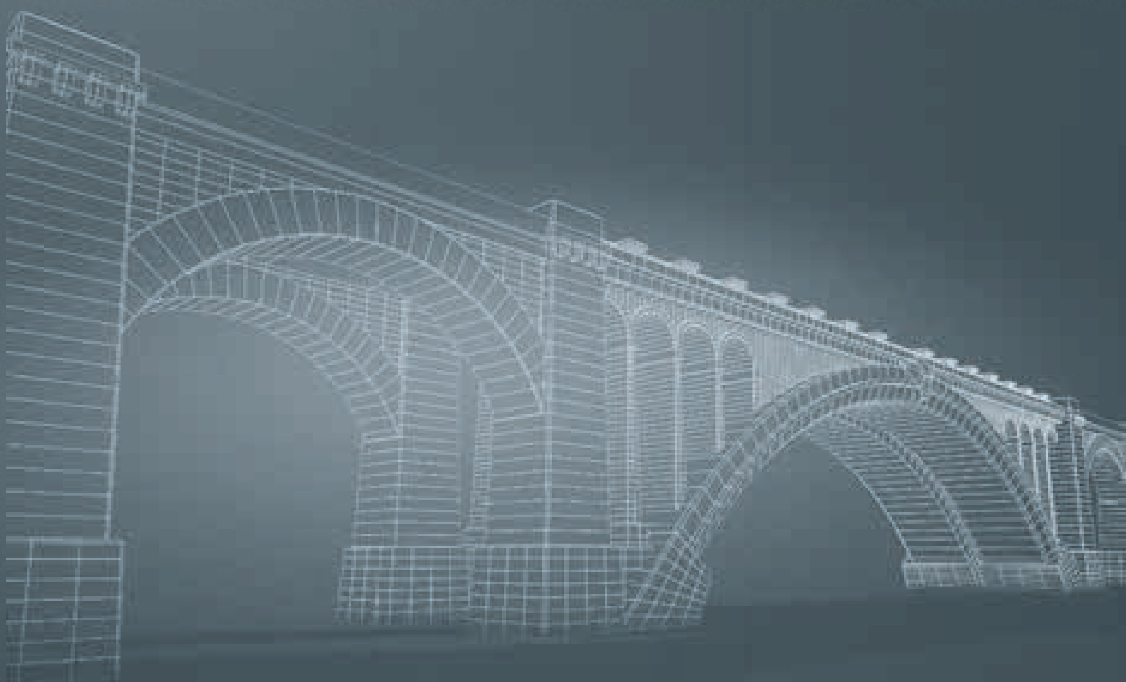
TR EUROPEAN GROWTH TRUST PLC

Update for the half year ended 31 December 2014

MANAGED BY
Henderson
GLOBAL INVESTORS

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).



This update contains material extracted from the unaudited half year results of the Company for the six months ended 31 December 2014. The unabridged results for the half year are available on the Company's website:

www.treuropeangrowth.com

The image represents the Adolphe Bridge, Luxembourg

Performance highlights

Total return performance for the six months to 31 December 2014

NAV[1]
-8.4%

Benchmark[2]
-8.0%

Share Price[3]
-8.7%

NAV per share at period end

31 Dec 2014 **590.2p**

30 Jun 2014 651.7p

Share price at period end

31 Dec 2014 **514.5p**

30 Jun 2014 573.8p

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

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV[1]	-8.4	-1.4	74.2	45.4	152.9
Share price[3]	-8.7	-3.6	98.2	39.8	150.6
Benchmark index[2]	-8.0	-1.9	57.7	42.3	139.0
Average sector NAV[4]	-5.1	-2.2	63.5	61.5	190.3
Average sector share price	-6.5	-4.1	78.8	68.2	214.4

1 Net asset value total return per ordinary share with income reinvested for 1, 3 and 5 years and capital NAV plus income reinvested for 10 years. These figures are preliminary estimates made by the AIC, which is the industry recognised source for performance data, and do not reflect any subsequent change in the period end NAVs reflected in this report
2 The Euromoney Smaller Companies Index (ex UK) expressed on a total return basis and in sterling terms
3 Share price total return using mid market share price
4 The sector is the AIC European Smaller Companies sector

Sources: Morningstar for the AIC, Datastream

Chairman's Statement

Performance

Over the six months to 31 December 2014 the NAV per share total return was -8.4% compared to a total return of -8.0% from our benchmark, the Euromoney Smaller Companies Index (ex UK) expressed in sterling. Our share price total return was -8.7%. The Company's shares were trading at a discount of 12.8% at the period end (30 June 2014: 12.0%).

Gearing

During the period gearing averaged 13.3%, which has been a drag on performance. Gearing finished the period at 13.4% (30 June 2014: 14.3%).

Share buy-backs

We have not carried out any buy backs over the last six months. We will intervene if we believe it is in the interests of our long term shareholders but during the period the discount showed little volatility. The key to the reduction of the discount to net asset value is good performance and good investor appetite for European equities.

Prospects

We would hope that European equities should make further progress in 2015, supported by the abundant liquidity provided by central banks. Headline valuations are high in absolute terms though when cyclically adjusted European smaller companies look attractive relative to other regions and other asset classes. We should also benefit disproportionately from better economic and earnings growth as the full effects of a lower oil price and weaker currency take hold. In the last year the sterling returns of the Company have been impacted by the decline of the euro versus sterling. As a reminder the portfolio is not hedged. Our Fund Manager continues to find a number of attractive opportunities and I look forward to reporting on our progress in our annual report.

Audley Twiston-Davies
Chairman
23 February 2015

Fund Manager's Report

The Company performed broadly in line with its benchmark index over the six months to the end of December. In absolute terms, however, returns were disappointing. A slowing European economy, combined with geopolitical tension, increased fears that Europe was heading for Japanese-style deflation. This is why we saw European Central Bank ("ECB") president Mario Draghi introduce more unorthodox measures in 2014, including the Targeted Longer-Term Refinancing Operation and the intention to purchase asset-backed securities. The ECB also announced quantitative easing measures (buying sovereign bonds) in the early part of 2015. While the latter is far from the perfect solution to stimulate the real economy, we expect bank lending conditions to ease and for small and medium enterprises to have better access to funding. The potential impact this could have on economic growth seems to be largely under-appreciated.

Deflationary concerns were not aided by an oil price that fell below $50 a barrel. While this weighs on inflation expectations and is bad news for big oil producing states and those companies inherently linked to the oil price (oil and gas majors, oil services, etc.), it is no bad thing for the European economy, which is a net importer of energy. The fall in price will not only put more money in consumers' pockets but will reduce costs for a large number of businesses.

The second half of 2014 also saw the euro weaken significantly versus the US dollar. The strength of the euro had been a significant headwind for earnings

Manager's Report (continued)

growth in recent years. Now this has reversed we expect to see earnings upgrades for European domiciled companies that operate globally.

The largest contributors to the Company's performance over the review period were from stock picking rather than from following any 'macro' theme. The best performing stock was **BE Semiconductor** ("Besi"), a leading supplier of semiconductor assembly equipment. Following three years of decline, the semiconductor packaging and assembly equipment market is experiencing a broad-based recovery in demand – especially for Besi's flip chip technology. We also had good returns from Finnish online retailer **Verkkokauppa**, a company we purchased in the first half of 2014. The company announced a strong set of results and continues to take market share from those peers with a higher cost base.

Ströer Out-of-Home Media ("Ströer"), listed in Germany, was another stock that has done well. Traditionally this company has had expertise in outdoor advertising (billboards, etc.) and it continues to prosper in this area, operating in an oligopoly with **JCDecaux**. In particular, Ströer has successfully cross-sold their online products to its traditional billboard/outdoor customers over the past year.

The biggest negative came from Danish marine fuel supplier company **OW Bunker**. The company announced a profit warning shortly after its IPO in March 2014 and it quickly became clear to us that, despite being marketed as a bunker fuel distributor, it had been taking exposure to the oil price – we sold immediately. A further announcement followed that losses were greater than first predicted and that fraud had contributed to further losses at a Singapore subsidiary. This was a disappointing detractor, which could have been much worse had we not sold at the first sign of trouble. We also had poor returns from German tiling company **Braas Monier**; economic data from Germany softened during the second half as tensions in the Ukraine hit sentiment and the company's results suffered. We expect better news from the German economy in 2015 (as we have started to see) and would expect the stock to perform well as a result of its cheap valuation.

A number of new positions entered the portfolio over the period. Purchases include telecommunications operator **Nos SGPS** (the result of a merger between Zon and Optimus in Portugal) where synergies and a strong position in Portuguese fibre should lead to better returns. An indiscriminate sell-off in Portuguese equities following a banking scandal offered us a good entry price. We also bought **AMS**, which is achieving high levels of growth as its semiconductors chips are increasingly used in smart phones and tablets. Notable customers include Apple and Samsung. Elsewhere, we initiated a position in **Thule**, which sells sport and cargo carriers (i.e. roof racks, bike carriers and cargo carriers). It is a good business with exposure to the general trend of more active living.

We took profits from **SAAB**, **Partners Group**, **Wirecard** and **DCC**, which had reached our fair value. We also sold Swiss bottle manufacturer **Vetropack**, which has not seen the turnaround in business that we had hoped for; and Italian asset gatherer **Azimut** as we saw better value in **Anima** and **FinecoBank**.

Europe and more specifically European smaller companies have become the least favoured asset class from short-term asset allocators. Looking to politics it is clear why many are nervous. However, we believe it is important to remain focused on company fundamentals, which are on the whole encouraging (given that we are about to see the boost of a weak currency and an oil price that has fallen substantially in the last six months). We would see any Greek/politically induced pull back as an opportunity to buy shares in one of the few areas that is achieving growth – small cap.

Ollie Beckett
Fund Manager
23 February 2015

Financial Summary

Extract from the Consolidated Statement of Comprehensive Income (unaudited)	Half year ended			
	31 Dec 2014 Revenue return £'000	31 Dec 2014 Capital return £'000	31 Dec 2014 Total £'000	31 Dec 2013 Total £'000
Investment income	964	-	**964**	1,165
Other income	1	-	**1**	1
(Losses)/gains on investments held at fair value through profit or loss	-	(24,827)	**(24,827)**	61,895
Total income/(loss)	965	(24,827)	**(23,862)**	63,061
Expenses, finance costs & taxation	(571)	(1,703)	**(2,274)**	(2,175)
Profit/(loss) for the period	394	(26,530)	**(26,136)**	60,886
Return/(loss) per ordinary share - basic and diluted	0.79p	(53.09p)	**(52.30p)**	121.83p

Extract from Consolidated Balance Sheet (unaudited except June 2014 figures)	Half year ended		
	31 Dec 2014 £'000	31 Dec 2013 £'000	30 Jun 2014 £'000
Investment held at fair value through profit or loss	**334,514**	339,628	372,212
Net liabilities	**(39,572)**	(36,616)	(46,536)
Net assets	**294,942**	303,012	325,676
Net asset per ordinary share - basic and diluted	**590.17p**	606.32p	651.67p

Dividends

The Company has not declared an interim dividend (2013: nil). A final dividend of 6.50p and a special dividend of 2.70p were paid on 24 November 2014.

Share Capital

During the half year ended 31 December 2014, no shares were bought back for cancellation.

Portfolio information at 31 December

Ten largest investments as at 31 December 2014

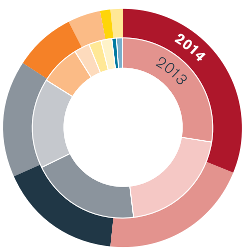
Company	Principal activities	Geographical area	2014 Valuation £'000	% of portfolio
Brainlab *	Health care equipment and services	Germany	9,618	2.9
Inficon	Industrial engineering	Switzerland	5,668	1.7
Verkkokauppa	Online retail	Finland	5,636	1.7
BE Semiconductor	Technology hardware & equipment	Netherlands	5,457	1.6
Comet	Electronic & electrical equipment	Switzerland	5,143	1.5
CFE	Construction & materials	Belgium	4,972	1.5
ASM International	Technology hardware & equipment	Netherlands	4,867	1.5
Valmet	Industrial engineering	Finland	4,763	1.4
OC Oerlikon	Industrial engineering	Switzerland	4,507	1.3
Nobia	Household goods & home construction	Sweden	4,385	1.3

These investments total £55,016,000 or 16.4% of the portfolio.

*Unquoted investments

Sector exposure

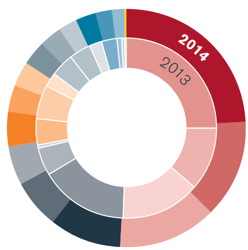
As a percentage of the investment portfolio excluding cash



	2014 %	2013 %
Industrials	**31.2**	27.6
Consumer discretionary	**20.5**	20.5
Information technology	**16.7**	19.7
Financials	**16.0**	16.1
Materials	**8.3**	7.4
Health care	**4.4**	2.8
Energy	**1.5**	2.1
Consumer staples	**1.4**	2.0
Telecommunication services	**-**	0.9
Utilities	**-**	0.9

Geographic exposure

As a percentage of the investment portfolio excluding cash



	2014 %	2013 %
Germany	**24.4**	25.2
Italy	**13.3**	11.2
France	**13.2**	14.4
Switzerland	**9.9**	15.7
Netherlands	**6.6**	5.1
Finland	**5.2**	0.4
Spain	**4.7**	4.9
Sweden	**3.6**	6.0
Belgium	**3.4**	2.4

	2014 %	2013 %
Norway	**3.3**	4.2
Austria	**3.1**	3.9
Denmark	**2.6**	2.4
Ireland	**2.7**	2.8
Greece	**2.3**	0.8
Portugal	**1.5**	0.4
Other	**0.2**	0.2

4.2% of the portfolio is invested in unquoted securities.

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