continued to display effective leadership. Based on the results of the evaluation, the Nomination Committee recommended that the Directors seeking re-election at the Company's AGM merit re-election by shareholders.

Internal controls

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Group. The process accords with advice issued by the Financial Reporting Council and is subject to regular review by the Board. The Board has overall responsibility for the Group's system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Henderson has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by Henderson's compliance, internal audit and risk departments on a continuing basis. The Board receives a formal report on a quarterly basis which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of Henderson, and which reports the details of any known internal control failures. The Board receives a report on Henderson's internal controls each year which includes a report from Henderson's auditors on the control policies and procedures in operation. All business risks faced by the Group are recorded in a risk map which is reviewed periodically by the Board.

The Board has reviewed the effectiveness of the Group's system of internal controls for the year ended 30 June 2016. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant.

The ongoing process for identifying, evaluating and managing significant risks faced by the Group has been in place throughout the year under review and up to the date of this report. Systems are in operation to safeguard the Group's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. As all of the Group's management functions are delegated to third parties, and the Board monitors the controls in place with support from Henderson's internal audit department, the Board feels that there is currently no need for the Group to have its own internal audit function.

Accountability and relationship with Henderson

The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 22, the Independent Auditors' Report on pages 31 to 36 and the viability statement on page 14.

The Board has delegated contractually to external third parties, including Henderson, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets which is delegated through the appointment of the depositary as explained on page 17, the day-to-day accounting, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Board receives and considers regular reports from Henderson and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Henderson which provide a forum to discuss industry matters which would then be reported to the Board.

Corporate Governance Statement (continued)

Henderson takes decisions as to the purchase and sale of individual investments. Henderson also ensures that Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of Henderson attend each Board meeting enabling the Directors to probe further on matters of concern. The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board and Henderson operate in a supportive, co-operative and open environment.

Henderson and BNP Paribas Securities Services, which acts for Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

Continued appointment of Henderson

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with Henderson are contained on page 4. The Board monitors investment performance at each meeting and formally evaluates the overall performance of the Manager, including other services provided by the Manager such as company secretarial, accounting and sales services, at least annually. Having done so at its meeting in July 2016, it is the Directors' opinion that the continuing appointment of Henderson on the existing terms is in the interests of the Company and its shareholders as a whole.

Share capital

Please see the Report of the Directors on page 20.

Relations with shareholders

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with its shareholders is through the Annual Report and half year results which aim to provide shareholders with a clear understanding of the Company's activities and results. This information is supplemented by the daily calculation and publication of the NAV per share to a regulatory information service and a monthly fact sheet which is available on the website. Henderson provides information on the Company and Fund Manager videos on the website, via various social media channels and through its HGi content platform, more details of which are included on page 13.

The Board considers that shareholders should be encouraged to attend and participate in the AGM, which is available to watch live by visiting www.henderson.com/trustslive. Shareholders have the opportunity to address questions to the Chairman of the Board, the Chairman of the Audit Committee and all other Directors at the meeting and the Fund Manager will make a presentation to shareholders. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the Board that the Annual Report and Notice of Meeting be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also available on the website. Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time, are invited to do so by writing to the Chairman at the registered office address given on page 13.

General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between Henderson and shareholders are reported to the Board.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
10 October 2016

Report of the Audit Committee

The Chairman of the Audit Committee, Christopher Casey, reports on the year to 30 June 2016

Meetings

The Audit Committee met twice during the year under review. The Company's auditors are invited to attend meetings as necessary. Representatives of Henderson and BNP Paribas Securities Services may also be invited.

Role and responsibilities

The role of the Audit Committee is to assist the Board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the auditors. The responsibilities are set out in formal terms of reference which are regularly reviewed. In the year under review the main duties undertaken were consideration of:

- the appropriateness of the Company's accounting policies;
- the Annual Report and half year results, including the disclosures made in relation to internal controls and risk management, going concern and the long term viability statement, related party disclosures, and consideration as to whether the report was fair, balanced and understandable, enabling shareholders to assess the Company's position and performance, business model and strategy;
- the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from Henderson;
- the valuation of the Company's unquoted investments for recommendation to the Board;
- the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- the internal controls in place at Henderson and BNP Paribas Securities Services as administrator and Henderson's policies in relation to cyber risk and business continuity, meeting with representatives of Henderson's internal audit and risk departments periodically;
- the performance fee calculation;
- the key risks, risk management systems in place and the Company's risk map;
- the Company's anti-bribery policy;
- the nature and scope of the external audit and the findings therefrom;
- whether there is a need for an internal audit function in order to make a recommendation to the Board (as described on page 27);
- the appointment of the auditors, their effectiveness and remuneration (see page 30);
- the auditors' independence and objectivity and the provision of any non-audit services (as explained further on page 30) and the reporting of the external auditor; and
- the whistle blowing policy that Henderson has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence.

Report of the Audit Committee (continued)

Annual Report for the year ended 30 June 2016

In relation to the Annual Report for the year ended 30 June 2016 the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Group's investments	Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Investments that are unquoted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by both Henderson's fair value pricing committee and by the Directors at least twice each year. Ownership of listed investments are verified by reconciliation to the custodian's records; for unquoted investments, verification is via reconciliation to the records of the investee entities.
Recognition of income	Income received is accounted for in line with the Company's accounting policies (as set out on page 42) and is reviewed by the Committee at each meeting.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times.
Maintaining internal controls	The Committee receives regular reports on internal controls from Henderson and its delegates and has access to the relevant personnel of Henderson who have a responsibility for risk management and internal audit.

Policy on non-audit services

The provision of non-audit services by the Company's auditors is considered and approved by the Audit Committee on a case by case basis. The policy set by the Audit Committee, which is kept under review, ensures that consideration is given to the following factors when considering the provision of non-audit services by the auditors:

- the level of non-audit fees paid to the audit firm in relation to the statutory audit fee;
- whether the audit firm is the most suitable supplier of non-audit services;
- the impact on the auditors' independence and objectivity and what safeguards can be put in place to eliminate or reduce any threat in this regard; and
- the cost-effectiveness of the services.

The Board has determined that the auditors will never be considered for the provision of services related to accounting and preparation of the financial statements, internal audit and custody.

During the year PricewaterhouseCoopers LLP ("PwC") were appointed to provide non-audit services in relation to personal tax services to a Director, paid for by the Company. The personal tax team at PwC is separate to the audit team and no conflicts or threats to the independence or objectivity of the auditors are perceived by the Board. PwC were chosen to provide this service as they had previously undertaken similar work for the Company's offshore Directors. There were no non-audit services provided to the Company during the year.

Appointment of auditor

The Audit Committee has considered the implications of PwC being appointed as auditor to Henderson and is satisfied that they remain independent of the Company. The audit teams for Henderson and the Company are independent of each other and strong controls are in place to ensure this continued independence.

The Statutory Auditors and Third Country Auditors Regulations came into force on 17 June 2016. These require the Company to rotate its audit firm after a period of 10 years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. PwC has been the Company's auditor for over 20 years. The auditor is required to rotate partners every five years and this is the second year that the current partner has been in place. Under transitional provisions, the Company will be required to put the external audit out to tender for the 2021 financial year end.

The Audit Committee remains satisfied with the effectiveness of the audit provided by PwC on the basis of their performance and the Audit Committee recommended their continuing appointment to the Board. The auditor has indicated their willingness to continue in office. Accordingly, resolutions to confirm the appointment of PwC as auditor to the Company and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Fees paid or payable to the auditors are detailed in note 5 on page 46.

For and on behalf of the Board

Christopher Casey
Audit Committee Chairman
10 October 2016

Independent Auditors' Report to the members of TR European Growth Trust PLC

Report on the financial statements

Our opinion

In our opinion, TR European Growth Trust PLC's Group financial statements and Parent Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2016 and of the Group's and the Parent Company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated and Parent Company Balance Sheets as at 30 June 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Parent Company Cash Flow Statements for the year then ended;
- the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

Our audit approach

Overview

- Overall Group materiality: £3.7 million which represents 1% of Net Assets.

- The Group is structured as an investment entity and engages Henderson Investment Funds Limited (the "Manager") to manage its assets. We audited the Parent Company, TR European Growth Trust PLC and the subsidiary, TREG Finance Limited.
- We conducted our audit of the financial statements using information from BNP Paribas Securities Services (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Group, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Group operates.

- Valuation and existence of investments.
- Dividend Income.
- Performance fee.

Independent Auditors' Report to the members of TR European Growth Trust PLC (continued)

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Valuation and existence of investments Please refer to page 30 (Report of the Audit Committee), page 42 (Accounting Policies) and page 48 (Notes). The investment portfolio at the year-end comprised of listed investments (£396.4 million), a direct private equity investment (£13.1 million) and investments in private equity funds (£3.9 million). We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Consolidated and Parent Company Balance Sheets in the financial statements.	We tested the valuation of the investment portfolio as follows: ▪ For listed investments we agreed the prices used in the valuation to independent third party sources; ▪ For the direct private equity investment, we understood and evaluated how the Manager had determined fair value, which was done using an earnings multiple approach with reference to a basket of comparable companies. We also confirmed that the Directors had approved the valuation of the investment as determined by the Manager. Our work included testing inputs to the valuation model by agreeing these to the investee entity's audited financial report and comparable Company information. We also tested the calculations in the valuation model and discussed the valuation of this investment with the Manager and the Directors to challenge the appropriateness of the methodology, key inputs and assumptions used, with reference to the International Private Equity and Venture Capital Valuation Guidelines; and ▪ For the private equity fund investments, we checked the valuations applied to net asset value statements received from the fund managers. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing the holdings to an independent custodian confirmation from HSBC Bank plc or to confirmations from the investee entities, as appropriate. No differences were identified by our testing that required reporting to those charged with governance.

Independent Auditors' Report to the members of TR European Growth Trust PLC (continued)

Area of focus	How our audit addressed the area of focus
Dividend income Please refer to page 30 (Report of the Audit Committee), page 42 (Accounting Policies) and page 45 (Notes). We focused on the accuracy and completeness of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). This is because incomplete or inaccurate dividend income could have a material impact on the Group's net asset value and dividend cover.	We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that dividend income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of relevant controls surrounding dividend income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Consolidated Statement of Comprehensive Income in line with the requirements set out in the AIC SORP. We then tested the validity of special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.
Performance fee Please refer to page 43 (Accounting Policies) and page 45 (Notes). A performance fee is payable for the year of £1.4 million. We focused on this area because the performance fee is calculated using a complex methodology as set out in the Investment Management Agreement between the Group and the Manager.	We independently recalculated the performance fee of £1.4 million using the methodology set out in the Investment Management Agreement and agreed the inputs to the calculation, including the benchmark data, to independent third party sources, where applicable. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the allocation of the performance fee between the revenue and capital return columns of the Consolidated Statement of Comprehensive Income with reference to the accounting policy as set out on page 43. We found that the allocation of the performance fee was consistent with the accounting policy.

Independent Auditors' Report to the members of TR European Growth Trust PLC (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's accounting is delegated to the Administrator who maintain their own accounting records and controls.

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and reading the relevant control reports issued by the independent auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. We then identified those relevant controls at the Administrator on which we could place reliance to provide audit evidence.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£3.7 million (2015: £3.7 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £188,000 (2015: £188,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 42, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the members of TR European Growth Trust PLC (continued)

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

▪ information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
▪ the explanation given by the Directors on page 22, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), as to why the Annual Report does not include a statement that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company acquired in the course of performing our audit.	We have no exceptions to report.
▪ the section of the Annual Report on pages 29 and 30, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

▪ the the Directors' confirmation on page 15 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
▪ the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to
▪ the Directors' explanation on page 14 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditors' Report to the members of TR European Growth Trust PLC (continued)

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jeremy Jensen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 October 2016

Consolidated Statement of Comprehensive Income

Notes		Year ended 30 June 2016 Revenue return £'000	Year ended 30 June 2016 Capital return £'000	Year ended 30 June 2016 Total return £'000	Year ended 30 June 2015 Revenue return £'000	Year ended 30 June 2015 Capital return £'000	Year ended 30 June 2015 Total return £'000
2	Investment Income	8,215	–	8,215	7,318	–	7,318
3	Other income	43	–	43	1	–	1
10	Gains on investments held at fair value through profit or loss	–	41,583	41,583	–	14,552	14,552
	Total income	**8,258**	**41,583**	**49,841**	**7,319**	**14,552**	**21,871**
	Expenses						
4	Management and performance fee	(427)	(3,099)	(3,526)	(382)	(3,287)	(3,669)
5	Other operating expenses	(591)	–	(591)	(566)	–	(566)
	Profit before finance costs and taxation	**7,240**	**38,484**	**45,724**	**6,371**	**11,265**	**17,636**
6	Finance costs	(110)	(441)	(551)	(92)	(369)	(461)
	Profit before taxation	**7,130**	**38,043**	**45,173**	**6,279**	**10,896**	**17,175**
7	Taxation	(391)	–	(391)	(610)	–	(610)
	Profit for the year and total comprehensive income	**6,739**	**38,043**	**44,782**	**5,669**	**10,896**	**16,565**
8	Return per ordinary share – basic and diluted	13.48p	76.12p	89.60p	11.34p	21.80p	33.14p

The total column of this statement represents the Consolidated Statement of Comprehensive Income, prepared in accordance with IFRSs, as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All income is attributable to the equity holders of TR European Growth Trust PLC, the Parent Company.

The net profit of the Parent Company for the year was £44,782,000 (2015: £16,565,000).

The notes on pages 41 to 60 form part of these financial statements.

Consolidated and Parent Company Statements of Changes in Equity

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve[1] £'000	Total £'000
	Consolidated Year ended 30 June 2016						
	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:						
9	Ordinary dividends paid	–	–	–	–	(4,748)	(4,748)
19	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**
	Consolidated Year ended 30 June 2015						
	Total equity at 1 July 2014	6,247	115,451	13,931	169,179	20,868	325,676
	Total comprehensive income:						
	Profit for the year	–	–	–	10,896	5,669	16,565
	Transactions with owners, recorded directly to equity:						
9	Ordinary dividends paid	–	–	–	–	(4,598)	(4,598)
19	Refund of unclaimed dividends over 12 years old	–	–	–	–	2	2
	Total equity at 30 June 2015	**6,247**	**115,451**	**13,931**	**180,075**	**21,941**	**337,645**
	Company Year ended 30 June 2016						
	Total equity at 1 July 2015	6,247	115,451	13,931	181,120	20,896	337,645
	Total comprehensive income:						
	Profit for the year	–	–	–	38,041	6,741	44,782
	Transactions with owners, recorded directly to equity:						
9	Ordinary dividends paid	–	–	–	–	(4,748)	(4,748)
19	Refund of unclaimed dividends over 12 years old	–	–	–	–	4	4
	Total equity at 30 June 2016	**6,247**	**115,451**	**13,931**	**219,161**	**22,893**	**377,683**
	Company Year ended 30 June 2015						
	Total equity at 1 July 2014	6,247	115,451	13,931	170,227	19,820	325,676
	Total comprehensive income:						
	Profit for the year	–	–	–	10,893	5,672	16,565
	Transactions with owners, recorded directly to equity:						
9	Ordinary dividends paid	–	–	–	–	(4,598)	(4,598)
19	Refund of unclaimed dividends over 12 years old	–	–	–	–	2	2
	Total equity at 30 June 2015	**6,247**	**115,451**	**13,931**	**181,120**	**20,896**	**337,645**

1 The revenue reserve represents the amount of reserves distributable by way of dividend

The notes on pages 41 to 60 form part of these financial statements.

Consolidated and Parent Company Balance Sheets

Notes		At 30 June 2016 Consolidated £'000	At 30 June 2015 Consolidated £'000	At 30 June 2016 Company £'000	At 30 June 2015 Company £'000
	Non current assets				
10	Investments held at fair value through profit or loss	413,379	379,683	414,353	380,659
	Current assets				
13	Receivables	1,442	2,411	1,442	2,411
	Cash and cash equivalents	73	107	70	104
		1,515	**2,518**	**1,512**	**2,515**
	Total assets	**414,894**	**382,201**	**415,865**	**383,174**
	Current liabilities				
14	Payables	(3,686)	(4,124)	(4,657)	(5,097)
	Bank overdrafts	(33,525)	(40,432)	(33,525)	(40,432)
		(37,211)	**(44,556)**	**(38,182)**	**(45,529)**
	Net assets	**377,683**	**337,645**	**377,683**	**337,645**
	Equity attributable to equity shareholders of the parent company				
16	Called up share capital	6,247	6,247	6,247	6,247
17	Share premium account	115,451	115,451	115,451	115,451
18	Capital redemption reserve	13,931	13,931	13,931	13,931
	Retained earnings:				
18	Other capital reserves	218,118	180,075	219,161	181,120
19	Revenue reserve	23,936	21,941	22,893	20,896
20	**Total equity**	**377,683**	**337,645**	**377,683**	**337,645**
20	Net asset value per ordinary share – basic and diluted	755.73p	675.62p	755.73p	675.62p

The financial statements on pages 37 to 60 were approved and authorised for issue by the Board on 10 October 2016 and signed on its behalf by:

Christopher Casey
Director

The notes on pages 41 to 60 form part of these financial statements.

Consolidated and Parent Company Cash Flow Statements

	Year ended 30 June 2016		Year ended 30 June 2015	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
Operating activities				
Profit before taxation	45,173	45,173	17,175	17,175
Add back: interest payable	551	551	461	461
Less: gains on investments held at fair value through profit or loss	(41,583)	(41,580)	(14,552)	(14,549)
Sales of investments held at fair value through profit or loss	246,136	246,136	189,701	189,701
Purchases of investments held at fair value through profit or loss	(232,013)	(232,013)	(187,072)	(187,072)
Withholding tax on dividends deducted at source	(990)	(990)	(912)	(912)
(Increase)/decrease in prepayments and accrued income	(89)	(89)	153	153
Decrease/(increase) in amounts due from brokers	1,181	1,181	(1,041)	(1,041)
(Decrease)/increase in accruals and deferred income	(291)	(294)	681	678
Decrease in amounts due to brokers	(153)	(153)	(2,697)	(2,697)
Net cash inflow from operating activities before interest and taxation	**17,922**	**17,922**	**1,897**	**1,897**
Interest paid	(551)	(551)	(461)	(461)
Taxation recovered	482	482	202	202
Net cash inflow from operating activities	**17,853**	**17,853**	**1,638**	**1,638**
Financing activities				
Equity dividends paid (net of refund of unclaimed dividends – see note 9)	(4,744)	(4,744)	(4,596)	(4,596)
Net cash used in financing	**(4,744)**	**(4,744)**	**(4,596)**	**(4,596)**
Increase/(decrease) in cash and cash equivalents	13,109	13,109	(2,958)	(2,958)
Cash and cash equivalents at the start of the year	(40,325)	(40,328)	(41,816)	(41,819)
Exchange movements	(6,236)	(6,236)	4,449	4,449
Cash and cash equivalents at the end of the year	**(33,452)**	**(33,455)**	**(40,325)**	**(40,328)**
Comprising:				
Cash at bank	73	70	107	104
Bank overdrafts	(33,525)	(33,525)	(40,432)	(40,432)
	(33,452)	**(33,455)**	**(40,325)**	**(40,328)**

The notes on pages 41 to 60 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The consolidated and Parent Company financial statements for the year ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and with those parts of the Companies Act 2006 (the "Act") applicable to companies reporting under IFRSs. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the IFRS interpretations committee that remain in effect to the extent that IFRSs have been adopted by the European Union. The accounting policies have been consistently applied in the current and previous year.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas which assumptions and estimates are significant to the financial statements are disclosed in notes 10, 11 and 15.5.

The financial statements have been prepared on a going concern basis. They have also been prepared on the historical cost basis, except for the revaluation of certain financial instruments at fair value through profit and loss. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in November 2014 is consistent with the requirements of IFRSs, the Directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

The financial position of the Group is described in the Strategic Report on pages 2 to 18. Note 15 to the financial statements includes the Group's policies and process for managing its capital; its financial risk management objectives; and details of financial instruments and exposure to credit risk and liquidity risk.

Accounting standards

i) New and amended standards adopted by the Group

There were no new or amended standards adopted by the Group during the year.

ii) New standards, amendments and interpretations issued but not effective for the current financial year and not early adopted by the Group

- IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2016) – These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports, effective for annual periods beginning on or after 1 January 2016.

- IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018) – addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018, subject to endorsement by the EU.

- IAS 7, 'Statement of cash flows' (effective for annual periods beginning on or after 1 January 2017) – introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities, subject to endorsement by the EU.

- IFRS 10 'Consolidated financial statements' (effective for annual periods beginning on or after 1 January 2016) – These amendments clarify the application of the consolidation exemption for investment entities and their subsidiaries. This will have no impact on the Group's financial statements.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(iii) New standards, amendments and interpretations issued but not effective for the current financial year and not relevant to the Group's operations

- A number of new standards, amendments and interpretations have been issued that are not effective for the current financial year and not relevant to the Group's operations. They will therefore have no impact on the Group's financial statements when they become effective.

- In addition, there are changes to a number of standards under the Annual Improvements to IFRSs 2012-2014 Cycle which are effective for annual periods beginning on or after 1 January 2016.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and of its sole subsidiary undertaking, TREG Finance Limited (the "subsidiary"). Consistent accounting policies have been used across the Group. The intragroup balances are eliminated on consolidation. The investment in the subsidiary is recognised at fair value in the financial statements of the Parent Company.

c) Going concern

The Group's shareholders are asked every three years to vote for the continuation of the Company. An ordinary resolution to this effect was put to the Annual General Meeting ("AGM") held on 11 November 2013 and passed by a substantial majority of the shareholders. The next such resolution will be put to the shareholders at the AGM in 2016. The assets of the Group consist mainly entirely of securities that are listed and readily realisable and, accordingly, the Directors believe that 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. Having assessed these factors, the principal risks and other matters discussed in connection with the Viability Statement, the Board has decided that it is appropriate for the financial statements to be prepared on a going concern basis.

d) Investments held at fair value through profit or loss

All investments are designated upon initial recognition as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the balance sheet is based on their quoted bid price at the balance sheet date, without deduction of the estimated future selling costs. Unquoted investments (including the Parent Company's investment in its subsidiary) are valued by the Directors using primary valuation techniques such as earnings multiples, recent transactions and net assets. The valuation of private equity holdings are determined with regard to the International Private Equity and Venture Capital Guidelines ('IPEV'). All such valuations are reviewed by both Henderson's Fair Value Pricing Committee and by the Directors at least twice each year. Where fair value cannot be reliably measured, the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired, in which case the value will be reduced.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

e) Presentation of Consolidated Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Group's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010 ("Section 1158").

f) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Bank deposit interest is accounted for on an accruals basis.

Where the Company enters into a commitment to sub-underwrite an issue of securities in exchange for the receipt of commission, a derivative financial instrument is created. Any such derivatives are recognised initially at fair value. They are re-measured subsequently at fair value, with the related gains and losses being reflected in the Consolidated Statement of Comprehensive Income. Net losses arising from these derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

g) Expenses
All expenses and interest payable are accounted for on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue returns of 80% and 20%, respectively, the Company charges 80% of its finance costs and management fees to capital. Any performance fees payable are allocated wholly to capital, reflecting the fact that although they are calculated on a total return basis they are expected to be attributable largely, if not wholly, to capital performance. Expenses which are incidental to the purchase or sale of an investment are charged to the capital return column of the Consolidated Statement of Comprehensive Income and allocated to other capital reserves. All other operating expenses are charged to the revenue return column of the Consolidated Statement of Comprehensive Income.

h) Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under Section 1158 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

i) Dividend policy
Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by shareholders. Dividends are dealt with in the Consolidated and Parent Company Statement of Changes in Equity. Dividends can only be paid from the revenue reserve.

j) Foreign currency
For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in pounds sterling, which is the functional currency of the Company and of its subsidiary and the presentational currency of the Group. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company and its subsidiary operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss that are denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date. Exchange gains and losses on investments held at fair value through profit or loss are included within "Gains or losses on investments held at fair value through profit or loss".

k) Cash and cash equivalents
Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. In the Consolidated and Parent Company Cash Flow Statements, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the Consolidated and Parent Company Balance Sheets, bank overdrafts are shown within borrowings in current liabilities.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

l) Bank borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

m) Receivables

Receivables are amounts due from securities sold for future settlement, withholding tax recoverable, prepayments and accrued income in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

n) Payables

Payables are obligations to pay for securities purchased for future settlement, amounts due to the subsidiary undertaking, accruals and deferred income that have been acquired/incurred in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

o) Repurchase of ordinary shares

The costs of repurchasing ordinary shares, including related stamp duty and transaction costs, are taken directly to equity and dealt with in the Consolidated and Parent Company Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

p) Capital reserves

Capital reserve arising on investments sold
The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- costs of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held
The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

Revenue reserve
The revenue reserve represents accumulated revenue profits retained by the Group that have not currently been distributed to shareholders as a dividend.

Capital redemption reserve
The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled.

Share capital
Share capital represents the nominal value of ordinary shares issued.

Share premium
The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

q) Key estimates and assumptions

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the techniques set out in this note under the heading "Investments held at fair value through profit or loss". At the year end, unquoted investments represented 4.5% of net assets (2015: 3.9%). These comprise the entirety of the Group's Level 3 investments in Note 15.5.

r) Operating segments

Under IFRS 8, operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Directors meet regularly to consider investment strategy and monitor the Company's performance. The Fund Manager, who has been appointed to manage the Company's investments, attends all Board meetings at which investment strategy and performance are discussed. The Directors consider that the Group has one operating segment, being the Parent Company's activity of investing in shares and securities primarily for capital appreciation in accordance with the Company's published investment objective. Its subsidiary exists to trade in securities to enhance the Group's returns but has not entered into any such transactions in recent years.

An analysis of investments by country has been provided on page 6. Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

2 Investment income

	2016 £'000	2015 £'000
UK dividend income from listed investments	16	–
Overseas dividend income from listed investments	8,199	7,318
	8,215	**7,318**

All dividend income is derived from investments in Continental Europe.

3 Other income

	2016 £'000	2015 £'000
Bank interest	–	1
Interest received on withholding tax refund	43	–
	43	**1**

4 Management and performance fee

	2016			2015		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	427	1,710	2,137	382	1,528	1,910
Performance fee	–	1,389	1,389	–	1,759	1,759
Total	**427**	**3,099**	**3,526**	**382**	**3,287**	**3,669**

A summary of the terms of the management agreement is given on page 4.

Notes to the Financial Statements (continued)

5 Other operating expenses

	2016 £'000	2015 £'000
Auditors' remuneration:		
▪ audit services relating to the Group and Parent Company	27	26
▪ audit services relating to the subsidiary undertaking	1	1
Directors' fees and expenses[1]	132	137
Other expenses payable to the management company[2]	20	20
Custody fees	100	70
Depositary charges[3]	45	44
Printing	24	26
AIC fee	20	21
Irrecoverable VAT	43	39
Other expenses	179	182
	591	**566**

1 Included within this balance is £2,700 (2015: £2,400) in relation to personal tax services provided by PricewaterhouseCoopers LLP to a Director as disclosed on page 30. See Directors' Remuneration Report on page 24 for more details on remuneration
2 Other expenses payable to the management company relate to marketing services
3 Depositary appointed on 22 July 2014 to meet the requirements of the Alternative Investment Fund Managers Directive

6 Finance costs

	2016			2015		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Bank overdraft interest	110	441	551	92	369	461

7 Taxation

a) Analysis of charge in year

	2016			2015		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Foreign withholding taxes	974	–	974	915	–	915
Overseas tax reclaimable	(362)	–	(362)	(305)	–	(305)
Refund of French withholding tax	(221)	–	(221)	–	–	–
Total current tax for the year (see note 7 b)	**391**	**–**	**391**	**610**	**–**	**610**

Notes to the Financial Statements (continued)

7 Taxation (continued)

b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK is 20% with effect from 1 April 2015.

The tax assessed for the year ended 30 June 2016 is lower than the effective rate of corporation tax of 20.00% (2015: 20.75%).

	2016			2015		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Net profit on ordinary activities before taxation	**7,130**	**38,043**	**45,173**	**6,279**	**10,896**	**17,175**
Corporation tax at 20.00% (2015: 20.75%)	1,426	7,609	9,035	1,303	2,261	3,564
Effects of:						
Gains on investments held not taxable	–	(8,317)	(8,317)	–	(3,020)	(3,020)
Capital expense unutilised for tax purposes	–	708	708	–	759	759
Non-taxable dividends	(1,599)	–	(1,599)	(1,450)	–	(1,450)
Overseas tax	612	–	612	612	–	612
Losses available to be utilised	173	–	173	145	–	145
Refund of French withholding tax	(221)	–	(221)	–	–	–
Tax charge	**391**	**–**	**391**	**610**	**–**	**610**

c) Provision for deferred taxation

No provision for deferred taxation has been made in the current year or in the prior year. Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to maintain approval of such status in the foreseeable future, the Company has not provided deferred tax on any capital gains arising on the revaluation or disposal of investments.

d) Factors that may affect future tax charges

The Group has not recognised deferred tax assets of £4,525,000 (2015: £3,645,000) arising as a result of loan relationship deficits and excess management expenses. These expenses will only be utilised if the Group has profits chargeable to corporation tax in the future.

8 Return per ordinary share

The return per ordinary share figure is based on the net profit for the year of £44,782,000 (2015: £16,565,000) and on the weighted average number of ordinary shares in issue during the year of 49,975,897 (2015: 49,975,897).

The return per ordinary share figure detailed above can be further analysed between revenue and capital, as below. The Company has no securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted return per ordinary share are the same.

	2016 £'000	2015 £'000
Net revenue profit	6,739	5,669
Net capital profit	38,043	10,896
Net profit	**44,782**	**16,565**
Weighted average number of ordinary shares in issue during the year	49,975,897	49,975,897

	2016 Pence	2015 Pence
Revenue return per ordinary share	13.48	11.34
Capital return per ordinary share	76.12	21.80
Total return per ordinary share	**89.60**	**33.14**

Notes to the Financial Statements (continued)

9 Dividends

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend of 7.00p and special dividend of 2.50p per ordinary share for the year ended 30 June 2015 (2015: final dividend of 6.50p and special dividend of 2.70p per ordinary share for the year ended 30 June 2014)	4,748	4,598
	4,748	**4,598**

The final dividend of 7.00p and the special dividend of 2.50p per ordinary share in respect of the year ended 30 June 2015 were paid on 23 November 2015 to shareholders on the register of members at the close of business on 23 October 2015. The total dividend paid amounted to £4,748,000.

Subject to approval at the AGM in November 2016, the proposed final dividend of 9.00p and a special dividend of 2.50p per ordinary share will be paid on 5 December 2016 to shareholders on the register of members at the close of business on 4 November 2016. The shares will be quoted ex-dividend on 3 November 2016.

The proposed final and special dividends for the year ended 30 June 2016 have not been included as a liability in these financial statements. Under IFRSs, these dividends are not recognised until approved by shareholders.

During the year the Company received a refund of £4,000 of unclaimed dividends over 12 years old (2015: £2,000).

The total dividends payable in respect of the financial year which form the basis of Section 1158 are set out below:

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Revenue available for distribution by way of dividends for the year	6,739	5,669	6,741	5,672
Proposed total dividend for the year ended 30 June 2016 – 11.50p (2015: 9.50p) (comprising a final dividend of 9.00p and a special dividend of 2.50p) (based on 49,906,397 shares in issue at 10 October 2016)	(5,739)	(4,748)	(5,739)	(4,748)
Revenue surplus	**1,000**	**921**	**1,002**	**924**

For Section 1158 purposes the Company's undistributed revenue represents 13.0% (2015: 12.1%) of total income.

10 Investments held at fair value through profit or loss

a) Consolidated

	2016 £'000	2015 £'000
Cost at start of year	367,981	344,841
Investment holding gains at start of year	11,702	27,371
Valuation at start of year	**379,683**	**372,212**
Movements in the year:		
Acquisitions at cost	232,013	187,072
Disposals at cost	(223,711)	(163,932)
Movements in investment holding gains	25,394	(15,669)
Valuation at 30 June	**413,379**	**379,683**
Cost at 30 June	376,283	367,981
Investment holding gains	37,096	11,702
Valuation at 30 June	**413,379**	**379,683**

Included in the total investments are investments shown at the Directors' fair valuation of £17,009,000 and classified as Level 3 investments (2015: £13,244,000) and investments where there was no active market at year end of £nil (2015: £2,974,000) and classified as Level 2 investments. Further detail is provided in note 15.5 on page 56.

At 30 June 2016 no convertible or fixed interest securities were held in the portfolio (2015: none).

Notes to the Financial Statements (continued)

10 Investments held at fair value through profit or loss (continued)

b) Company

2016	Investments £'000	Subsidiary undertaking £'000	Total £'000
Cost at 1 July 2015	367,981	–	367,981
Investment holding gains at 1 July 2015	11,702	976	12,678
Valuation at 1 July 2015	**379,683**	**976**	**380,659**
Movements in the year:			
Acquisitions at cost	232,013	–	232,013
Disposals at cost	(223,711)	–	(223,711)
Movements in investment holding gains	25,394	(2)	25,392
Valuation at 30 June 2016	**413,379**	**974**	**414,353**
Cost at 30 June 2016	376,283	–	376,283
Investment holding gains	37,096	974	38,070
Valuation at 30 June 2016	**413,379**	**974**	**414,353**

Included in the total investments are unquoted investments shown at the Directors' fair valuation of £17,983,000 and classified as Level 3 investments (2015: £14,220,000) and investments where there was no active market at year end of £nil (2015: £2,974,000) and classified as Level 2 investments. Further detail is provided in note 15.5 on page 56.

Purchase and sale transaction costs for the Company during the year ended 30 June 2016 were £315,000 and £238,000 respectively (2015: transaction costs of purchases £258,000; transaction costs of sales £184,000). These comprise mainly stamp duty and commission.

2015	Investments £'000	Subsidiary undertaking £'000	Total £'000
Cost at 1 July 2014	344,841	–	344,841
Investment holding gains at 1 July 2014	27,371	979	28,350
Valuation at 1 July 2014	**372,212**	**979**	**373,191**
Movements in the year:			
Acquisitions at cost	187,072	–	187,072
Disposals at cost	(163,932)	–	(163,932)
Movements in investment holding gains	(15,669)	(3)	(15,672)
Valuation at 30 June 2015	**379,683**	**976**	**380,659**
Cost at 30 June 2015	367,981	–	367,981
Investment holding gains	11,702	976	12,678
Valuation at 30 June 2015	**379,683**	**976**	**380,659**

Included in the total investments are unquoted investments shown at the Directors' fair valuation of £14,220,000 (2014: £14,728,000).

Purchase and sale transaction costs for the Company during the year ended 30 June 2015 were £258,000 and £184,000 respectively (2014: transaction costs of purchases £201,000; transaction costs of sales £187,000). These comprise mainly stamp duty and commission.

c) Total capital gains from investments

	2016 £'000	2015 £'000
Realised gains based on historical cost	22,425	25,769
Less revaluation gains recognised in previous years	(16,179)	(25,777)
Gains/(losses) on investments sold in year on carrying value at the previous balance sheet date	**6,246**	**(8)**
Revaluation of investments held at 30 June	41,573	10,111
Exchange (losses)/gains	(6,236)	4,449
Total	**41,583**	**14,552**

Notes to the Financial Statements (continued)

11 Subsidiaries and related undertakings

The Company has one related undertaking, a subsidiary in which it holds 100% of the beneficial interest. The subsidiary, TREG Finance Limited, is registered in England and Wales and operates in the United Kingdom as an investment dealing company. The entire issued share capital of £2 consists of two ordinary shares. One share is held directly by the Company, with the other share held on the Company's behalf through its appointed nominee. Its registered office is 201 Bishopsgate, London EC2M 3AE. The investment is stated in the Company's financial statements at the NAV, which is considered by the Directors to equate to fair value. The amount due to the subsidiary company at 30 June 2016 amounted to £974,000 (2015: £976,000). The subsidiary is consolidated and this payable has been eliminated on consolidation. The subsidiary's loss for the year was £2,000 (2015: £2,000).

12 Substantial interests

The Group has interests of 3% or more of any class of capital in three investee companies. At 30 June 2016 Brainlab represented 3.2% of the investments. These investments are not considered by the Directors to be significant in the context of these financial statements.

Company

	Valuation £'000	% of issued share capital
Brainlab	13,134	6.9
21 Centrale Partners III	2,487	3.0
SAES Getters	2,009	4.0

The Company also has an interest of more than 3% in STS and Safwood. Both are Level 3 securities and are valued at zero in the portfolio at 30 June 2016.

13 Receivables

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Securities sold for future settlement	762	1,943	762	1,943
Withholding tax recoverable	554	431	554	431
Prepayments and accrued income	126	37	126	37
	1,442	**2,411**	**1,442**	**2,411**

14 Payables

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Securities purchased for future settlement	1,524	1,677	1,524	1,677
Amounts due to subsidiary undertaking	–	–	974	976
Accruals and deferred income	2,162	2,447	2,159	2,444
	3,686	**4,124**	**4,657**	**5,097**

Notes to the Financial Statements (continued)

15 Risk management policies and procedures

As an investment trust the Company invests in equities and other investments for the long term so as to secure its investment objectives as stated in the Strategic Report. In pursuing its investment objective, the Group is exposed to a variety of financial risks that could result in either a reduction in the Group's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the Directors' approach to the management of these risks, are set out below. The Board and Henderson co-ordinate the Group's risk management and there are various risk management systems in place as detailed below.

- Straight-through processing via a deal order and management system ("OMS") is utilised for listed securities with connectivity to third-party affirmation and trade repository services.
- Portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine.
- Fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises Hiportfolio software.
- The IT tools to which the Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:
  – Charles River Compliance module for investment restrictions monitoring;
  – ArcLogics operational risk database;
  – RiskMetrics, UBS Delta, Style Research, Finanalytica and Barra Aegis for market risk measurement;
  – Bloomberg for market data and price-checking; and
  – Hiportfolio for portfolio holdings and valuations.

The Board determines the objectives, policies and processes for managing the risks, and these are set out below under the relevant risk category. The policies for the management of risk have not changed from the previous accounting period.

15.1 Market risk

The fair value of a financial instrument held by the Group may fluctuate due to changes in market prices. Market risk comprises market price risk (see note 15.1.1), currency risk (see note 15.1.2) and interest rate risk (see note 15.1.3). Henderson assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

15.1.1 Market price risk

Market price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of the listed and unquoted investments.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from Henderson. Investment performance is reviewed at each Board meeting. The Board monitors Henderson's compliance with the Group's objectives and is directly responsible for investment strategy and asset allocation, including between countries and economies.

The Group's exposure to changes in market prices on equity investments was £413,379,000 (2015: £379,683,000).

Concentration of exposure to market price risk

A geographical analysis of the Group's investment portfolio is shown on page 6. There is a concentration of exposure to Germany, France, Switzerland, the Netherlands and Italy though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

The sensitivity of (a) the return after taxation for the year and (b) the Group's net assets to an increase or decrease of 20% in the fair values of the Company's investments at each balance sheet date is given below. This level of change is considered to be reasonably possible, based on observation of current market conditions.

The impact of a 20% increase in the value of the investments on the revenue return as at 30 June 2016 is a decrease of £99,000 (2015: £91,000) and on the capital return is an increase of £82,279,000 (2015: £75,572,000). Accordingly, the total impact on shareholders' funds is an increase of £82,180,000 (2015: £75,481,000).

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.1.1 Market price risk (continued)

The impact of a 20% decrease in the value of the investments on the revenue return as at 30 June 2016 is an increase of £99,000 (2015: £91,000) and on the capital return is a decrease of £82,279,000 (2015: £75,572,000). Accordingly, the total impact on shareholders' funds is a decrease of £82,180,000 (2015: £75,481,000).

15.1.2 Currency risk

A proportion of the Group's assets, liabilities, income and expenses are denominated in currencies other than sterling (the Group's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk

Henderson monitors the Group's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. Henderson measures the risk to the Group of the foreign currency exposure by considering the effect on the Group's NAV and total return of a movement in the exchange rate to which the Group's assets, liabilities, income and expenses are exposed.

Foreign currency borrowing and financial instruments may be used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Borrowings are limited to 30% of NAV.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Group does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure

The fair values of the Group's monetary items that have foreign currency exposure at the year end are shown below. Where the Group's equity investments (which are not monetary items) are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

2016	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000
Receivables (securities sold for future settlement, dividends and other income receivable)	1,351	–	21	59
Payables (securities purchased for future settlement, accruals and other payables)	(1,102)	–	(381)	(99)
Bank overdrafts	(33,525)	–	–	–
Total foreign currency exposure on net monetary items	**(33,276)**	**–**	**(360)**	**(40)**
Investments	306,441	10,746	40,441	55,751
Total net foreign currency exposure	**273,165**	**10,746**	**40,081**	**55,711**

2015	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000
Receivables (securities sold for future settlement, dividends and other income receivable)	1,967	–	27	401
Payables (securities purchased for future settlement, accruals and other payables)	(616)	(685)	(139)	(288)
Bank overdrafts	(40,432)	–	–	–
Total foreign currency exposure on net monetary items	**(39,081)**	**(685)**	**(112)**	**113**
Investments	293,288	6,548	43,249	36,598
Total net foreign currency exposure	**254,207**	**5,863**	**43,137**	**36,711**

The above amounts are not representative of the exposure to risk during each year, as levels of monetary foreign currency exposure change significantly throughout the year.

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.1.2 Currency risk (continued)

Foreign currency sensitivity

The following tables illustrate the sensitivity of the total profit after tax for the year and the net assets in regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates for the euro/sterling, US dollar/sterling, Swiss franc/sterling and other/sterling.

It assumes the following changes in exchange rates:

Euro/sterling +/- 10% (2015: 10%). US dollar/sterling +/- 10% (2015: 10%).
Swiss franc/sterling +/- 10% (2015: 10%). Other/sterling +/- 10% (2015: 10%).

These percentages are deemed reasonable based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial assets and financial liabilities held at each balance sheet date.

The impact on the total profit after tax and the year end net assets of a depreciation in the year end exchange rate for sterling against the currencies shown would have been as follows:

	2016				2015			
	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000
Profit after tax								
Revenue return	534	13	76	96	128	13	77	59
Capital return	33,883	1,188	4,471	5,899	32,432	723	4,782	4,046
Change to profit after tax for the year	**34,417**	**1,201**	**4,547**	**5,995**	**32,560**	**736**	**4,859**	**4,105**
Impact on net assets	**34,417**	**1,201**	**4,547**	**5,995**	**32,560**	**736**	**4,859**	**4,105**

The impact on the total profit after tax and the year end net assets of an appreciation in the year end exchange rate for sterling against the currencies shown would have been as follows:

	2016				2015			
	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000
Profit after tax								
Revenue return	(738)	(14)	(84)	(104)	(604)	(11)	(75)	(49)
Capital return	(27,721)	(972)	(3,658)	(5,043)	(26,532)	(592)	(3,913)	(3,311)
Change to profit after tax for the year	**(28,459)**	**(986)**	**(3,742)**	**(5,147)**	**(27,136)**	**(603)**	**(3,988)**	**(3,360)**
Impact on net assets	**(28,459)**	**(986)**	**(3,742)**	**(5,147)**	**(27,136)**	**(603)**	**(3,988)**	**(3,360)**

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Group's objective.

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.1.3 Interest rate risk

Interest rate movements may affect the level of interest receivable from cash and cash equivalents and the interest payable on the Group's short term borrowings. Interest rate changes may also have an impact on the market value of the Company's equity investments. In particular, the effect of interest rate changes on the earnings of companies held within the portfolio may have a significant impact on the valuations of those companies.

Management of the risk

The Group finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rate risk can be found on the Consolidated and Parent Company Balance Sheets under the headings "Cash and cash equivalents" and "Bank overdrafts". These amounts are not necessarily representative of the exposure to interest rates during the year as the level of exposure changes as investments are made, borrowings are drawn down and repaid. The Group does not have any fixed interest rate exposure.

Interest received on cash balances or paid on the bank overdraft is at a margin over the applicable base rate (2015: same).

Interest rate sensitivity

The impact on the total profit after tax and the year end net assets of an increase or decrease of 100 basis points (2015: 100 basis points) in interest rates would have been as follows:

Consolidated Statement of Comprehensive Income

	Increase in rates 2016 £'000	Decrease in rates 2016 £'000	Increase in rates 2015 £'000	Decrease in rates 2015 £'000
Profit after tax				
Revenue return	(66)	66	(80)	80
Capital return	(268)	268	(323)	323
Change to net profit and net assets	**(334)**	**334**	**(403)**	**403**

This level of change is considered to be reasonable based on current market conditions.

In the opinion of the Directors, these sensitivity analyses are not representative of the year as a whole since exposure changes as investments are made and borrowings are drawn down or repaid throughout the year.

15.2 Liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Group's assets are investments in listed securities that are readily realisable. During the year the Group had a secured multi-currency overdraft facility equal to the lesser of £50,000,000 and 25% of custody assets with HSBC Bank plc, the Company's depositary and custodian (2015: same).

The amount drawn down at 30 June 2016 was £33,525,000 (2015: £40,432,000) in Euros (2015: same).

The Board gives guidance to Henderson as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short term borrowings be used to manage short term cash requirements.

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.2 Liquidity risk (continued)

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, was as follows:

	2016		2015	
	3 months or less £'000	Total £'000	3 months or less £'000	Total £'000
Current liabilities:				
Borrowings under the overdraft facility	33,525	33,525	40,432	40,432
Amounts due in relation to securities purchased for future settlement and accruals	3,686	3,686	4,124	4,124
	37,211	**37,211**	**44,556**	**44,556**

The Company's cash balances are offset against its borrowings under the overdraft facility for the purposes of monitoring the level of borrowing within the overdraft limit.

15.3 Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Group suffering a loss.

Management of the risk

Credit risk is managed as follows:

- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Group of default;
- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by Henderson, and limits are set on the amount that may be due from any one broker;
- cash is held only with the custodian/depositary or reputable banks. The entity with which cash is held is subject to continual review.

None of the Group's financial assets or liabilities are secured by collateral or other credit enhancements.

Outstanding settlements are subject to credit risk. Credit risk is mitigated by the Group through its decision to transact with counterparties of high credit quality. The Group only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default during settlement. The credit ratings of brokers are reviewed periodically by Henderson and limits are set on the amount that may be due from any one broker.

The Group is also exposed to credit risk through the use of banks for its cash position. Bankruptcy or insolvency of banks may cause the Group's rights with respect to cash held by banks to be delayed or limited. The Group's cash balances are held by the custodian, HSBC Bank plc. The Directors believe this counterparty is of high credit quality; therefore the Group has minimal exposure to credit risk.

Credit risk exposure

The table below summarises the maximum credit risk exposure of the Group as at the year end:

	2016 £'000	2015 £'000
Receivables:		
Securities sold for future settlement	762	1,943
Accrued income	115	22
Cash and cash equivalents	73	107
	950	**2,072**

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments) or their carrying amount is a reasonable approximation of fair value due to their short term to maturity (amounts due from securities sold for future settlement, dividends and interest receivable, amounts related to securities purchased for future settlement, accruals, cash and cash equivalents and bank overdrafts).

15.5 Fair value hierarchy disclosures

The table below sets out the fair value measurements using the IFRS 13 fair value hierarchy.

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 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 using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies note on page 42.

Fair value hierarchy	Group 2016 £'000	Company 2016 £'000
Equity Investments		
Level 1	396,370	396,370
Level 2	–	–
Level 3	17,009	17,983
Total	**413,379**	**414,353**

Level 3 represents the Group's and Company's unquoted investments. A reconciliation of fair value movements within Level 3 is set out below:

Level 3 investments at fair value through profit or loss	Group 2016 £'000	Company 2016 £'000
Opening balance	13,244	14,220
Acquisitions	–	–
Disposal proceeds	(237)	(237)
Transfers into level	–	–
	13,007	**13,983**
Total gains included in the Consolidated Statement of Comprehensive Income		
On assets sold	(322)	(322)
On assets held at the year end	4,324	4,322
	4,002	**4,000**
Closing balance	**17,009**	**17,983**

Fair value hierarchy	Group 2015 £'000	Company 2015 £'000
Equity Investments		
Level 1	363,465	363,465
Level 2	2,974	2,974
Level 3	13,244	14,220
Total	**379,683**	**380,659**

At the previous year end, the Greek stock market was closed for a number of weeks over the financial year end. Consequently, investments in Greek equities where there was no active market at the year end were classified as Level 2 and were valued by the Directors at the last quoted price prior to the market closing less a 15% liquidity discount as recommended by Henderson's Fair Value Pricing Committee. These investments were subsequently moved back to Level 1. There were no such adjustments made as at 30 June 2016.

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.5 Fair value hierarchy disclosures (continued)

Level 3 investments at fair value through profit or loss	Group 2015 £'000	Company 2015 £'000
Opening balance	13,749	14,728
Acquisitions	–	–
Disposal proceeds	(753)	(753)
Transfers into level	–	–
	12,996	13,975
Total gains included in the Consolidated Statement of Comprehensive Income		
On assets sold	279	279
On assets held at the year end	(31)	(34)
	248	245
Closing balance	**13,244**	**14,220**

The key inputs into the valuation of Brainlab, an unquoted investment within Level 3, are comparable company multiples and a discount. The value of Brainlab as at 30 June 2016 was £13,134,000 (2015: £9,417,000). If the multiples used in calculating the price used in the valuation of this unquoted investment would change by +/- 20%, the impact would be an increase or decrease in revenue after tax of £3,000 (2015: £2,000), capital return after tax of £2,616,000 (2015: £1,872,000) and total profit after tax of £2,613,000 (2015: £1,870,000). If the discount rate that has been applied to the valuation of this unquoted investment within Level 3 would change by +/- 20%, the impact would be an increase or decrease in revenue after tax of £9,000 (2015: £6,000), capital return after tax of £7,472,000 (2015: £5,352,000) and total profit after tax of £7,463,000 (2015: £5,346,000). The key inputs to the other unquoted investments (i.e. the holdings in Doughty Hanson & Co. Fund III and 21 Centrale Partners III) included within Level 3 are net asset value statements provided by the investee entities, which represent fair value.

The total value of unquoted investments as at 30 June 2016 was £17,009,000 (2015: £13,244,000). A list of unquoted investments is shown on page 9.

15.6 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The portfolio includes unquoted investments which total 4.1% of the total portfolio (2015: 3.5%). These unquoted investments include limited liability partnerships (where the valuations are based on accounts produced by those companies) and unquoted holdings (which are held at Directors' valuations).

The Group's capital at 30 June 2016 comprised its equity share capital, reserves and debt that are shown in the Consolidated and Parent Company Balance Sheets at a total of £411,208,000 (2015: £378,077,000).

The Board, with the assistance of Henderson, monitors and reviews the broad structure of the Group's capital on an ongoing basis. This review includes:

- the need to buy back equity shares for cancellation, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium);
- the need for new issues of equity shares;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to the following externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000;
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by law.

These requirements are unchanged since last year, and the Company has complied with them.

Notes to the Financial Statements (continued)

16 Called up share capital (Group & Company)

	2016		2015	
	number of shares	£'000	number of shares	£'000
Allotted, issued and fully paid				
Ordinary shares of 12.5p	49,975,897	6,247	49,975,897	6,247

During the year no ordinary shares (2015: no ordinary shares) were bought back for cancellation. In the current financial year to date, the Company has repurchased 69,500 shares for cancellation.

17 Share premium account

	Group and Company £'000
At 1 July 2015 and at 30 June 2016	115,451

18 Capital redemption reserve and other capital reserves

a) Consolidated

2016	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves £'000
At 1 July 2015	13,931	11,705	168,370	180,075
Transfer on disposal of investments (see note 10 c)	–	(16,179)	16,179	–
Capital gains for the year	–	41,573	6,246	47,819
Expenses, finance costs and taxation charged to capital	–	–	(3,540)	(3,540)
Net (loss) on foreign exchange	–	–	(6,236)	(6,236)
At 30 June 2016	**13,931**	**37,099**	**181,019**	**218,118**

The capital reserve arising on revaluation of investments held at 30 June 2016 includes a loss of £18,486,000 in respect of the revaluation of unquoted investments (2015: loss of £22,810,000).

b) Company

2016	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves £'000
At 1 July 2015	13,931	12,681	168,439	181,120
Transfer on disposal of investments (see note 10 c)	–	(16,179)	16,179	–
Capital gains for the year	–	41,571	6,246	47,817
Expenses, finance costs and taxation charged to capital	–	–	(3,540)	(3,540)
Net (loss) on foreign exchange	–	–	(6,236)	(6,236)
At 30 June 2016	**13,931**	**38,073**	**181,088**	**219,161**

The capital reserve arising on revaluation of investments held at 30 June 2016 includes a loss of £17,512,000 in respect of the revaluation of unquoted investments (2015: loss of £21,834,000).

Notes to the Financial Statements (continued)

18 Capital redemption reserve and other capital reserves (continued)

a) Consolidated

2015	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves £'000
At 1 July 2014	13,931	27,371	141,808	169,179
Transfer on disposal of investments (see note 10 c)	–	(25,777)	25,777	–
Capital gains/(losses) for the year	–	10,111	(8)	10,103
Expenses, finance costs and taxation charged to capital	–	–	(3,656)	(3,656)
Net gain on foreign exchange	–	–	4,449	4,449
At 30 June 2015	**13,931**	**11,705**	**168,370**	**180,075**

The capital reserve arising on revaluation of investments held at 30 June 2015 includes a loss of £22,810,000 in respect of the revaluation of unquoted investments (2014: £22,779,000).

b) Company

2015	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves £'000
At 1 July 2014	13,931	28,350	141,877	170,227
Transfer on disposal of investments (see note 10 c)	–	(25,777)	25,777	–
Capital gains/(losses) for the year	–	10,108	(8)	10,100
Expenses, finance costs and taxation charged to capital	–	–	(3,656)	(3,656)
Net gain on foreign exchange	–	–	4,449	4,449
At 30 June 2015	**13,931**	**12,681**	**168,439**	**181,120**

The capital reserve arising on revaluation of investments held at 30 June 2015 includes a loss of £21,834,000 in respect of the revaluation of unquoted investments (2014: £21,800,000).

19 Retained earnings – revenue reserve

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
At 1 July	21,941	20,868	20,896	19,820
Ordinary dividends paid	(4,748)	(4,598)	(4,748)	(4,598)
Revenue return for the year	6,739	5,669	6,741	5,672
Refund of unclaimed dividends over 12 years old	4	2	4	2
At 30 June	**23,936**	**21,941**	**22,893**	**20,896**

As permitted by Section 408 of the Act, the Company has not presented its own Statement of Comprehensive Income. The return after taxation of the Company amounted to £44,782,000 (2015: £16,565,000).

Notes to the Financial Statements (continued)

20 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £377,683,000 (2015: £337,645,000) and on the 49,975,897 ordinary shares in issue at 30 June 2016 (2015: 49,975,897). The Company has no securities in issue that could dilute the NAV per ordinary share (2015: same). The NAV per ordinary share at 30 June 2016 was 755.73p (2015: 675.62p).

The movements during the year in assets attributable to the ordinary shares were as follows:

	2016 £'000	2015 £'000
Net assets attributable to ordinary shares at start of year	337,645	325,676
Profit for the year	44,782	16,565
Dividends paid in the year	(4,748)	(4,598)
Refund of unclaimed dividends over 12 years old	4	2
Net assets at 30 June	**377,683**	**337,645**

21 Capital commitments and contingent liabilities

Capital commitments

At 30 June 2016 there were capital commitments of £402,000 (2015: £371,000) in respect of the Company's holdings in limited partnerships.

Contingent liabilities

At 30 June 2016 there were no contingent liabilities in respect of sub underwriting participations (2015: same).

22 Transactions with the Manager and related parties

Under the terms of an agreement effective from 22 July 2014, the Company has appointed wholly owned subsidiaries of Henderson Group plc ("Henderson") to provide investment management, accounting, administration and secretarial services. Henderson has contracted with BNP Paribas Securities Services to provide accounting and administration services.

Details of the arrangements are given on page 4 in the Strategic Report. The total of the management fees paid or payable to Henderson under the management agreement in respect of the year ended 30 June 2016 was £3,526,000 (2015: £3,669,000), of which £1,958,000 was outstanding at 30 June 2016 (2015: £2,267,000).

In addition to the above services, Henderson has provided the Company with sales and marketing services. The total fees payable for these services for the year ended 30 June 2016 amounted to £20,000 (excluding VAT) (2015: £20,000), of which £5,000 (excluding VAT) was outstanding at 30 June 2016 (2015: £5,000).

The compensation payable to key management personnel in respect of short term employment benefits was £129,000. This disclosure relates wholly to the fees of £129,000 payable to the Directors in respect of the year (2015: £134,000); the Directors are all non-executive and receive no other compensation. The Directors' Remuneration Report on pages 23 and 24 provides more detail. The Company has no employees.

The Company has paid administrative expenses on behalf of its subsidiary, TREG Finance Limited, totalling £2,000 (2015: £2,000).

General Shareholder Information

AIFMD Disclosures

In accordance with the Alternative Investment Fund Managers Directive ('AIFMD'), information in relation to the Company's leverage and remuneration of Henderson, as the Company's Alternative Investment Fund Manager ('AIFM') are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a Key Investor Information Document ('KIID') which can be found on the Company's website **www.treuropeangrowthtrust.com.**

BACS

Dividends can be paid by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar (the address is given on page 13) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

With effect from 1 January 2016 new tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information is being introduced. The legislation will require the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information will have to be provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

Copies of this report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate. You can contact the registrar, Equiniti Limited, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0871 384 2455. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

FATCA

The Foreign Account Tax Compliance Act (FATCA) is a United States federal law enacted in 2010 whose intent is to enforce the requirement for United States persons (including those living outside the U.S.) to file yearly reports on their non-U.S. financial accounts. As a result of HMRC's change of interpretation on the meaning of shares and securities 'regularly traded on an established securities market', investment trusts now need to monitor each year the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company will therefore need to make an annual assessment, before the FATCA return is due, to determine if the shares represent financial accounts and, where they do, will need to identify and report U.S. reportable accounts to HMRC, as required.

Non-mainstream pooled investments (NMPI) status

The Company currently conducts its affairs so that its ordinary shares of 12.5p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Share price listings

The market price of the Company's ordinary shares is published daily in The Financial Times, which also shows figures for the estimated net asset value ("NAV") per share and discount.

Performance details/share price information

Details of the Company's share price and NAV per share can be found on the website **www.treuropeangrowthtrust.com.** The Company's NAV is published daily.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Equiniti Limited, via **www.shareview.co.uk**. Please note that to gain access to your details on the Equiniti site you will need the holder reference number shown on your share certificate.

Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's registrar, Equiniti Limited, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'. If you are in any doubt about the veracity of an unsolicited phone call, please call the Corporate Secretary at the number provided on page 13.

Investment Portfolio as at 30 June 2016 (unaudited)

Ranking 2016	Ranking 2015	Company	Principal activities	Geographical area	Valuation 2016 £'000	Percentage of portfolio
1	1	Brainlab[1]	Technology hardware & equipment	Germany	13,134	3.2
2	11	Van Lanschot	Banks	Netherlands	8,126	2.0
3	2	OC Oerlikon	Industrial engineering	Switzerland	6,711	1.6
4	15	Criteo	Software & computer services	France	5,752	1.4
5	62	EVS Broadcast Equipment	Electronic & electrical equipment	Belgium	5,678	1.4
6	9	Verkkokauppa	Online retail	Finland	5,532	1.3
7	14	Aareal Bank	Financial services	Germany	5,425	1.3
8	5	Comet	Electronic & electrical equipment	Switzerland	5,256	1.3
9	18	ASM International	Technology hardware & equipment	Netherlands	5,094	1.2
10	–	Valmet	Industrial machinery	Finland	4,772	1.2
		10 largest			**65,480**	**15.9**
11	13	Inficon	Industrial engineering	Switzerland	4,761	1.2
12	23	Aurelius	Financial services	Germany	4,757	1.2
13	56	Nexans	Electronic & electrical equipment	France	4,745	1.1
14	–	Puma	Personal goods	Germany	4,714	1.1
15	31	Origin Enterprises	Food producers	Switzerland	4,711	1.1
16	33	DFDS	Industrial transportation	Denmark	4,692	1.1
17	4	CFE	Construction & materials	Belgium	4,510	1.1
18	26	Jyske Bank	Banks	Denmark	4,213	1.0
19	3	Cerved Information Solutions	Support services	Italy	4,208	1.0
20	25	Sixt Leasing	General retailers	Germany	4,196	1.0
		20 largest			**110,987**	**26.8**
21	–	NKT	Electronic & electrical equipment	Denmark	4,171	1.0
22	10	Nobia	Household goods & home construction	Sweden	3,977	1.0
23	38	Europcar	Travel & leisure	France	3,972	1.0
24	–	Thule	Leisure goods	Sweden	3,959	0.9
25	–	Tarkett	Construction & materials	France	3,953	0.9
26	100	AMG Advanced Metallurgical	Industrial engineering	Netherlands	3,744	0.9
27	–	Lenzing	Chemicals	Austria	3,708	0.9
28	–	Nobina	Industrial transportation	Sweden	3,704	0.9
29	–	SLM Solutions	Electronic & electrical equipment	Germany	3,679	0.9
30	45	Kingspan	Construction & materials	Ireland	3,637	0.9
		30 largest			**149,491**	**36.1**
31	–	Borregaard	Chemicals	Norway	3,617	0.9
32	–	Livanova	Health care equipment & services	Italy	3,606	0.9
33	16	FinecoBank	Banks	Italy	3,591	0.9
34	8	Anima	Financial services	Italy	3,506	0.9
35	–	SIF	Alternative energy	Netherlands	3,464	0.8
36	39	Nexity	Real estate investment services	France	3,378	0.8
37	60	Melia Hotels International	Travel & leisure	Spain	3,370	0.8
38	–	Elmos Semiconductor	Technology hardware & equipment	Germany	3,325	0.8
39	50	Credito Emiliano	Banks	Italy	3,305	0.8
40	34	Sopra	Software & computer services	France	3,281	0.8
		40 largest			**183,934**	**44.5**
41	7	OVS	Personal goods	Italy	3,250	0.8
42	–	SRP	General retailers	France	3,250	0.8
43	19	Carl Zeiss Meditec	Health care equipment & services	Germany	3,194	0.8
44	57	Grupo Catalana Occidente	Nonlife insurance	Spain	3,161	0.8
45	32	Tessenderlo Chemie	Chemicals	Belgium	3,157	0.8
46	–	Korian	Health care equipment & services	France	3,149	0.8
47	73	Asiakastieto	Financial services	Finland	3,143	0.8
48	–	MPC	Financial services	Germany	3,124	0.7
49	61	Heijmans	Construction & materials	Netherlands	3,124	0.7
50	54	Lindab	Construction & materials	Sweden	3,119	0.7
		50 largest			**215,605**	**52.2**

1 Unquoted investment

Investment Portfolio as at 30 June 2016 (unaudited) (continued)

Ranking 2016	Ranking 2015	Company	Principal activities	Geographical area	Valuation 2016 £'000	Percentage of portfolio
51	6	TKH	Electronic & electrical equipment	Netherlands	3,027	0.7
52	22	Dalata Hotel	Travel & leisure	Ireland	3,023	0.7
53	24	BE Semiconductor	Technology hardware & equipment	Netherlands	2,972	0.7
54	–	Dometic	Leisure goods	Sweden	2,915	0.7
55	–	SAAB	Aerospace & defense	Sweden	2,893	0.7
56	49	Cargotec	Industrial engineering	Finland	2,892	0.7
57	–	Palfinger	Industrial engineering	Austria	2,872	0.7
58	55	Gaztransport Et Techniga	Support services	France	2,825	0.7
59	–	Rheinmetall	Automobiles & parts	Germany	2,782	0.7
60	79	IFG	Financial services	Ireland	2,754	0.7
		60 largest			**244,560**	**59.2**
61	84	Technicolor	Media	France	2,745	0.7
62	86	Teleperformance	Support services	France	2,699	0.7
63	76	Europris	General retailers	Norway	2,688	0.7
64	–	Hugo Boss	Personal goods	Germany	2,648	0.6
65	29	Fugro	Oil equipment services & distribution	Netherlands	2,639	0.6
66	48	AMS	Technology hardware & equipment	Switzerland	2,638	0.6
67	–	Prosegur	Support services	Spain	2,616	0.6
68	–	Gategroup	Transportation & logistics	Switzerland	2,568	0.6
69	–	Senvion	Alternative energy	Germany	2,550	0.6
70	–	Dialog Semiconductors	Technology hardware & equipment	Germany	2,496	0.6
		70 largest			**270,847**	**65.5**
71	37	21 Centrale Partners III[1]	Financial services	France	2,487	0.6
72	–	ADVA Optical Networking	Technology hardware & equipment	Germany	2,470	0.6
73	106	Haulotte	Industrial engineering	France	2,456	0.6
74	–	ASR	Nonlife insurance	Netherlands	2,444	0.6
75	–	S&T	General retailers	Germany	2,434	0.6
76	28	Yoox	General retailers	Italy	2,433	0.6
77	125	Cewe Shiftung	General retailers	Germany	2,413	0.6
78	–	Cramo	Support services	Finland	2,405	0.6
79	–	Groupe Guillin	General industrials	France	2,400	0.6
80	78	Troax	Industrial metals & mining	Sweden	2,399	0.6
		80 largest			**295,188**	**71.5**
81	–	Nordic Waterproofing	Construction & materials	Sweden	2,384	0.6
82	51	GFK	Media	Germany	2,371	0.6
83	–	Elis	Support services	France	2,334	0.6
84	–	Kaufman	Household goods & home construction	France	2,323	0.6
85	–	Hexagon	General industrials	Norway	2,319	0.6
86	95	Forbo	Household durables	Switzerland	2,310	0.6
87	87	Gurit	Chemicals	Switzerland	2,308	0.6
88	91	Cegedim	Software & computer services	France	2,304	0.5
89	–	SFS	General industrials	Switzerland	2,296	0.5
90	–	Arnoldo Mondadori	Media	Italy	2,292	0.5
		90 largest			**318,429**	**77.2**
91	–	Hellenic	Fixed line telecommunications	Greece	2,269	0.5
92	30	Grenke Leasing	Support services	Germany	2,202	0.5
93	131	Manz	Industrial engineering	Germany	2,188	0.5
94	–	Orange Belgium	Mobile telecommunications	Belgium	2,180	0.5
95	68	Conzzeta	Industrial engineering	Switzerland	2,154	0.5
96	40	IMCD	Chemicals	Netherlands	2,152	0.5
97	–	AGFA Gevaert	Electronic & electrical equipment	Belgium	2,151	0.5
98	97	Porr	Construction & materials	Austria	2,139	0.5
99	–	Fyffes	Food producers	Ireland	2,122	0.5
100	–	VAT	Industrial engineering	Switzerland	2,111	0.5
		100 largest			**340,097**	**82.2**

1 Unquoted investment

Investment Portfolio as at 30 June 2016 (unaudited) (continued)

Ranking 2016	Ranking 2015	Company	Principal activities	Geographical area	Valuation 2016 £'000	Percentage of portfolio
101	–	Kendrion	Industrial engineering	Netherlands	2,099	0.5
102	136	Suess Mircotec	Electronic & electrical equipment	Germany	2,095	0.5
103	–	Zehnder	Construction & materials	Switzerland	2,088	0.5
104	121	Schaltbau	Industrial engineering	Germany	2,083	0.5
105	104	Interparfums	Personal goods	France	2,072	0.5
106	44	Mersen	Electronic & electrical equipment	France	2,039	0.5
107	63	Jungheinrich	Machinery	Germany	2,026	0.5
108	21	Safilo	Personal goods	Italy	2,023	0.5
109	133	SNP Schneider-Neureither & Partner	Software & computer services	Germany	2,017	0.5
110	–	Technogym	Leisure goods	Italy	2,009	0.5
		110 largest			**360,648**	**87.2**
111	114	SAES Getters Di Risp	Electronic & electrical equipment	Italy	2,009	0.5
112	116	Nexus	Software & computer services	Germany	1,999	0.5
113	82	Leifheit	Household goods & home construction	Germany	1,965	0.5
114	130	Naturex	Food producers	France	1,953	0.5
115	93	Datalogic	Electronic & electrical equipment	Italy	1,951	0.5
116	–	Kongsberg	Industrial engineering	Norway	1,950	0.5
117	65	Stolt-Nielsen	Industrial transportation	Norway	1,945	0.5
118	–	Bossard	Construction & materials	Switzerland	1,941	0.5
119	–	Gbl Dominion	Support services	Spain	1,870	0.5
120	70	Imerys	Construction materials	France	1,869	0.5
		120 largest			**380,100**	**92.2**
121	112	Mytilineos	Industrial metals & mining	Greece	1,858	0.5
122	52	KSB	Industrial engineering	Germany	1,850	0.4
123	–	Jumbo	Leisure goods	Greece	1,846	0.4
124	77	Flsmidth & Co	Construction & materials	Denmark	1,835	0.4
125	–	Greenyard Foods	Food producers	Belgium	1,793	0.4
126	46	Stabilus	Industrial engineering	Germany	1,778	0.4
127	105	Swissquote	Financial services	Switzerland	1,757	0.4
128	115	Uzin Utz	Construction & materials	Germany	1,712	0.4
129	99	Bauer	Construction & materials	Germany	1,679	0.4
130	–	Kloeckner	Industrial metals & mining	Germany	1,673	0.4
		130 largest			**397,881**	**96.3**
131	103	SAF Holland	Automobiles & parts	Germany	1,653	0.4
132	127	Evotec	Pharmaceuticals & biotechnology	Germany	1,611	0.4
133	110	Transcom Worldwide	Support services	Sweden	1,563	0.4
134	96	Komax	Industrial engineering	Switzerland	1,542	0.4
135	89	Ferratum	Financial services	Finland	1,428	0.4
136	118	Qliro	General retailers	Sweden	1,407	0.3
137	140	Doughty Hanson & Co. Fund III[1]	Investment fund	Other	1,388	0.3
138	–	Piccolo	Banks	Italy	1,296	0.3
139	–	Lehto	Construction & materials	Finland	1,112	0.3
140	–	Fintech	Financial services	Germany	989	0.2
		140 largest			**411,870**	**99.7**
141	69	Sanoma	Media	Finland	941	0.2
142	85	Robit	Industrial engineering	Finland	568	0.1
		Total investments			**413,379**	**100.0**

1 Unquoted investment

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Telephone: **0800 856 5656**
Email: **trusts@henderson.com**

www.treuropeangrowthtrust.com

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