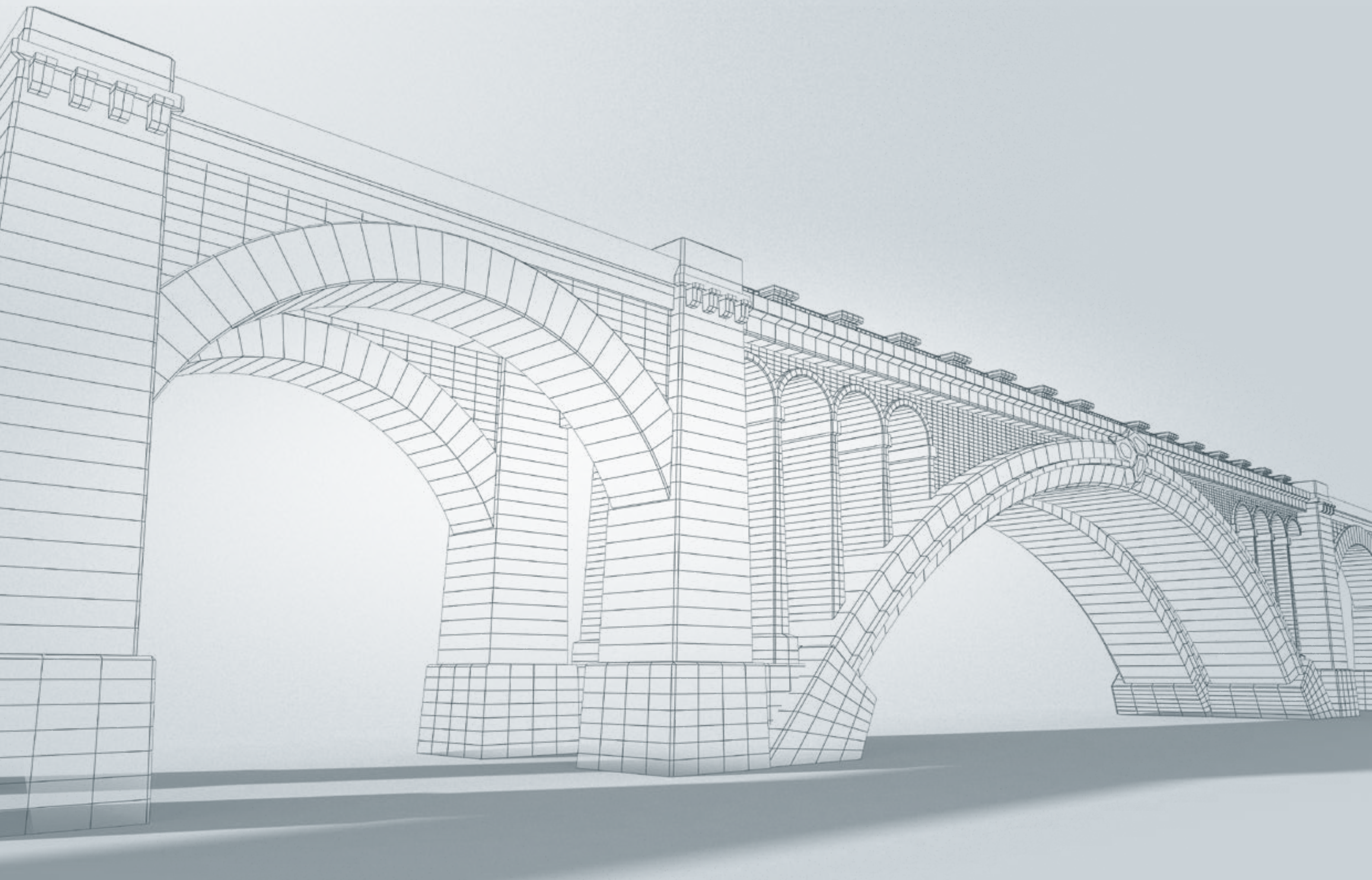
TR EUROPEAN GROWTH TRUST PLC

Annual Report 2018



MANAGED BY
Janus Henderson
INVESTORS

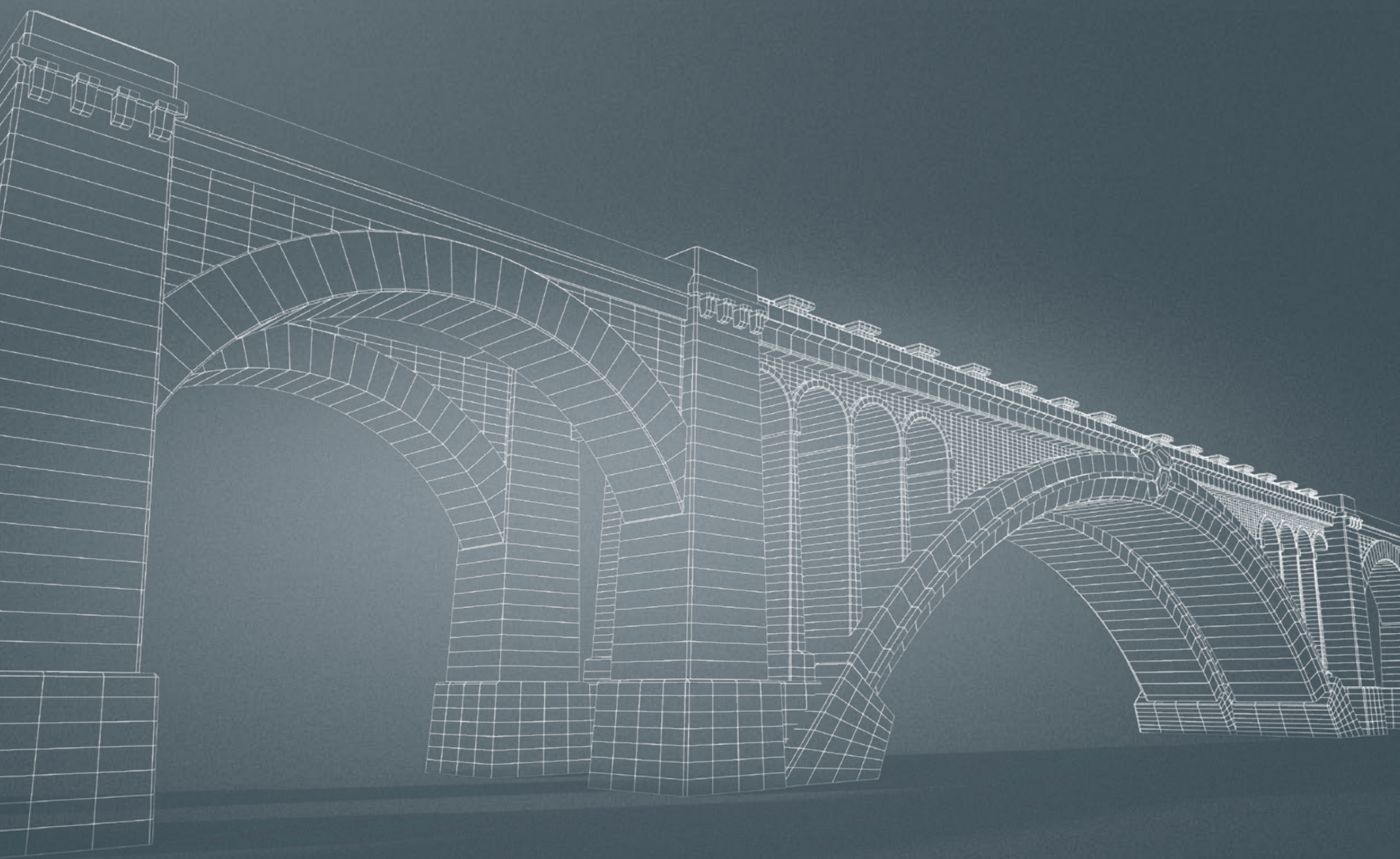
Contents

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

Strategic Report

Investment Objective

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



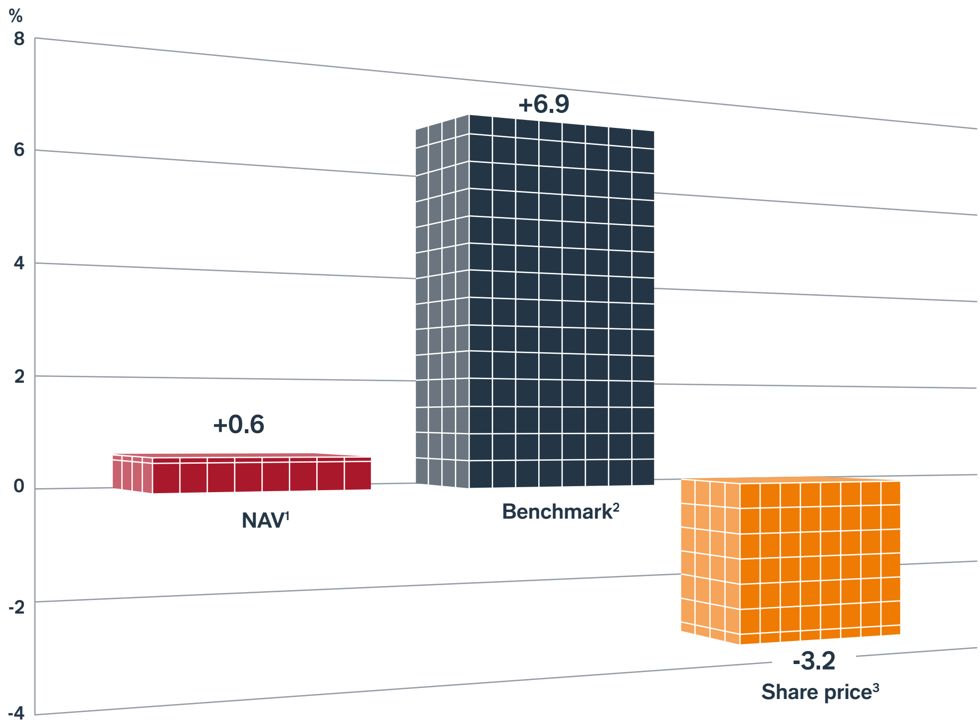
Investment Week
Investment Company of the Year Awards 2017
Winner
Overseas Smaller Companies
TR European Growth

Citywire
Investment Trust Awards '17
Winner
European Equities
TR European Growth

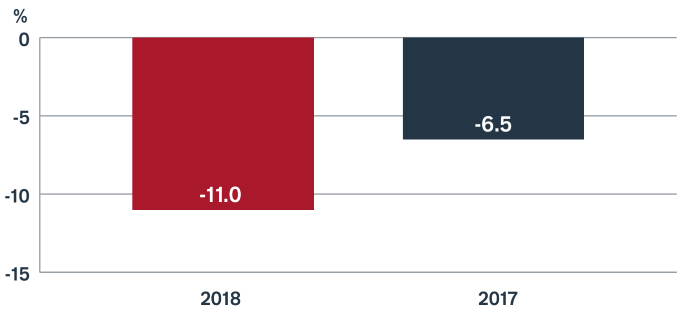
Money Observer
Trust Awards 2017
Best European Trust
TR European Growth

Strategic Report: Performance Highlights

Total return performance for year to 30 June 2018

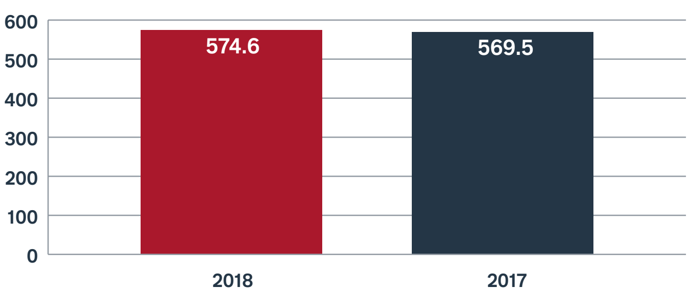


Discount at year end[4]



Discount[5]

Net assets at year end £million



Total return NAV and share price performance versus the benchmark[6]

Source: Datastream

Strategic Report: Performance Highlights (continued)

NAV per share at year end

2018 **1,146.70p**
2017 1,145.48p

Share price at year end

2018 **1,020.00p**
2017 1,071.00p

Dividend for year[7]

2018 **19.0p**
2017 14.5p

Dividend yield[8]

2018 **1.86%**
2017 1.35%

Ongoing charge for year[9]

2018 **0.71%**
2017 0.75%

Gearing at year end

2018 **9.0%**
2017 9.1%

Number of investments[10]

2018 **142**
2017 139

Performance fee

2018 **£1.3m**
2017 £3.8m

1 Net Asset Value ("NAV") 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 Smaller European Companies Index (ex UK) expressed in Sterling
3 Share price total return using mid-market closing price
4 Bar chart shows the Company's share price discount to NAV
5 Calculated using the published daily NAVs including current year revenue compared with the average discount of the AIC European Smaller Companies sector over the year to 30 June 2018
6 Graph shows the Company's NAV per share including share total return and share price total return compared to the total return of the benchmark over the year to 30 June 2018 (rebased to 100)
7 This represents total 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 is 0.93% (2017: 1.56%)
10 Excludes those stocks valued at nil by the Directors
Sources: Morningstar for the AIC, Janus Henderson, Datastream
A Glossary of terms and Alternative Performance Measures can be found on pages 15 and 16

Strategic Report: Business Model

The Company operates as an investment company. It aims 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.

Investment Objective

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

Investment Policy

The following investment ranges apply:

Equities:	80% – 100%
Fixed Income and Cash:	0% – 20%

Smaller and medium sized companies are defined as those whose market capitalisation is equal to or below the largest member of the Euromoney Smaller European Companies ex-UK Index at the time of investing.

Investments may include shares, securities and related financial instruments, including derivatives. Unquoted investments are permitted with prior Board approval.

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.

The Company can, but normally does not, invest up to 15% of its gross assets in investment companies (including listed investment trusts). The Company 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.

Derivatives

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management while maintaining a level of risk consistent with the risk profile of the Company.

Gearing

Net gearing (defined as all borrowings less cash balances and investments in cash funds) is limited by the Board to a maximum of 30% of Net Asset Value ("NAV") at the time of investment.

General

With appropriate approval, the Company may, but currently does not, hedge against currency movements.

Management arrangements

The Company is an Alternative Investment Fund and has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager ("AIFM"). HIFL delegates investment management services to Henderson Global Investors Limited. Both entities are authorised and regulated by the Financial Conduct Authority ("FCA") and are part of the Janus Henderson group of companies. References to "Janus Henderson" or the "Manager" refer to the services provided by either entity.

The Manager is engaged under the terms of an Investment Agreement effective from 22 July 2014. The agreement is terminable on six months' notice. The Fund Manager, Ollie Beckett, has managed the portfolio since 1 July 2011.

The base management fee for the year ended 30 June 2018 and for the first quarter of the year ending 30 June 2019 is 0.6%, charged quarterly in arrears. With effect from 1 October 2018, the base fee for assets over £500m will reduce to 0.5%.

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

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

Strategic Report: Chairman's Statement

The Chairman of the Board, Audley Twiston-Davies, reports on the year to 30 June 2018

Performance

The 2018 financial year produced muted results following an exceptionally strong performance for the prior year. Our net asset value total return per share for the year ended 30 June 2018, was 0.6% compared to a total return for the benchmark of 6.9%. An explanation of the performance is given in the Fund Manager's Report on pages 7-9. The share price total return for the year was -3.2%.

However, over the three year qualifying period for the performance fee, the Company has delivered a net asset value total return per share of 75.3% against a benchmark of 65.6%, and share price total return of 71.4%. As a consequence of the outperformance over the three year qualifying period we will be paying a performance fee to the Manager for the year of £1,300,000 (2017: £3,800,000). This is equal to 0.2% of net assets as at 30 June 2018 (2017: 0.7%).

Revenue and dividends

Revenue return per share was 22.06p (2017: 17.09p), a rise of 29.1%. We are proposing, subject to shareholder approval at our Annual General Meeting, a final dividend per ordinary share of 14.00p, an increase of 21.7% over last year's final dividend of 11.50p, bringing the total dividend for the year to 19.00p. This represents an overall increase of 31.0% in the dividends paid last year.

Share issues

In the early part of the year, the shares traded at a modest premium to net asset value enabling the Company to issue 395,000 shares, raising a total of £4,963,000.

Management fees

We are pleased to confirm that a reduction in the base fee has been agreed with the Manager. With effect from 1 October 2018 the fee will reduce from 0.6% to 0.5% of net assets over the value of £500m. For assets under this amount, the fee will remain unchanged.

The Board further considered the continuing use of a Performance Fee. We opted to retain this as it incentivises, and appropriately rewards good performance by, the Manager. Its inclusion enables the Company to maintain a lower base fee than its direct competitors.

Key Information Document

In line with the new European regulations for packaged investment products which took effect in January 2018, a Key Information Document ("KID") has been produced for the Company. The KID is based on prescribed guidelines with almost no room for deviation. The projected returns are derived from past performance and in the view of the Board should be treated with caution. The measure of risk is calculated according to the historic volatility of weekly returns and in our view is not likely to match the perception or meaning of risk for most private investors.

Governance

We noted the revised UK Corporate Governance Code issued by the Financial Reporting Council in July 2018 (the "2018 Code"). The Board has reviewed its governance arrangements in light of the 2018 Code. All Directors will be standing for annual re-election commencing at the upcoming Annual General Meeting ("AGM") in November.

Annual General Meeting

Shareholders are encouraged to attend the AGM on Monday 19 November 2018 at 201 Bishopsgate, London, EC2M 3AE. The meeting will start at 12.30 pm and will include a presentation by the Fund Manager, Ollie Beckett, and be followed by an opportunity for shareholders to meet the Board and the management team.

The Notice of 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.

Outlook

It has been a more challenging year for the Company compared to last year, with a dip in performance and the discount widening from 6.5% at the start of the year to 11.0% by 30 June 2018, after briefly trading at a premium in late 2017.

However, the European smaller companies area of the stock market remains filled with opportunity despite a backdrop of noisy, high-conflict politics within Europe and beyond. No doubt the UK departure from the European Union at the end of March 2019 will attract some headlines in the coming year. We can but hope for clarity in the UK relationship with the EU thereafter. As interest rates in the US begin to increase for the first time in many years, our Fund Manager has a keen eye on the broader macroeconomic environment but, as ever, will continue to seek out attractively valued stocks that can generate returns for the Company and our shareholders.

Audley Twiston-Davies
Chairman
10 October 2018

Strategic Report: Portfolio Information

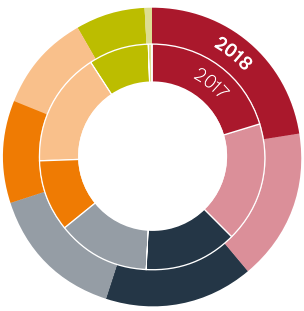
Ten largest investments at 30 June 2018

Ranking 2018	Ranking 2017	Company	Principal activities	Geographical area	Valuation 2018 £'000	Percentage of portfolio
1	2	**BrainLab**[1]	Radiotherapy and image-guided surgery equipment www.brainlab.com	Germany	18,421	2.9%
2	1	**Van Lanschot**	Specialist independent wealth management, private and merchant banking www.vanlanschot.nl	Netherlands	14,113	2.3%
3	4	**Lenzing**	Man-made fibre production www.lenzig.com	Austria	8,916	1.4%
4	–	**Dermapharmaceutical**	Leading manufacturer of patent-free branded pharmaceuticals www.dermapharm.de	Germany	8,102	1.3%
5	21	**Banca Farmafactoring**	Credit management and specialised financial services for health care providers and public administration www.bffgroup.com	Italy	7,978	1.3%
6	50	**Fugro**	Provider of geo-intelligence and asset integrity solutions for large constructions, infrastructure and natural resources www.fugro.com	Netherlands	7,835	1.3%
7	42	**TKH**	Specialists in the creation and delivery of innovative telecom, building and industrial solutions www.tkhgroup.com	Netherlands	7,805	1.3%
8	32	**Gaztransport & Technigaz**	Engineering company specialising in containment systems for shipping and storage of liquefied natural gas in cryogenic conditions www.gtt.fr	France	7,721	1.2%
9	–	**Boskalis Westminster**	Global provider of services in dredging, maritime infrastructure and maritime services sectors www.boskalis.com	Netherlands	7,033	1.1%
10	–	**S.O.I.T.E.C.**	Design and manufacture of semiconductor materials in the microelectronics industry www.soitec.com	France	6,971	1.1%
					94,895	**15.2%**

1 Unquoted investment

Sector exposure at 30 June 2018

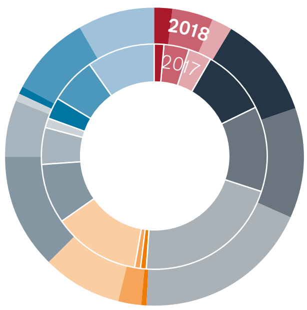
As a percentage of the investment portfolio excluding cash



	2018 %	2017 %
Industrial Goods	**22.7**	20.3
Technology	**16.4**	17.2
Basic Materials	**15.9**	13.4
Financial	**15.2**	13.5
Consumer Goods	**11.0**	10.2
Business Providers	**10.7**	16.4
Retail Providers	**7.5**	8.5
Natural Resources	**0.6**	0.5

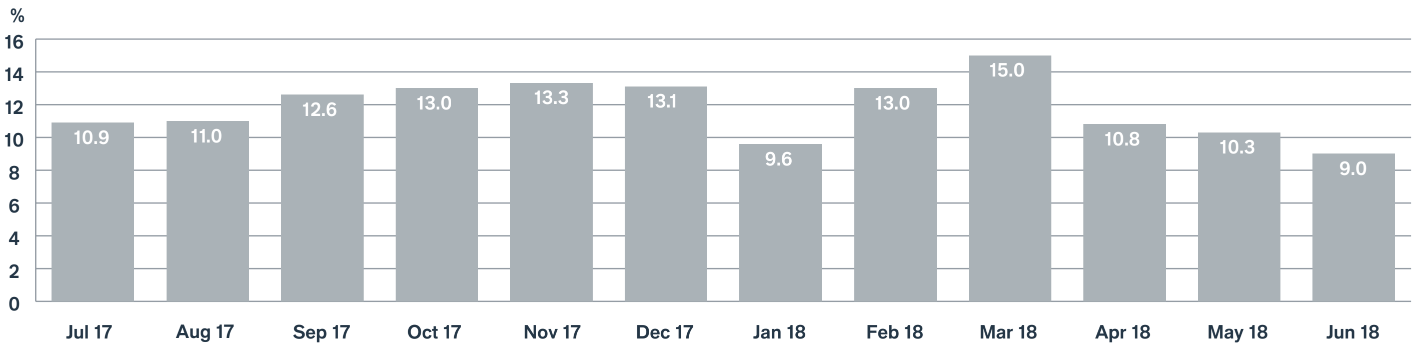
Geographic exposure at 30 June 2018

As a percentage of the investment portfolio excluding cash



	2018 %	2017 %
Austria	**2.1**	1.4
Belgium	**4.3**	3.6
Denmark	**2.4**	3.5
Finland	**11.1**	9.3
France	**12.0**	12.2
Germany	**19.0**	21.2
Greece	**0.6**	1.0
Ireland	**2.5**	0.8
Italy	**8.5**	12.3
Netherlands	**12.5**	8.8
Norway	**6.3**	5.1
Portugal	**0.8**	1.6
Spain	**0.7**	3.0
Sweden	**8.9**	6.7
Switzerland	**8.3**	9.5

Gearing levels over the year to 30 June 2018



Source: Janus Henderson

Strategic Report: Fund Manager's Report

The Fund Manager of the portfolio, Ollie Beckett, reports on the year to 30 June 2018

Rory Stokes is the Deputy Fund Manager and assists with the management of the portfolio

Introduction

The year to June 2018 was unremarkable from a stock market perspective and disappointing from a fund perspective. Politics remained a source of drama, with Italian elections delivering a majority for the "populists" and German elections forcing a protracted coalition negotiation, which in turn seemed to undermine the Eurozone economic reform ambitions of French President Macron. In the US, President Trump continued to develop policy by Twitter and threatened trade wars. We have long subscribed to the view that politics in Europe is less important than the economics. The uncertainty in escalating global trade means there is potential for politics and economics to interact. More broadly the economic environment has been fine, but not as good as many market participants had perhaps hoped. A seemingly more hawkish Federal Reserve set on raising interest rates, the elevated risk of trade war and general concerns about the age of the economic cycle have interlinked to create increased volatility and incrementally raise the cost of capital. Our interpretation of the current situation is that if interest rates do rise it will be led by the US, slower than expected and not followed in the Eurozone with any real urgency. Trade wars are currently showing no sign of a quick resolution. However, it is very possible that ultimately we have a general lowering of tariffs globally and greater opening up of Chinese markets.

The financial year to June 2018 saw the portfolio give a total return of 0.6%, lagging the benchmark, which delivered 6.9%. The year was characterised by reasonable performance in the first nine months followed by poor performance in the final quarter of the financial year. This came off the back of a very strong year to 30 June 2017 which saw the Company outperform the benchmark by 18.2%.

Valuations have increased substantially in recent years within the European smaller companies sector. There is still relative value compared to most other asset classes, but companies need to be able to deliver earnings growth either through top line growth or by cost-cutting to justify valuations. Notwithstanding this, we continue to find undervalued opportunities and neglected stocks in which to invest the Company's capital.

The Portfolio

We have positioned the portfolio aiming to blend structural growth stories, self-help and mis-priced equity. What we pay for something is always a consideration. To that end, we have added French semiconductor material manufacturer **S.O.I.T.E.C.** to the portfolio as a structural growth story. **S.O.I.T.E.C.** sells products such as silicon-on-insulator substrates that improve power consumption, performance and cost for processors going into products from mobile telephony to automotive. The technology is being embraced by large players in the semiconductor industry and sales grew 26.4% in the year to March 2018. We also invested in **Barco** as a self-help story. **Barco** is a Belgian conglomerate that has market leading technology in cinema projectors, a high growth business in Clickshare, which is a wireless presentation system, and a control rooms business that installs and integrates screens for control room video walls. Each part of the business has its own challenges such as managing a technology cycle in projectors, high growth in Clickshare and margin improvement in control rooms. We believe the relatively new management team can drive each part of the business and create value. We also invested in Norway's leading electricity retailer that intends to consolidate the highly fragmented market.

Performance Attribution

The Company lagged the benchmark for the financial year due to a collection of stock specific issues causing earnings downgrades exacerbated by stock markets being highly focused on earnings momentum. The principal culprits weighing on the Company's performance were Italian clothing retailer **OVS**, which warned on trading after the poor weather in the first calendar quarter in 2018 and had to write down its investment, as well as further reducing exposure to its minority interest in Swiss retailer Charles Vogele. We do not think the business is fundamentally broken and consider the equity to be cheap. French flash sale site **SRP Groupe** persistently failed to hit forecast sales and margin projections. We disposed of the position as our growing reservations about the business model were exacerbated by our lack of faith in the management team. **Ion Beam Appliances** ("IBA"), a Belgian proton therapy equipment manufacturer whose products are used for treating cancer, suffered as it failed to deliver new orders following a couple of strong years which had boosted market expectations to levels that, it subsequently turned out, were not achievable. We have added to the position as we view the **IBA** market position as being strategic; there are only two serious players in proton therapy and we are of the view that it will take market share for cancer treatment in the years to come.

Strategic Report: Fund Manager's Report (continued)

The stocks that weighed on performance were partially offset by strong performance from names such as French investment company **Tikehau Capital**, which focuses on alternative assets. The stock performed well in the period and remains attractively valued. Performance from Dutch listed speciality metal and mineral products company **AMG Advanced Metallurgical** was also strong, partly due to the attractive Tantalum price, but mostly as a result of a re-rating of the equity as the stock market understood that their lithium business was very well positioned in a world where lithium ion batteries are likely to be the principal energy source for cars. We benefited from the investment in French supplier of linings for Liquified Natural Gas ("LNG") container ships, **Gaztransport & Technigaz**, which began to receive orders after a quiet spell whilst energy prices were low. Their very high market share and the strong demand backdrop for LNG leave this company well placed for the future.

Geographical and Sector Distribution

Our investment process is fundamentally one of bottom-up stock picking, rather than allocating capital to specific sectors or geographies, though we keep a keen eye on the overall portfolio structure in order to avoid risk concentrations. We do not use the benchmark as a guide to structure and are content to run the portfolio with substantial divergence from the benchmark.

We remain significantly overweight in Germany as we continue to find terrific businesses offering attractive valuations or substantial growth. We added names such as meal-kit provider **HelloFresh**, which grew revenue 51.6% in 2017 as consumers embrace their model of supplying pre-measured fresh ingredients for the preparation of healthy meals. We also added automotive engineering consultancy **EDAG**, which had suffered due to the uncertainty around the German automotive industry caused by "dieselgate", allowing us to buy at an attractive price, but which is now benefiting as the Automotive original equipment manufacturers in Germany scramble to catch up on electric vehicles. We bought into pharmaceutical product and medical device company **Dermapharmaceutical**, which provides products such as mega-dosage vitamin D tablets, Dekristol.

We are overweight in Finland where we added specialty paper company **Ahlstrom-Munksjo** to the portfolio. **Ahlstrom-Munksjo** provides niche paper products such as release papers that are used for labels, health care materials and specialist filtration products. The business has been focused on improving margins and repricing the products, which it has done successfully despite the headwind of a rising pulp price.

The Netherlands is another country where the portfolio is significantly overweight compared to the benchmark. We have added names such as value-added distributor **B&S**, marine services such as dredging or salvage business **Boskalis Westminster**, monopile foundations for offshore wind turbine manufacturer **SIF** and navigation technology company **TomTom**.

The portfolio is underweight in Spain and Sweden, where we struggle to find appealingly valued stocks.

The sector exposure of the portfolio is heavily overweight in the Technology sector, a position that we have consistently held for the last few years. We added names such as **PVA Tepla**, which produces high-tech industrial materials for the semiconductor industry. We also bought back into **Dialog Semiconductor**, which has suffered due to Apple taking the production of the iPhone power management chips, which **Dialog** developed, in-house. We see good value in a break-up and sale of the company. We also added Italian supplier of HVAC control systems, **Carel Industries**. The portfolio is overweight to the Industrial sector and added names such as mining and minerals processing equipment manufacturer **Outotec** and provider of lithium ion batteries for buses and other large vehicles, **Akasol**.

The portfolio is underweight in the Real Estate sector, where we struggle to find mis-valued opportunities with significant upside, and the Food, Beverage and Tobacco sector, where valuations look too high for businesses offering underwhelming returns.

Other Purchases

Other substantial purchases included **Caverion** in Finland, which provides building systems and industrial services in the Nordic countries and Russia. We also invested in Swiss-listed industrial conglomerate **Metall Zug** that makes products ranging from wire processing machines to washing machines.

Other Disposals

We fully exited our position in Belgian listed **EVS Broadcast Equipment**, which makes equipment for the live production of television. The company has struggled to grow and we developed concerns about the strategic positioning of their offering as broadcast markets for sports fragment with internet broadcasting. We also exited our position in **Europcar**, which has wrestled with delivering on market forecasts of earnings. We exited our position in Dutch technology hardware manufacturer **ASM International** as we developed reservations about the quality of the earnings. We sold our position in **Puma** on valuation grounds after a successful turnaround of the business.

Brexit

The Company rarely invests directly in UK listed businesses, but will do so if the company is domiciled in Europe or has significant exposure to European economies. We are currently invested in Irish building material distributor **Grafton**, which has a UK listing and meaningful UK economy exposure. Furthermore, a number of other stocks within the portfolio do have substantial sales in the UK. In the instance of an economically dislocating event around Brexit these stocks may suffer. We continue to monitor the situation actively.

Strategic Report: Fund Manager's Report (continued)

Gearing
Gearing levels varied between 9% and 15% over the course of the financial year. We use the debt facility to maintain flexibility and freedom of action over the year as investment opportunities arose, freeing us from the need to urgently raise cash by selling assets at poor prices. The gearing also offers the potential to enhance returns in a rising market.

Market Capitalisation Range
We have continued to focus the portfolio towards small and medium sized companies, with a weighted average market capitalisation of £1.2bn as of 30 June 2018. The largest company in the portfolio was **FinecoBank** at £5.2bn and the smallest was **Silmaasema** at £69m.

Unquoted Investments
The Company has substantially reduced the exposure to unquoted investments during the reporting period and into the early part of the 2019 financial year. At the date of this report, these investments had been reduced to nil compared to representing 2.1% of the portfolio a year ago.

Investments in **Doughty Hanson & Co. Fund III** and **21 Centrale Partners** represented less than 0.1% of NAV as at 30 June 2018, with distributions from the former being received in full by the end of August 2018. In the early part of the current financial year, we disposed of our holding in **BrainLab**, which represented 2.9% of NAV as at 30 June 2018.

Currency
The Company remains denominated in Sterling and invests in largely Euro denominated assets. We do not hedge this currency exposure.

Outlook
Stock markets are currently grappling with understanding the implications of rising rates in the US, the end of Quantitative Easing in Europe, the threat of trade wars, slowing economic growth in China, the disruptive effects of technology and an economic cycle that is now ten years old. Whilst the global economic backdrop is still reasonably positive, the cycle looks somewhat stale and volatility is likely to remain an ongoing feature. Global politics will remain a source of noise, not least in Europe where noisy extremists on the left and the right continue to take ground in national elections across the continent.

However, Europe continues to be a source of outstanding companies producing world leading products in high-tech and high-growth niche markets. We continue to find businesses that have been neglected by the wider market or are misunderstood self-help stories. The stock markets have been through a ten year period of chasing momentum over value that has reached extreme levels in recent months. There are a large number of good businesses that are mispriced for no reason other than they have not delivered earnings upgrades in recent quarters. We note that other pools of capital such as trade buyers and private equity are less focused on the recent earnings performance of a company and more upon the fundamental value and cash generation properties of these businesses. As the cycle matures further we would expect a pick-up in mergers and acquisitions activity which will favour funds invested in attractively priced stocks.

Europe has closed some of the gap with the broader global economy in the last year, but there is still a considerable earnings gap with the broader global economy in terms of recovery from the financial crisis. Whilst valuations are no longer outright cheap, this growth potential leaves European smaller companies looking like an attractive hunting ground. We are not struggling to find exciting investment opportunities to which the Company can allocate capital. Recent performance has been disappointing, but we remain confident that we can deliver good returns for our investors in the coming year.

Ollie Beckett and Rory Stokes
10 October 2018

Strategic Report: Historical Performance and Financial Information

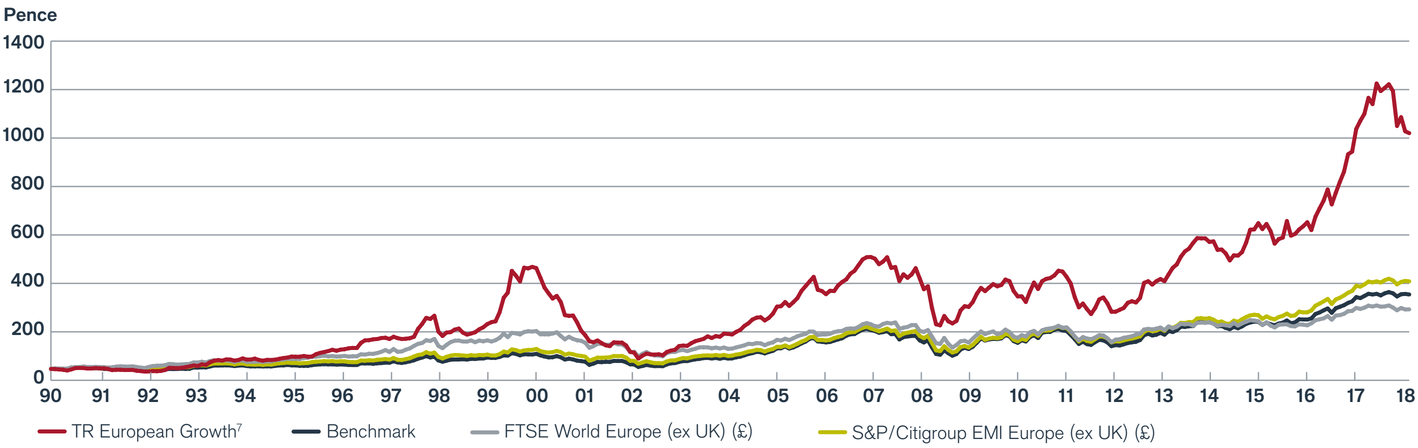
Total return performance to 30 June 2018

(including dividends reinvested and excluding transaction costs)

	1 year %	3 years %	5 years %	10 years %	Since launch[1] %
NAV[2]	0.6	75.3	148.2	184.8	3,031.6
Benchmark index[3]	6.9	65.6	109.3	164.2	2,263.1
Average sector NAV[4]	8.0	70.8	120.8	193.4	3,259.2
Share price[5]	-3.2	71.4	171.0	185.3	2,937.4
Average sector share price[6]	5.3	66.4	133.8	215.3	2,638.4

Share price movement against indices since launch to 30 June 2018

(rebased to ordinary subscription price at launch)



Financial information

At 30 June	Net assets £'000	NAV per ordinary share 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/ interim dividend[8] p	Expenses[9] %
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
2017	569,459	1,145.5	1,071.00	6.5	199,540	17.09	383.67	400.76	11.50	3.00	0.75
2018	**574,591**	**1,146.7**	**1,020.0**	**11.0**	**9,936**	**22.06**	**(2.18)**	**19.88**	**14.00**	**5.00**	**0.71**

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 Smaller European Companies Index (ex UK) total return and expressed in Sterling
4 The sector is the AIC European Smaller Companies sector
5 Share price total return using mid-market closing price
6 Average share price for the AIC European Smaller Companies sector
7 Share price total return
8 Interim dividend from 2018
9 Using total expense ratio methodology for 2011 and previous years; ongoing charge methodology thereafter. Data is not available for periods prior to 2010
Sources: Janus Henderson, Morningstar for the AIC, Datastream

Strategic Report: Corporate Information

Directors

The Directors in office during the year and up to the date of this report are:

Audley Twiston-Davies

Position: Chairman of the Board of Directors (the "Board") and of the Nomination and Management Engagement Committees

Date of appointment: 31 January 2000 (Chairman from 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 a non-executive director of Eddie Stobart Logistics plc, BlackRock North American Income Investment Trust plc, City Natural Resources High Yield Trust plc and Mobius Investment Trust plc. He is a director of the Company's subsidiary.

Simona Heidempergher

Position: Director
Date of appointment: 1 September 2014

Simona is a director of Merifin Capital, a privately owned European investment company with offices in Europe, Asia and the USA, which has successfully invested in traditional and alternative asset classes for more than 25 years. She is a Director of Aquafil SpA, Stramongate SA, Fondazione Bruno Kessler, Europa Investimenti sgr, SIL Industrie Italo Saleri and sits on the advisory boards of various limited partnerships. She is a former director of BIM Banca Intermobiliare SpA.

Andrew Martin Smith

Position: Director
Date of appointment: 19 May 2008

Andrew currently works as an adviser and AIM EIS fund manager with Guinness Asset Management Limited. He holds a number of non-executive directorships including Church House Investments Limited, a private and independent investment management company.

Alexander Mettenheimer

Position: Director
Date of appointment: 1 July 2011

Alexander was spokesman of the executive directors of BHF Bank AG until March 2016 and 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 Merck Finck & Co Privatbankiers and Confia SA as well as various positions with Citibank. He is Chairman of the Small and MidCap InvestmentBank AG and holds various other board positions in Germany.

All Directors are independent of the Manager and are members of the Nomination, Management Engagement, Audit and Insider 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
ITSecretariat@JanusHenderson.com

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**.

Statutory Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Financial calendar

Annual results announced	October 2018
Ex dividend date	25 October 2018
Dividend record date	26 October 2018
Annual General Meeting	19 November 2018[1]
Dividend payment date	30 November 2018
Half year results announced	February 2019

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

Information sources

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

HGi

HGi is a content platform provided by Janus 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 Janus Henderson's investment expertise.

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

Follow Janus Henderson Investment Trusts on Twitter, YouTube and Facebook

To get the latest updates follow us on Twitter @JHiTrustsUK

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 **Customercare.HSDL@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.

Strategic Report: Corporate Information (continued)

Status

The Company is registered as a public limited company and is an investment company as defined under section 833 of the Companies Act 2006 (the "Act"). It has been approved as an investment trust under sections 1158/1159 of the Corporation Tax Act 2010, as amended, and is a member of the Association of Investment Companies ("AIC").

The Directors are of the opinion that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company)(Tax) Regulations 2011.

The Company maintains a primary listing on the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the FCA. The Company is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution.

The Company has a wholly owned subsidiary, TREG Finance Limited, which was dormant throughout the year. The Company and subsidiary are referred to as the "Group".

Principal risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks and uncertainties facing the Company that would threaten its business model, future performance, solvency and liquidity. A matrix of these risks has been drawn up and steps taken to mitigate these. The principal risks and mitigating measures are as follows and remain unchanged throughout the year under review:

Principal risk	Mitigating measure
Investment activity and performance 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 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 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 A breach of Section 1158/1159 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.	The Manager provides investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by the Manager on a quarterly basis, which confirm regulatory compliance.
Operational Disruption to, or failure of, the Manager'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 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 its third-party service providers and receives reports on the key elements in place to provide effective internal control.

Viability statement

The Board considers the Company's viability over a three year period. The Directors believe this is a reasonable period reflecting the longer-term investment horizon of the Company, as well as that of its investors, and the inherent shorter term uncertainties in equity markets.

The Board considers the Company's viability as part of their continuing programme of monitoring risk. In carrying out their assessment, the Board takes account of the likely impact of the principal risks facing the Company materialising in severe, but plausible, scenarios. In particular, the Board considers the investment strategy, market risk, level of gearing, specifically 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, and the liquidity of the portfolio. The evaluation of the mitigating controls currently in place, and their effectiveness, forms part of the assessment.

The Board concluded that the Company's assets are liquid, its commitments are limited and the Company intends to continue operating as an investment trust. No significant changes to the current principal risks and the mitigating controls in place are anticipated. The Board does not currently envisage any material change in the Investment Objective or Policy, and are not aware of any events that would prevent the Company from continuing to operate in its current capacity.

Strategic Report: Corporate Information (continued)

Based on this assessment, the Board has 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 from the date of this report.

Key performance indicators

In order to measure the success of the Company in meeting its Investment Objective and to evaluate the performance of the Manager, the Board take into account the following key performance indicators ("KPIs"):

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 the Manager.

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 the Manager.

The charts and tables on pages 2, 3 and 10 show how the Company has performed against these KPIs.

Borrowings

The Company has a secured multicurrency overdraft arrangement with HSBC Bank plc that allows it to borrow up to the lesser of £100 million and 25% of custody assets as and when required. As at 30 June 2018, £46 million of the facility was drawndown.

Future developments

The future performance of the Company is dependent on international financial markets which are subject to various external factors, including political and economic conditions. It is the Board's intention that the Company will continue to pursue its stated Investment Objective and Policy. The Chairman's Statement and Fund Manager's Report provide commentary on the outlook for the Company.

Responsible Investment

The Board has delegated responsibility to the Manager for voting the rights attached to the shares held in its portfolio. The Manager does so in line with the provisions of its Responsible Investment Policy which sets out its approach to corporate governance, corporate responsibility and Janus Henderson's compliance with the UK Stewardship Code. The Board reviews the RI Policy at least annually and receives regular reporting on the voting undertaken by the Manager on behalf of the Company.

The Board and the Manager 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. The Manager actively votes at shareholder meetings and engages with companies as part of the voting process. Voting decisions are made in close consultation with the Fund Manager, with regular dialogue between fund managers and corporate governance specialists.

The RI Policy can be found on the Manager's website at **www.janushenderson.com**.

Employees, social, community, human rights and environmental matters

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The Company has no employees. The Directors are satisfied that, to the best of their knowledge, the Company's principle suppliers, listed on page 12, comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Diversity

The Company's affairs are overseen by a Board comprising five non-executive Directors, four male and one female. The Directors bring a range of knowledge and experience covering global and European investment markets, banking and accounting and auditing expertise to discussions regarding the Company's business. Two of the Company's directors are based in Europe, enabling the Board to remain in touch with sentiment on the Continent.

The Directors regularly consider the leadership needs and specific skills required to achieve the Company's Investment Objective, and are cognisant of diversity when making appointments to the Board.

The Company has no employees and therefore has no further disclosures to make in respect of gender representation within the Company.

For and on behalf of the Board

Christopher Casey
Director
10 October 2018

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 Smaller European Companies ex UK Index on a total return basis in Sterling terms.

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 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 per ordinary share will be disclosed ex-dividend.

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: Alternative Performance Measures

Capital return per share

The capital return per share is the capital profit for the year (see Statement of Comprehensive Income) divided by the weighted average number of ordinary shares in issue during the year (see note 7).

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 (see note 9) and equity shareholders' funds (see Balance Sheet), dividing this by equity shareholders' funds and multiplying by 100. The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

Net Asset Value ("NAV") per ordinary share

The value of the Company's assets (i.e. investments (see note 9) and cash held (see Balance Sheet)) less any liabilities (i.e. bank borrowings and debt securities (see notes 12 and 13)) for which the Company is responsible, divided by the number of shares in issue (see note 15). 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 costs 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 methodology prescribed by the AIC and is the annualised ongoing charge expressed as a percentage of the average aggregate NAV in the period.

Premium/discount

The amount by which the market price per share (see page 3) of an investment company is either higher (premium) or lower (discount) than the NAV per share (see 'NAV per ordinary share'), expressed as a percentage of the NAV per share.

Revenue return per share

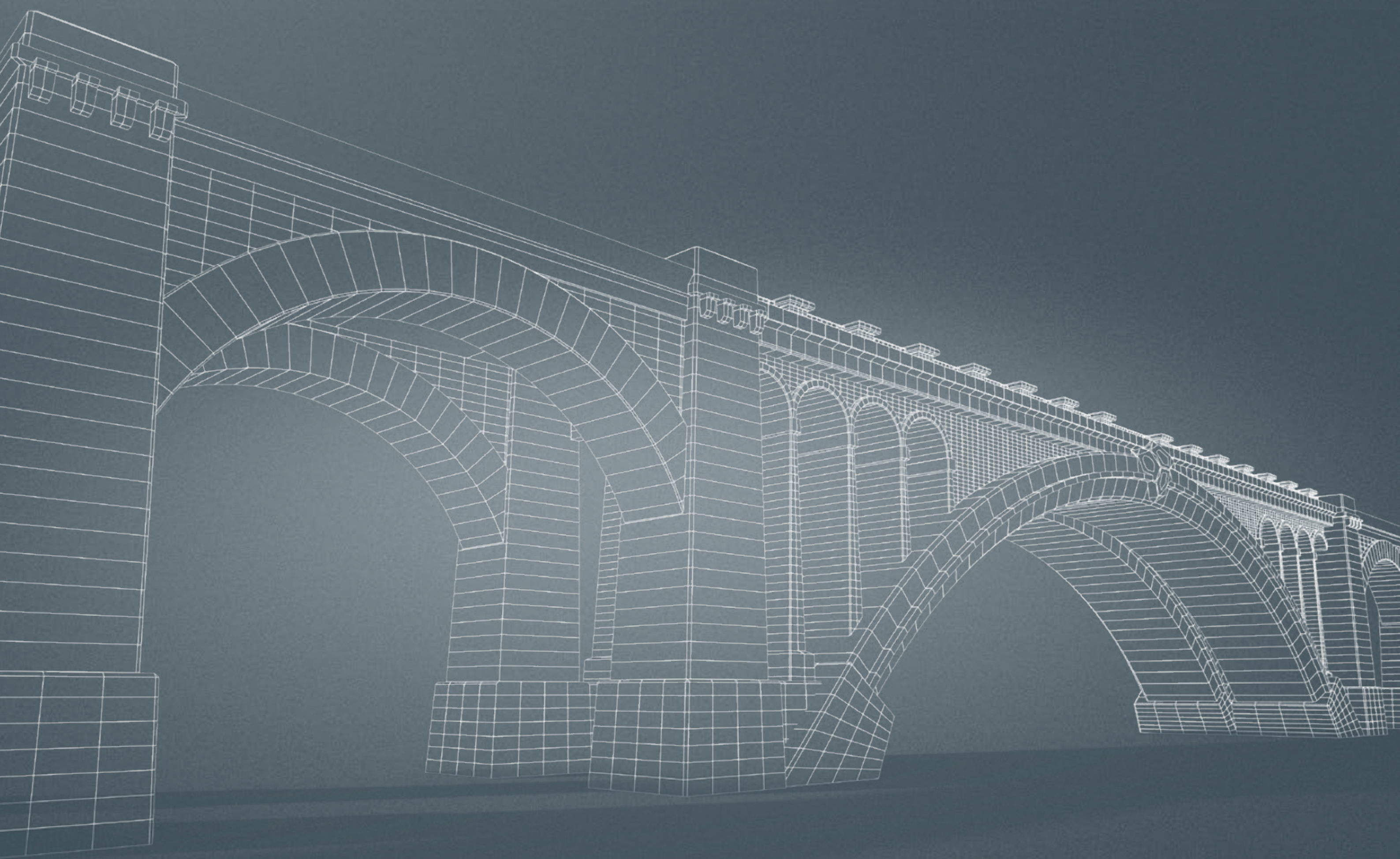
The revenue return per share is the revenue profit for the year (see Statement of Comprehensive Income) divided by the weighted average number of ordinary shares in issue during the year (see note 7).

Total return performance

This is the return on the share price (or NAV per share (see 'NAV per ordinary share') taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders during a given period. 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 per share total return). Dividends paid and payable are set out in note 8 on page 44.

References to notes and pages are in respect of the Annual Report

Corporate Report



Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 30 June 2018.

The Corporate Governance Statement, Audit Committee Report, the Investment Portfolio and Shareholder Information on pages 22-27 and 57-60 form part of the Directors' Report.

Share capital

As at 30 June 2018 the Company's paid up share capital consisted of 50,108,397 ordinary shares of 12.5p each. Holders of the Company's ordinary shares are entitled to one vote for every two shares. As at 30 June 2018, the Company's voting rights were 25,054,198.

At the AGM held on 27 November 2017, shareholders authorised the Directors to allot up to 2,505,420 new ordinary shares. In the financial year to 30 June 2018 and up to the date of this report, 395,000 shares were issued to the Company's brokers, Winterflood Securities Limited, at prices ranging from 1,225.0p – 1,272.0p for total proceeds of £4,963,000 (net of commissions).

Shareholders further authorised Directors to repurchase up to 7,511,248 ordinary shares where the Company's shares were trading at a discount to the net asset value. No shares have been repurchased in the year to 30 June 2018 or to the date of this report.

The authority to allot and repurchase shares will expire at the earlier of 15 months from the date of the passing of the resolution or the next AGM.

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.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 30 June 2018 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Investec Wealth & Management Limited	7.9
Lazard Asset Management LLC	7.0

On 17 August 2018, Lazard Asset Management LLC notified the Company that it had reduced its interest in voting rights to 5.0%. No other notifications have been received to the date of this report.

Related party transactions

The Company's transactions with related parties in the year were with the Directors, the subsidiary and the Manager, Janus Henderson. There have been no material transactions between the Company and its Directors during the year. 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.

The Company has paid expenses on behalf of the subsidiary as disclosed on page 56.

In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business, which included marketing services, there have been no material transactions affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 21 on page 56.

Annual General Meeting

The AGM will be held on Monday 19 November 2018 at 12.30 pm at the Company's registered office. The Notice of Meeting and the details of the resolutions to be put to shareholders are contained in the separate document enclosed with this report.

Shareholders with shares held in their own names will receive a Form of Proxy enabling them to vote if they are unable to attend the AGM. Likewise, shareholders whose shares are held with Halifax will receive a Voting Instruction Form which will allow them to instruct the nominee holder how to vote their shares. Shareholders holding shares on other share dealing platforms should contact their platform directly to vote their shares for the upcoming AGM.

Duration of the Company

The Company's Articles of Association require that at every third AGM an ordinary resolution be put to shareholders requesting them to approve the continuation of the Company. A resolution to this effect was last approved by shareholders, with a notable majority, at the AGM held on 21 November 2016. The next such resolution will be proposed at the AGM in 2019.

Directors' statement as to disclosure of information to auditor

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 of which the Company's auditor is 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 auditor is aware of that information.

Requirement of the Listing Rules

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. Disclosures relating to the allotment of shares (LR9.8.4(7)) are set out in the Share capital section. There are no further disclosures to be made in this regard.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
10 October 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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.

Directors' Responsibility statements

Each of the Directors, listed on page 11, confirms that, to the best of his or her knowledge:

- the Group financial statements prepared in accordance with IFRSs adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the issuer and the undertakings included in the consolidation taken as a whole; 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.

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.

For and on behalf of the Board

Christopher Casey
Director
1 October 2018

The financial statements are published on **www.treuropeangrowthtrust.com** which is a website maintained by Janus Henderson. The maintenance and integrity of the website is the responsibility of the Manager. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Annual Report since it was initially presented on the website.

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

Directors' Remuneration Report

Remuneration Policy

The Remuneration Policy (the "Policy") sets out the principles applied in the remuneration of the Company's Directors. The Policy has been in place since 1 July 2013 and was last approved by shareholders at the AGM on 27 November 2017.

The Board's approach is that fees payable to the Directors should:

- reflect the time spent by them on the Company's affairs;
- reflect the responsibilities borne by them as Directors;
- be sufficient to promote the long term success of the Company; and
- not exceed the aggregate limit of £200,000 per annum as established by the Articles of Association.

Directors are remunerated in the form of fees which are payable quarterly in arrears.

No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place. The Directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties. The level of remuneration paid to each Director is reviewed annually, although such review will not necessarily result in a change to the fee.

The Board may amend the levels of remuneration paid to individual Directors within the parameters of the Policy. The Policy, irrespective of changes, should be put to shareholders at intervals of not more than three years.

Shareholders' views

Any feedback from shareholders on the fees paid to Directors would be taken into account by the Board when reviewing remuneration levels.

Letters of Appointment

All Directors are non-executive and are appointed under a Letter of Appointment, which is an engagement for services and not a contract for employment. The appointment may be terminated at any time by written notice with no compensation payable.

Recruitment principles

All Directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board and Chairman of the Audit Committee are paid a higher fee in recognition of their additional responsibilities.

Report on Implementation

The Directors' Remuneration Report (the "Report") is prepared 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"). A resolution to approve this Report will be put to shareholders at the AGM to be held on 19 November 2018.

Statement from the Chairman

As the Company has no employees and the Board is comprised entirely of non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole within the aggregate limit approved by shareholders, currently £200,000 per annum.

Directors' fees for the year under review were £33,000 for the Chairman, £30,000 for the Chairman of the Audit Committee and £26,000 for the remaining Directors. Directors' fees, and the additional fee paid to the Chairman of the Audit Committee, were last increased on 1 July 2017. The fee paid to the Chairman was last increased on 1 July 2016.

Directors' interests in shares (audited)

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year under review are set out in the table below.

	Ordinary shares of 12.5p 30 June 2018	Ordinary shares of 12.5p 1 July 2017
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	–	–

There have been no changes to any of the Directors' holdings in the period from 30 June 2018 to the date of this report. Alexander Mettenheimer does not hold shares in the Company as a result of penal tax treatment of investment trust holdings by the German tax authorities.

Directors' Remuneration Report (continued)

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table opposite 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.

	2018 £	2017 £	Change £
Total remuneration	145,103	132,200	12,903
Ordinary dividend paid during the year	9,766,787	5,717,041	4,049,746

Directors' remuneration (audited)

The remuneration paid to the Directors who served during the years ended 30 June 2018 and 30 June 2017 was as follows:

	Year ended 30 June 2018 Total salary and fees £	Year ended 30 June 2018 Total expense and taxable benefits £	Year ended 30 June 2018 Total £	Year ended 30 June 2017 Total salary and fees £	Year ended 30 June 2017 Taxable benefits £	Year ended 30 June 2017 Total £
Audley Twiston-Davies[1]	33,000	–	33,000	33,000	–	33,000
Christopher Casey[2]	30,000	–	30,000	26,000	–	26,000
Simona Heidempergher	26,000	610	26,610	24,000	–	24,000
Andrew Martin Smith	26,000	–	26,000	24,000	–	24,000
Alexander Mettenheimer[3]	26,000	3,493	29,493	24,000	1,200	25,200
Total	**141,000**	**4,103**	**145,103**	**131,000**	**1,200**	**132,200**

No other remuneration or compensation was paid or is payable by the Company in respect of the reporting period to any of the current or former Directors, or third parties specified by them.

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.

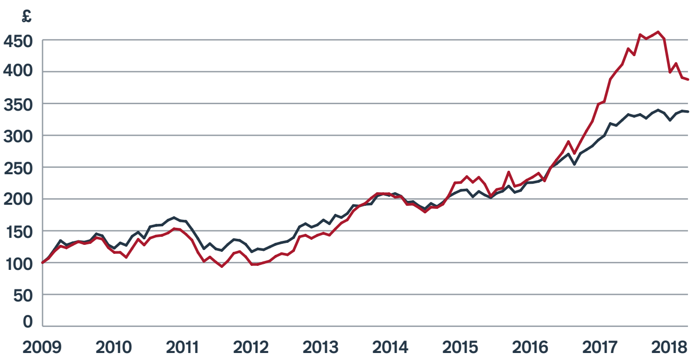
1 Chairman and highest paid Director

2 Chairman of the Audit Committee

3 Alexander Mettenheimer's taxable benefits include £1,250 relating to personal tax services provided by Creasys Group Limited (2017: £1,200)

Performance

The graph compares the Company's share price total return over the nine year period ended 30 June 2018 with the return from the Euromoney Smaller European Companies Index (ex UK) expressed in Sterling, the Company's benchmark, 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)

Statement of voting at AGM

At the 2017 AGM 5,220,909 votes (99.35%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 19,871 (0.38%) were against, 14,415 (0.27%) were discretionary and 25,842 were withheld; the percentage of votes excludes votes withheld.

In relation to the approval of the Company's Remuneration Policy, 5,217,116 votes (99.41%) were received voting for the resolution, 16,596 (0.32%) were against, 14,415 (0.27%) were discretionary and 32,909 were withheld; the percentage of votes excludes votes withheld.

For and on behalf of the Board

Christopher Casey
Director
10 October 2018

Corporate Governance Statement

Applicable corporate governance codes

By virtue of its premium listing on the London Stock Exchange the, Board is required to report on its compliance with the provisions of the UK Corporate Governance Code (the "UK Code") which was issued by the Financial Reporting Council ("FRC") in April 2016.

As an investment company, the Board voluntarily reports on its compliance with the provisions of the Code of Corporate Governance issued by the Association of Investment Companies (the "AIC Code"), issued in July 2016. The AIC Code addresses the applicable principles of the UK Corporate Governance Code, as well as provisions and recommendations which are of specific relevance to investment companies. The FRC has confirmed that by following the AIC Code and Guide, the boards of investment companies will meet their obligations in relation to the UK Code and the disclosure requirements of the Disclosure Guidance and Transparency Rules.

The FRC issued a revised UK Code in July 2018 (the "2018 Code") which is applicable for financial years beginning after 1 January 2019.

Copies of the AIC Code and the UK Code (issued in 2016 and 2018) can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**.

Statement of compliance

The Board has considered the principles and recommendations of the UK Code and believe that the Company has complied with all provisions with the exception of those relating to i) the role of the chief executive, ii) executive directors' remuneration and iii) the need for an internal audit function.

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

In respect of the AIC Code, the Company has complied with all provisions throughout the period under consideration and up to the date of this report.

The Board

As at the date of this report, the Board comprises five non-executive Directors who were in office throughout the period under review. Biographical details for each Director are set out on page 11.

Responsibilities of the Board

The Board is responsible for providing leadership, setting the Investment Objective of the Company, establishing an appropriately robust internal control framework enabling effective risk management and monitoring the performance delivered by the Company's third party service providers in meeting the Objective within the control framework.

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 other employees of the Manager in connection with the delivery of company secretarial, sales, marketing and other administrative services.

The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and providing oversight of performance against agreed measures. It approves any changes to the structure and capital arrangements for the Company, has oversight of financial reporting and assesses the effectiveness of the internal control framework. The Board approves communications with shareholders, the appointment of new directors, oversees corporate governance matters and is responsible for determining the remuneration of Directors.

Each meeting follows an agenda agreed with the Chairman and includes a review of the Company's investment performance, financial position, compliance with the investment parameters, reporting from the Depositary, a review of shareholder movements along with any sales or marketing activities undertaken and any other relevant business matters in order to ensure that control is maintained over the Company's affairs.

The Board has delegated contractually to third-party service providers the management of the investment portfolio, the custodial services (which encompasses the safeguarding of the Company's assets by the Custodian), the day-to-day accounting, company secretarial, administration 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, and its committees, maintain oversight of the third party service providers through regular, and ad hoc, reporting.

The Manager ensures that the Directors receive all relevant management, regulatory and financial information. Employees of the Manager attend each Board meeting enabling the Directors to probe further on matters of concern. The Chairman is able to attend meetings of all the chairmen of the investment companies managed by Janus Henderson which provides a forum to discuss industry matters. The Directors have access to the advice and services of the Corporate Secretary through its designated representative who is responsible for ensuring that Board and Committee procedures are followed. The proceedings of all Board and Committee meetings are minuted, with any particular concerns raised by the Directors appropriately recorded. The Board and the Manager operate in a supportive, co-operative and open environment.

The Company has 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.

Corporate Governance Statement (continued)

Directors

Appointment, retirement and tenure

The Board may appoint Directors to the Board without shareholder approval. Any Director appointed during the year must stand for election by the shareholders at the next AGM in accordance with provisions of the Articles. Directors are generally expected to serve two terms of three years, which may be extended at the discretion of the Board and subject to satisfactory performance evaluation and re-election by shareholders.

The Company's Articles stipulate that all Directors should retire at intervals of not more than three years and that at least one third of the Directors should retire at each AGM. However, the Board has chosen to adopt early the recommendation in the 2018 Code which sets out that all Directors should stand for annual re-election.

The Articles permit shareholders to remove a Director before the end of his term by passing an ordinary resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

Independence

The independence of the Directors is determined with reference to the UK Code and is reviewed by the Nomination Committee at least annually.

The Committee considers each of the Directors other appointments and commitments, as well as their tenure of service and any connections they may have with the Manager.

The Committee noted that provisions of the 2018 Code stipulate that a chairman should not remain in post beyond nine years from the date from their first appointment to the Board. The Directors unanimously consider that Audley Twiston-Davies, who has been a Director since 2000, exercises as Chairman all the desired leadership traits identified in the 2018 Code. He facilitates constructive discussion and remains wholly independent in mind and spirit. He holds the Manager to account on performance, remuneration and its commitment to the investment companies business following the merger between Henderson Group plc and Janus Capital Group, Inc. in 2017. He has ensured that the Board has wide representation and is regularly refreshed. He continues to have the full support of the other Directors to remain in place while he demonstrates such energetic and objective leadership of the Board and enthusiasm for the Company's affairs. The Board can see no advantage for shareholders in bringing forward his succession and believe that they benefit greatly from the Chairman's experience and sound stewardship.

Following conclusion of the evaluation in July 2018, the Committee concluded that all Directors continued to be independent in character and judgement.

Induction and ongoing training

Newly appointed Directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the Manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services carried out by the Manager.

Directors are provided with information on the Company's policies, regulatory and statutory requirements affecting the Company, as well as changes to the Directors' responsibilities as they arise.

Directors are encouraged to attend external training and industry seminars, and may do so at the expense of the Company.

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. The Company's Articles and the provisions of English law permit a qualifying third party provision indemnity to 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 an indemnity to each Director to the extent permitted by law in respect of the liabilities that may attach to them in their capacity as Directors of the Company and its subsidiary.

Directors' conflicts of interest

The Articles 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. The Directors may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any situational conflicts which are considered, and authorised, are recorded in the minutes. These are reviewed by the Nomination Committee at least annually.

Meetings

The attendance of each Director is set out in the table below.

	Board	AC	MEC	NC	AGM
Number of meetings	**5**	**3**	**1**	**1**	**1**
Audley Twiston-Davies	5	3	1	1	1
Christopher Casey	5	3	1	1	1
Simona Heidempergher	5	3	1	1	1
Andrew Martin Smith	5	3	1	1	1
Alexander Mettenheimer	5	3	1	1	1

Corporate Governance Statement (continued)

Performance evaluation

The Board conducted a review of its own performance, together with that of its Committees and Directors. The evaluation was led by the Chairman having individual discussions with each Director. The outcome concluded that the Board continued to have an appropriate balance of skills and experience and that each Director continued to contribute to deliberations regarding the Company's business.

The Chairman of the Audit Committee undertook a performance evaluation of the Chairman, taking feedback from all Directors. The review of the Chairman's performance concluded that he continued to display effective leadership.

Internal controls

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Group. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the year and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Group's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria, specifying levels of authority and exposure limits. The Board reviews reports on investment performance against and compliance with the criteria at each meeting.
- regular financial reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting.
- contractual agreements with the Manager and all other third party service providers. The Board reviews performance levels and adherence to relevant provisions in the agreements on a regular basis through reporting to the Board and conducts a formal evaluation of the overall level of service provided at least annually.
- the review of controls at the Manager and other third party service providers. The Board receives quarterly reporting from the Manager and Depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers.
- review of additional reporting provided by:
  - the Manager's Enterprise Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third party service providers used by the Company.
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has reviewed the effectiveness of the Group's system of internal controls for the year ended 30 June 2018. 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.

Internal audit function

The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principally among them, the investment manager, Janus Henderson. The Manager's Internal Audit department provides regular reporting to the Board and presents at least annually to the Audit Committee. The Board has decided to place reliance on the Company's framework of internal control and the reporting received from the Manager's Internal Audit department, and other specialist functions, in terms of assurance reporting. The Board has therefore concluded that it is not necessary for the Company to have its own internal audit function.

Relations with shareholders

Shareholder relations are given 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 financial position. This information is supplemented by the daily calculation and publication of the NAV per share and a monthly fact sheet which is available on the website. The Manager provides information on the Company and videos of the Fund Manager on the Company's website, via various social media channels and through its HGi content platform.

The Board considers that shareholders should be encouraged to attend and participate in the AGM, which is available to watch live by visiting www.janushenderson.com/trustslive. Shareholders have the opportunity to address questions to the Chairman of the Board, the Fund Manager and all Directors. 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.

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

Corporate Governance Statement (continued)

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**. 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.

Audit Committee

The Audit Committee is responsible for ensuring the integrity of the Group's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external auditor.

The Committee is chaired by a qualified chartered accountant and all of the independent non-executive Directors are members of the Committee. The Board is satisfied that at least one member has recent and relevant experience and the Committee as a whole has competence relevant to the sector in which the Company operates.

The Audit Committee Report can be found on pages 26 and 27.

Nomination Committee

The Nomination Committee is responsible for ensuring the Board retains an appropriate balance of skills, experience and diversity, has a formal, rigorous and transparent approach to the appointment of directors and maintains an effective framework for succession planning.

The Committee is chaired by the Chairman of the Board. All of the independent non-executive Directors are members of the Committee.

In discharging its duties over the course of the year, the Committee considered:

- the composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each Director and whether the diversity of these continued to contribute to the success of the Company;
- the outcomes of the Board performance evaluation with a view as to whether adjustments should be made to the number of Directors or knowledge and skills represented on the Board;
- the tenure of each of the Directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming ossified;
- the independence of the Directors taking account of the guidelines established by the UK Code and AIC Code as well as the Directors' other commitments;
- the time commitment of the Directors and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board taking account of the provisions of the Articles regarding the retirement and rotation of Directors, the tenure of the current Directors and recommendations of the 2018 Code; and
- the performance and contribution of the Directors standing for re-election at the 2018 AGM.

Following completion of its reviews, the Committee concluded that no changes to the composition of the Board were required at present and that each Director continued to commit sufficient time to fulfilling their duties. Taking account of the performance of individual Directors, the Committee recommended to the Board that it should support the re-appointment of all Directors at the 2018 AGM.

Management Engagement Committee

The Management Engagement Committee is responsible for formally evaluating the overall performance of the Manager and other third-party service providers engaged by the Company.

The Committee is chaired by the Chairman of the Board. All of the independent non-executive Directors are members of the Committee.

In discharging its duties over the course of the year, the Committee considered:

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the closed-ended and open-ended sectors, the share price, level of discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-ended competitors and other, similar sized investment companies;
- the key clauses of the investment agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the Brokers, Depositary, Registrar, sales, marketing and research providers, legal counsel and the Company's accountants.

Re-appointment of the Manager

Following completion of its reviews, the Committee concluded that the continued appointment of the Manager remained in the best interests of the Company and the shareholders, and therefore recommended to the Board the re-appointment of Janus Henderson for a further year.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
10 October 2018

Audit Committee Report

The Chairman of the Audit Committee, Christopher Casey, reports on the year to 30 June 2018

Role and responsibilities

The Audit Committee is responsible for ensuring the integrity of the Group's financial reporting, evaluating the effectiveness of the systems of internal control and risk management, and monitoring the effectiveness and objectivity of the external auditor.

All of the independent non-executive Directors are members of the Committee.

In discharging its duties over the course of the year, the Committee considered:

- the Company's Annual Report and half-year financial statements, the appropriateness of the accounting policies applied and the use of the going concern statement;
- the assessment of the principal risks facing the Company and the long-term viability statement in light of these risks;
- the areas of judgement in the financial statements including the valuation of the Company's unquoted investments and performance fee calculation;
- the overall approach to paying dividends and the appropriate level of dividend to be paid in respect of the year ended 30 June 2018;
- the appointment and evaluation of the effectiveness and objectivity of the auditor, and determining their remuneration;
- agreeing the nature and scope of the statutory audit and reviewing the auditor's findings;
- monitoring and evaluating the effectiveness of the Company's system of internal controls, and assessing the need for a separate internal audit function;
- the policy on the provision of non-audit services by the auditor; and
- the whistleblowing arrangements in place at the Manager enabling staff to raise concerns about possible improprieties in confidence.

Meetings

The Committee met on three occasions during the year under review and invited the auditor to attend as appropriate. The Manager's designated Financial Reporting Manager for the Company also attends meetings.

Policy on non-audit services

The Company maintains a policy on the provision of non-audit services by the auditor. The Company's auditor will only be considered for non-audit work where this is not prohibited by the current regulations and where it does not appear to affect the independence and objectivity of the auditor.

Such services require approval in advance by the Audit Committee, or Audit Committee Chairman, following due consideration of the proposed services.

Significant issues

In relation to the Annual Report for the year ended 30 June 2018 the following significant issues were considered by the Committee:

Significant issue	How the Committee addressed the issue
Valuation and ownership of the Group's investments	Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. The Committee specifically considers the investments that are unquoted or not actively traded, which are valued using a variety of techniques to determine their fair value. These valuations are reviewed by the Manager's Global Pricing Committee. Ownership of listed investments is verified by reconciliation to the Custodian's records and for unquoted investments, via reconciliation to the records of the investee entities.
Calculation of the performance fee	The Committee reviews the calculation of the performance fee to ensure consistency with the Management Agreement and with the application of the methodology used in prior years.

Audit Committee Report (continued)

Significant issue	How the Committee addressed the issue
Internal Control environment	The Committee carries out the annual assessment of the effectiveness of the Company's internal control and risk management systems by reviewing the framework and summary of the reporting received throughout the course of the financial year. The annual assurance report for one of the Company's third-party service providers was qualified by the respective service auditor. The qualification was the result of exceptions identified and investigated by the Committee in respect of the previous financial year, and for which remedial action was underway. The Committee sought assurance that the remedial action would be completed within the timescales indicated by the service provider and that a tactical solution continued to be operated in the interim.
Recognition of income	Income received is accounted for in line with the Company's accounting policies. The Committee considers whether the capital/income allocation remains appropriate and considers the treatment of any special dividends received during the course of the year.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee reviews the Manager's procedures for ensuring compliance with relevant regulations for ensuring the Company maintains its investment trust status and regularly seeks confirmation of compliance with the relevant regulations.

New auditor

Following the audit tender process carried out in 2017, Ernst & Young LLP was appointed as the statutory auditor for the Company at the Annual General Meeting held on 27 November 2017.

The Committee agreed the scope of the audit prior to its commencement and were able to discuss the findings of the audit without the presence of members of staff from the Manager. Following completion of the audit, the Committee evaluated the performance of the auditor and are satisfied with their effectiveness.

Ernst & Young LLP have indicated their willingness to continue in office. A resolution to this effect, and authorising the Audit Committee to determine their remuneration, will be put to shareholders at the upcoming AGM.

Auditor's fees

Fees paid or payable to the auditor amounted to £28,000, which included an amount of £1,000 in respect of the Company's subsidiary. Further details can be found in note 4 on page 42.

For and on behalf of the Board

Christopher Casey
Chairman of the Audit Committee
10 October 2018

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

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 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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.

We have audited the financial statements of TR European Growth Trust PLC which comprise:

Group	Parent Company
Consolidated Balance Sheet as at 30 June 2018	Balance Sheet as at 30 June 2018
Consolidated Statement of Comprehensive Income for the year then ended	Statement of Changes in Equity for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Cash Flow Statement for the year then ended
Consolidated Cash Flow Statement for the year then ended	
Related notes 1 to 23 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and; as regards to the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 13 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 13 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 38 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 13 in the annual report as to how they have assessed the prospects of the entity, 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 entity 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.

Overview of our audit approach

Key audit matters	• Incomplete or inaccurate revenue recognition • Incorrect valuation and defective title of the investment portfolio • Incorrect calculation of the performance fee
Audit scope	• We performed an audit of the consolidated financial statements of TR European Growth Trust PLC in accordance with applicable law and International Standards on Auditing (UK). • We performed an audit of the complete financial information of the TREG Finance Limited component.
Materiality	• Overall Group materiality of £5.75m which represents 1% of net assets.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition (2018: £13.7m and 2017: £10.7m). Refer to the Audit Committee Report (page 27); accounting policies (pages 38); and note 2 of the consolidated financial statements (page 41) The investment income receivable by the Company during the year directly affects the Company's ability to make a dividend payment to shareholders. The income received for the year to 30 June 2018 was £13.7m (2017: £10.7m), with the majority being dividend receipts from listed investments. Special dividends represent dividends paid by investee companies that are additional to the normal or expected dividend cycle for that company. In accordance with the AIC SORP, special dividends can be included within either the revenue or capital columns of the Statement of Comprehensive Income, depending on the commercial circumstances behind the payments. The Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. Specifically, in relation to our procedures on management override, we consider the risk that inappropriate journal entries are applied to the income account resulting in a manipulation of the Company's revenue to support performance and dividend targets.	We obtained an understanding of Henderson Investment Funds Limited's ('Manager') and BNP Paribas Securities Services' ('Administrator') processes and controls surrounding revenue recognition and allocation of special dividends by performing a walkthrough in which we evaluated the design and implementation of controls. We agreed a sample of dividend receipts to the corresponding announcement made by the investee company, recalculated the dividend amount receivable and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 30 June 2018. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements. We reviewed the income report and the acquisition and disposal report produced by the Administrator to identify special dividends recorded in the year in excess of our testing threshold. There were no special dividends recorded in the financial year that were in excess of our testing threshold. To test for the risk of management override, we audit a sample of manual journal entries posted to the income account which included corroborating their business purpose.	We have no issues to communicate with respect to our procedures performed in relation to incomplete or inaccurate revenue recognition.
Incorrect valuation of the investments and defective title of the investment portfolio. Refer to the Audit Committee Report (page 26); accounting policies (pages 38); and note 9 of the consolidated financial statements (pages 44 and 45) The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect asset pricing, including the judgement involved in the valuation of unlisted (level 3) investments, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The valuation of the Level 1 portfolio at 30 June 2018 was £607.4m (2017: £608.1m) consisting of listed equities.	We obtained an understanding of the Manager's and Administrator's processes and controls surrounding investment pricing and trade processing by performing walkthrough procedures and inspecting internal control reports. For all listed investments in the portfolio, we compared the market values and exchange rates applied to an independent pricing vendor. We obtained and agreed confirmation of the sale and related agreements to support the valuation of the material Level 3 investment, BrainLab.	We have no issues to communicate with respect to incorrect valuation of the investments and defective title of the investment portfolio.

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation of the investments and defective title of the investment portfolio (continued) The Company also held Level 3 securities with an aggregate value of £19.6m (2017: £14.1m). Listed investments are valued at fair value, which is deemed to be bid value or the last traded price depending on the convention of the exchange on which the investment is listed. Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Manager.	We agreed the Company's investments to the independent confirmations received from the Company's custodian and depositary (HSBC) as at 30 June 2018. We agreed a sample of key transaction details (e.g. units, trade date, cost and proceeds) of purchases and sales recorded by the Administrator to bank statements.	
Incorrect calculation of the performance fee. Refer to the Audit Committee Report (page 26); and note 3 of the consolidated financial statements (pages 41) A performance fee is payable for the year of £1.3 million (2017: £3.8 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 obtained an understanding of the Manager's and Administrator's processes and controls surrounding investment pricing and trade processing by performing walkthrough procedures and inspecting internal control reports. We independently recalculated the performance fee 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. 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 in the Disclosure Notes. We agreed the allocation to the accounting policy.	We have no issues to communicate with respect to our procedures performed in relation to incorrect calculation of the performance fee. We recalculated the performance fee as per the Investment Management Agreement and validated the inputs and did not encounter any matters that would require reporting to the Audit Committee.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope of each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment when assessing the level of work to be performed at each entity.

We performed a full scope audit for both the Parent and TREG Finance Limited.

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £5.8 million, which is 1% of net assets. We believe that net assets provides us with the most appropriate metric that the shareholders would use to judge the performance of the Group.

In the prior year PricewaterhouseCoopers LLP determined materiality to be £5.7 million.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 50% of our planning materiality, namely £2.87m. We have set performance materiality at this percentage due to the fact that there is no history of misstatements in previous audits of the Group.

Given the importance of the distinction between revenue and capital for the Company, we have also applied a separate testing threshold of £0.6m for the revenue column of the Company's Income Statement, being 5% of the return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.29m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' Statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement (set out on page 19), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the IFRS, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies Statement of Recommended Practice 2017 and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Group is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate income recognition through incorrect allocation of special dividends. Further discussion of our approach is set out in the section on the key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.
- We have reviewed that the Group's control environment is adequate for the size and operating model of such a listed investment company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **https://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our Auditor's report.

Other matters we are required to address

- We were appointed by the Company in 2017 to audit the financial statements for the year ending 30 June 2018 and subsequent financial periods.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
London 10 October 2018

Notes:

1. The maintenance and integrity of the TR European Growth Trust PLC website is the responsibility of the Directors (which they have delegated to the Manager); 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 financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Comprehensive Income

Note		Year ended 30 June 2018 Revenue return £'000	Year ended 30 June 2018 Capital return £'000	Year ended 30 June 2018 Total return £'000	Year ended 30 June 2017 Revenue return £'000	Year ended 30 June 2017 Capital return £'000	Year ended 30 June 2017 Total return £'000
2	Investment income	13,669	–	13,669	10,656	–	10,656
9	Gains on investments held at fair value through profit or loss	–	3,694	3,694	–	197,673	197,673
	Total income	**13,669**	**3,694**	**17,363**	**10,656**	**197,673**	**208,329**
	Expenses						
3	Management and performance fees	(701)	(4,103)	(4,804)	(597)	(6,186)	(6,783)
4	Other operating expenses	(715)	–	(715)	(582)	–	(582)
	Profit/(loss) before finance costs and taxation	**12,253**	**(409)**	**11,844**	**9,477**	**191,487**	**200,964**
5	Finance costs	(170)	(680)	(850)	(114)	(456)	(570)
	Profit/(loss) before taxation	**12,083**	**(1,089)**	**10,994**	**9,363**	**191,031**	**200,394**
6	Taxation	(1,058)	–	(1,058)	(854)	–	(854)
	Profit/(loss) for the year and total comprehensive income	**11,025**	**(1,089)**	**9,936**	**8,509**	**191,031**	**199,540**
7	Return per ordinary share – basic and diluted	22.06p	(2.18p)	19.88p	17.09p	383.67p	400.76p

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 notes on pages 37 to 56 form part of these financial statements.

Consolidated and Parent Company Statements of Changes in Equity

Note		Consolidated Year ended 30 June 2018					
Note		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2017	6,214	115,451	13,964	407,102	26,728	569,459
	Total comprehensive income:						
	(Loss)/profit for the year	–	–	–	(1,089)	11,025	9,936
	Transactions with owners, recorded directly to equity:						
8	Ordinary dividends paid	–	–	–	–	(9,767)	(9,767)
15, 16	Proceeds from issue of ordinary shares	50	4,913	–	–	–	4,963
	Total equity at 30 June 2018	**6,264**	**120,364**	**13,964**	**406,013**	**27,986**	**574,591**

Note		Consolidated Year ended 30 June 2017					
Note		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2016	6,247	115,451	13,931	218,118	23,936	377,683
	Total comprehensive income:						
	Profit for the year	–	–	–	191,031	8,509	199,540
	Transactions with owners, recorded directly to equity:						
8	Ordinary dividends paid	–	–	–	–	(5,717)	(5,717)
17	Buy back of ordinary shares for cancellation	(33)	–	33	(2,047)	–	(2,047)
	Total equity at 30 June 2017	**6,214**	**115,451**	**13,964**	**407,102**	**26,728**	**569,459**

Note		Company Year ended 30 June 2018					
Note		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2017	6,214	115,451	13,964	408,143	25,687	569,459
	Total comprehensive income:						
	(Loss)/profit for the year	–	–	–	(1,090)	11,026	9,936
	Transactions with owners, recorded directly to equity:						
8	Ordinary dividends paid	–	–	–	–	(9,767)	(9,767)
15, 16	Proceeds from issue of ordinary shares	50	4,913	–	–	–	4,963
	Total equity at 30 June 2018	**6,264**	**120,364**	**13,964**	**407,053**	**26,946**	**574,591**

Note		Company Year ended 30 June 2017					
Note		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2016	6,247	115,451	13,931	219,161	22,893	377,683
	Total comprehensive income:						
	Profit for the year	–	–	–	191,029	8,511	199,540
	Transactions with owners, recorded directly to equity:						
8	Ordinary dividends paid	–	–	–	–	(5,717)	(5,717)
17	Buy back of ordinary shares for cancellation	(33)	–	33	(2,047)	–	(2,047)
	Total equity at 30 June 2017	**6,214**	**115,451**	**13,964**	**408,143**	**25,687**	**569,459**

The notes on pages 37 to 56 form part of these financial statements.

Consolidated and Parent Company Balance Sheets

Note		At 30 June 2018 Consolidated £'000	At 30 June 2017 Consolidated £'000	At 30 June 2018 Company £'000	At 30 June 2017 Company £'000
	Non current assets				
9	Investments held at fair value through profit or loss	626,057	621,237	627,028	622,209
	Current assets				
12	Receivables	2,170	3,711	2,170	3,711
	Cash and cash equivalents	121	57	118	54
		2,291	**3,768**	**2,288**	**3,765**
	Total assets	**628,348**	**625,005**	**629,316**	**625,974**
	Current liabilities				
13	Payables	(7,627)	(6,360)	(8,595)	(7,329)
	Bank overdrafts	(46,130)	(49,186)	(46,130)	(49,186)
		(53,757)	**(55,546)**	**(54,725)**	**(56,515)**
	Net assets	**574,591**	**569,459**	**574,591**	**569,459**
	Equity attributable to equity shareholders of the parent company				
15	Called up share capital	6,264	6,214	6,264	6,214
16	Share premium account	120,364	115,451	120,364	115,451
17	Capital redemption reserve	13,964	13,964	13,964	13,964
	Retained earnings:				
17	Other capital reserves	406,013	407,102	407,053	408,143
18	Revenue reserve	27,986	26,728	26,946	25,687
19	**Total equity**	**574,591**	**569,459**	**574,591**	**569,459**
19	Net asset value per ordinary share – basic and diluted	1,146.70p	1,145.48p	1,146.70p	1,145.48p

The net profit of the Parent Company for the year was £9,936,000 (2017: £199,540,000).

The financial statements on pages 33 to 56 were approved and authorised for issue by the Board on 10 October 2018 and signed on its behalf by:

Christopher Casey
Director

The notes on pages 37 to 56 form part of these financial statements.

Consolidated and Parent Company Cash Flow Statements

	Year ended 30 June 2018		Year ended 30 June 2017	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
Operating activities				
Profit before taxation	10,994	10,994	200,394	200,394
Add back: interest payable	850	850	570	570
Less: gains on investments held at fair value through profit or loss	(3,694)	(3,693)	(197,673)	(197,670)
Sales of investments held at fair value through profit or loss	389,344	389,344	286,750	286,750
Purchases of investments held at fair value through profit or loss	(390,048)	(390,048)	(295,407)	(295,407)
Withholding tax on dividends deducted at source	(1,689)	(1,689)	(1,304)	(1,304)
Decrease/(increase) in prepayments and accrued income	66	66	(173)	(173)
Decrease/(increase) in amounts due from brokers	1,840	1,840	(2,025)	(2,025)
(Decrease)/increase in accruals and deferred income	(2,472)	(2,473)	2,742	2,739
Increase/(decrease) in amounts due to brokers	3,739	3,739	(148)	(148)
Net cash inflow/(outflow) from operating activities before interest and taxation	**8,930**	**8,930**	**(6,274)**	**(6,274)**
Interest paid	(850)	(850)	(570)	(570)
Taxation recovered	266	266	459	459
Net cash inflow/(outflow) from operating activities	**8,346**	**8,346**	**(6,385)**	**(6,385)**
Financing activities				
Equity dividends paid (net of refund of unclaimed dividends – see note 8)	(9,767)	(9,767)	(5,717)	(5,717)
Issue of ordinary shares	4,963	4,963	–	–
Buy back of ordinary shares for cancellation	–	–	(2,047)	(2,047)
Net (repayment)/drawdown of bank overdraft	(3,478)	(3,478)	14,133	14,133
Net cash used in financing	**(8,282)**	**(8,282)**	**6,369**	**6,369**
Increase/(decrease) in cash and cash equivalents	64	64	(16)	(16)
Cash and cash equivalents at the start of the year	57	54	73	70
Cash and cash equivalents at the end of the year	**121**	**118**	**57**	**54**
Comprising:				
Cash at bank	121	118	57	54
	121	**118**	**57**	**54**

The notes on pages 37 to 56 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

TR European Growth Trust PLC is a Company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The consolidated and Parent Company financial statements for the year ended 30 June 2018 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 International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee ("IFRS IC") 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 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 or 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 and updated in February 2018 with consequential amendments 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 14. Note 14 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) The following new and amended standards are relevant and applicable to the Company and have been adopted:

Amendments to IFRS as adopted by the EU. Pronouncements issued and effective for the current year end:

Standard		Effective for annual periods beginning on or after
IAS 12 Amendment	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IAS 7 Amendment	Disclosure Initiative	1 January 2017
IFRS 12 Amendment (AI 2014-16)	Clarification of the scope of the Standard	1 January 2017

ii) Relevant new standards, amendments and interpretations issued but not effective for the current financial year and not early adopted by the Company:

Standard		Effective for annual periods beginning on or after
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15 Amendment	Effective date of IFRS 15	1 January 2018
IFRS 15 Amendment	Clarifications	1 January 2018
IFRS 1 Amendment (AI 2014-16)	Deletion of short-term exemptions for first-time adopters	1 January 2018
IFRS 9 Amendment	Prepayment Features with Negative Compensation	1 January 2019
IAS 28 Amendment	Long-term Interests in Associates and Joint Ventures	1 January 2019

The Directors have assessed the impact of these new standards, in particular IFRS 9 and IFRS 15. IFRS 9 should have no material impact because under the new standard, the Company will continue to classify, and account for, all its investment assets at fair value through profit or loss. All other financial assets and liabilities are currently accounted for at amortised cost and this will not change under the new standard. The expected credit loss model within IFRS 9 is not expected to materially impact impairment due to the nature and size of financial assets held at amortised cost. IFRS 15 will have no impact because the Company's business is that of investing in financial instruments and investment income is outside the scope of IFRS 15.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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 21 November 2016 and passed by the substantial majority of the shareholders. The next such resolution will be put to the shareholders at the AGM in 2019. The assets of the Group consist mainly of securities that are listed and readily realisable and, accordingly, the Directors believe that the Group has adequate 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 the Manager's Global 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.

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 the other capital reserves. All other operating expenses are charged to the revenue return column of the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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 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. Following the change to the Company's Articles of Association with effect from 21 November 2016 dividends may be paid from the revenue reserve or realised capital profits.

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.

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 costs are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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.

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.

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

Other 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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates which are reviewed on an ongoing basis. These are based on historical experience and various other factors that are believed to be reasonable under the circumstances. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in notes 9, 10 and 14.5.

The result 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 note 1 d. At the year end, unquoted investments represented 3.2% of net assets (2017: 2.3%). These comprise the entirety of the Group's Level 3 investments.

Under IFRS 10, the Directors have assessed the Company to meet the criteria of an investment entity and that this accounting treatment reflects the Company's activities as an investment trust. Therefore any investments in subsidiaries should be carried at fair value through profit or loss in accordance with IAS 39. However, the principal activity of the subsidiary, TREG Finance Limited (which is controlled by the Company) which is not itself an investment entity, is investment dealing activities and therefore this entity is considered to provide investment related services to the Company and is required to be consolidated under the Investment Entities amendment.

r) Operating segments

Under IFRS 8, operating segments are considered to be 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

	2018 £'000	2017 £'000
Overseas dividend income from listed investments	13,669	10,656
	13,669	**10,656**

All dividend income is derived from investments in Continental Europe.

3 Management and performance fees

	2018			2017		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	701	2,803	3,504	597	2,386	2,983
Performance fee	–	1,300	1,300	–	3,800	3,800
Total	**701**	**4,103**	**4,804**	**597**	**6,186**	**6,783**

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

Notes to the Financial Statements (continued)

4 Other operating expenses

	2018 £'000	2017 £'000
Auditor's remuneration:		
• audit services relating to the Group and Parent Company	28	30
• audit services relating to the subsidiary undertaking	1	1
Directors' fees and expenses[1]	145	132
Other expenses payable to the management company[2]	97	20
Custody fees	143	111
Depositary charges	65	55
Printing	22	19
AIC fee	20	20
Irrecoverable VAT	57	41
Other expenses	137	153
	715	**582**

1 See Directors' Remuneration Report on pages 20 and 21 for more details on remuneration and expenses
2 Other expenses payable to the management company relate to marketing services

5 Finance costs

	2018			2017		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Bank overdraft interest	170	680	850	114	456	570

6 Taxation

a) Analysis of charge in year

	2018			2017		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Foreign withholding taxes	1,689	–	1,689	1,344	–	1,344
Overseas tax reclaimable	(631)	–	(631)	(490)	–	(490)
Total current tax for the year (see note 6 b)	**1,058**	**–**	**1,058**	**854**	**–**	**854**

Notes to the Financial Statements (continued)

6 Taxation (continued)

b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK is 19% with effect from 1 April 2017.

The tax assessed for the year ended 30 June 2018 is lower than the effective rate of corporation tax of 19% (2017: 19.75%).

	2018			2017		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Net profit/(loss) before taxation	**12,083**	**(1,089)**	**10,994**	**9,363**	**191,031**	**200,394**
Corporation tax at 19.00% (2017: 19.75%)	2,296	(207)	2,089	1,849	37,729	39,578
Effects of:						
Gains on investments held not taxable	–	(702)	(702)	–	(39,040)	(39,040)
Capital expense unutilised for tax purposes	–	909	909	–	1,311	1,311
Non-taxable dividends	(2,574)	–	(2,574)	(2,053)	–	(2,053)
Overseas tax	1,058	–	1,058	854	–	854
Losses available to be utilised	278	–	278	204	–	204
Tax charge	**1,058**	**–**	**1,058**	**854**	**–**	**854**

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 £6,236,000 (2017: £5,171,000) 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.

7 Return per ordinary share

The return per ordinary share figure is based on the net profit for the year of £9,936,000 (2017: £199,540,000) and on the weighted average number of ordinary shares in issue during the year of 49,987,260 (2017: 49,790,368).

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.

	2018 £'000	2017 £'000
Net revenue profit	11,025	8,509
Net capital (loss)/profit	(1,089)	191,031
Net profit	**9,936**	**199,540**
Weighted average number of ordinary shares in issue during the year	49,987,260	49,790,368

	2018 Pence	2017 Pence
Revenue return per ordinary share	22.06	17.09
Capital return per ordinary share	(2.18)	383.67
Total return per ordinary share	**19.88**	**400.76**

Notes to the Financial Statements (continued)

8 Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend of 11.50p and special dividend of 3.00p per ordinary share for the year ended 30 June 2017 (2016: final dividend of 9.00p and special dividend of 2.50p per ordinary share for the year ended 30 June 2016)	7,261	5,717
Interim dividend of 5.00p per ordinary share for the year ended 30 June 2018 (2017: nil)	2,506	–
	9,767	**5,717**

The final dividend of 11.50p and the special dividend of 3.00p per ordinary share in respect of the year ended 30 June 2017 were paid on 30 November 2017 to shareholders on the register of members at the close of business on 3 November 2017. The total dividend paid amounted to £7,261,000.

Subject to approval at the AGM in November 2018, the proposed final dividend of 14.00p per ordinary share will be paid on 30 November 2018 to shareholders on the register of members at the close of business on 26 October 2018. The shares will be quoted ex-dividend on 25 October 2018.

The proposed final dividend for the year ended 30 June 2018 have not been included as a liability in these financial statements. Under IFRSs, these dividends are not recognised until approved by shareholders.

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

	Consolidated		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Revenue available for distribution by way of dividends for the year	11,025	8,509	11,027	8,511
Interim dividend of 5.00p per ordinary share for the year ended 30 June 2018 (2017: nil)	(2,506)	–	(2,506)	–
Proposed final dividend for the year ended 30 June 2018 – 14.00p (2017: 14.50p) (based on 50,108,397 shares in issue at 1 October 2018)	(7,015)	(7,208)	(7,015)	(7,208)
Revenue surplus	**1,504**	**1,301**	**1,506**	**1,303**

For Section 1158 purposes the Company's undistributed revenue represents 11.9% (2017: 13.5%) of total income.

9 Investments held at fair value through profit or loss

a) Consolidated

	2018 £'000	2017 £'000
Cost at start of year	456,075	376,283
Investment holding gains at start of year	165,162	37,096
Valuation at start of year	**621,237**	**413,379**
Movement in the year:		
Acquisitions at cost	390,048	295,407
Disposals at cost	(281,101)	(215,615)
Movements in investment holding gains	(104,127)	128,066
Valuation at 30 June	**626,057**	**621,237**
Cost at 30 June	565,022	456,075
Investment holding gains	61,035	165,162
Valuation at 30 June	**626,057**	**621,237**

Included in the total investments are investments shown at the Directors' fair valuation of £18,649,000 and classified as Level 3 investments (2017: £13,139,000). Further detail is provided in note 14.5 on page 52.

At 30 June 2018 no convertible or fixed interest securities were held in the portfolio (2017: none).

Notes to the Financial Statements (continued)

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

b) Company

2018	Investments £'000	Subsidiary undertaking £'000	Total £'000
Cost at 1 July 2017	456,075	–	456,075
Investment holding gains at 1 July 2017	165,162	972	166,134
Valuation at 1 July 2017	**621,237**	**972**	**622,209**
Movement in the year:			
Acquisitions at cost	390,048	–	390,048
Disposals at cost	(281,101)	–	(281,101)
Movements in investment holding gains	(104,127)	(1)	(104,128)
Valuation at 30 June 2018	**626,057**	**971**	**627,028**
Cost at 30 June 2018	565,022	–	565,022
Investment holding gains	61,035	971	62,006
Valuation at 30 June 2018	**626,057**	**971**	**627,028**

Included in the total investments are unquoted investments shown at the Directors' fair valuation of £19,620,000 and classified as Level 3 investments (2017: £14,111,000). Further detail is provided in note 14.5 on page 52.

Purchase and sale transaction costs for the Company during the year ended 30 June 2018 were £327,000 and £206,000 respectively (2017: transaction costs of purchases £299,000; transaction costs of sales £252,000). These comprise mainly stamp duty and commission.

2017	Investments £'000	Subsidiary undertaking £'000	Total £'000
Cost at 1 July 2016	376,283	–	376,283
Investment holding gains at 1 July 2016	37,096	974	38,070
Valuation at 1 July 2016	**413,379**	**974**	**414,353**
Movement in the year:			
Acquisitions at cost	295,407	–	295,407
Disposals at cost	(215,615)	–	(215,615)
Movements in investment holding gains	128,066	(2)	128,064
Valuation at 30 June 2017	**621,237**	**972**	**622,209**
Cost at 30 June 2017	456,075	–	456,075
Investment holding gains	165,162	972	166,134
Valuation at 30 June 2017	**621,237**	**972**	**622,209**

Included in the total investments are unquoted investments shown at the Directors' fair valuation of £14,111,000 and classified as Level 3 investments (2016: £17,983,000).

c) Total capital gains from investments

	2018 £'000	2017 £'000
Realised gains based on historical cost	108,243	71,135
Less revaluation gains recognised in previous years	(79,871)	(44,840)
Gains on investments sold in year on carrying value at the previous balance sheet date	**28,372**	**26,295**
Revaluation of investments held at 30 June	(24,256)	172,906
Exchange losses	(422)	(1,528)
Total	**3,694**	**197,673**

Notes to the Financial Statements (continued)

10 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 net asset value, which is considered by the Directors to equate to fair value. The amount due to the subsidiary company at 30 June 2018 amounted to £970,000 (2017: £972,000). The subsidiary is consolidated and this payable has been eliminated on consolidation. The subsidiary's loss for the year was £1,000 (2017: £2,000).

11 Substantial interests

The Group has interests of 3% or more of any class of capital in six investee companies. At 30 June 2018 BrainLab represented 2.9% 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	18,421	6.9
Indel	5,497	3.2
Singulus Technologies	4,606	4.7
SAES Getters Di Risp	3,765	3.5
Silmaasema	3,327	4.8
21 Centrale Partners III	179	3.0

The Company also has an interest of more than 3% in Safwood. Safwood is a Level 3 security and valued at zero in the portfolio at 30 June 2018.

12 Receivables

	Consolidated		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Securities sold for future settlement	947	2,787	947	2,787
Withholding tax recoverable	968	625	968	625
Prepayments and accrued income	255	299	255	299
	2,170	**3,711**	**2,170**	**3,711**

13 Payables

	Consolidated		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Securities purchased for future settlement	5,115	1,376	5,115	1,376
Amount due to subsidiary undertaking	–	–	970	972
Accruals and deferred income	2,512	4,984	2,510	4,981
	7,627	**6,360**	**8,595**	**7,329**

Notes to the Financial Statements (continued)

14 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 Janus Henderson co-ordinate the Group's risk management and there are various risk management systems in place.

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

14.1 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 14.1.1), currency risk (see note 14.1.2) and interest rate risk (see note 14.1.3). Janus 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.

14.1.1 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 Janus Henderson. Investment performance is reviewed at each Board meeting. The Board monitors Janus 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 £626,057,000 (2017: £621,237,000).

Concentration of exposure to market price risk

A geographical analysis of the Group's investment portfolio is shown on page 6. 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 2018 is a decrease of £150,000 (2017: £149,000) and on the capital return is an increase of £124,610,000 (2017: £123,651,000). Accordingly, the total impact on shareholders' funds is an increase of £124,460,000 (2017: £123,502,000).

The impact of a 20% decrease in the value of the investments on the revenue return as at 30 June 2018 is an increase of £150,000 (2017: £149,000) and on the capital return is a decrease of £124,610,000 (2017: £123,651,000). Accordingly, the total impact on shareholders' funds is a decrease of £124,460,000 (2017: £123,502,000).

Notes to the Financial Statements (continued)

14 Risk management policies and procedures (continued)

14.1.2 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

Janus Henderson monitors the Group's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. Janus Henderson measures the risk to the Group of the foreign currency exposure by considering the effect on the Group's net assets 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 net assets.

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.

2018	Euro £'000	Swiss franc £'000	Other £'000
Receivables (securities sold for future settlement, dividends and other income receivable)	834	647	670
Payables (securities purchased for future settlement, accruals and other payables)	(4,820)	–	(467)
Bank overdrafts	(46,130)	–	–
Total foreign currency exposure on net monetary items	**(50,116)**	**647**	**203**
Investments	451,005	53,061	116,277
Total net foreign currency exposure	**400,889**	**53,708**	**116,480**

2017	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000
Receivables (securities sold for future settlement, dividends and other income receivable)	3,279	–	70	305
Payables (securities purchased for future settlement, accruals and other payables)	(854)	–	(653)	–
Bank overdrafts	(49,186)	–	–	–
Total foreign currency exposure on net monetary items	**(46,761)**	**–**	**(583)**	**305**
Investments	465,655	7,364	53,343	94,875
Total net foreign currency exposure	**418,894**	**7,364**	**52,760**	**95,180**

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.

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 (2017 only), Swiss franc/Sterling and other/Sterling.

It assumes the following changes in exchange rates:

Euro/Sterling +/- 10% (2017: 10%). US dollar/Sterling 2017: +/- 10%.
Swiss franc/Sterling +/- 10% (2017: 10%). Other/Sterling +/- 10% (2017: 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.

Notes to the Financial Statements (continued)

14 Risk management policies and procedures (continued)

14.1.2 Currency risk (continued)

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:

	2018			2017			
	Euro £'000	Swiss franc £'000	Other £'000	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000
Profit after tax							
Revenue return	880	97	230	4,060	17	203	1,075
Capital return	49,867	5,867	12,857	51,471	814	5,898	10,486
Change to profit after tax for the year	**50,747**	**5,964**	**13,087**	**55,531**	**831**	**6,101**	**11,561**
Impact on net assets	**50,747**	**5,964**	**13,087**	**55,531**	**831**	**6,101**	**11,561**

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:

	2018			2017			
	Euro £'000	Swiss franc £'000	Other £'000	Euro £'000	US dollar £'000	Swiss franc £'000	Other £'000
Profit after tax							
Revenue return	(719)	(79)	(189)	(4,512)	(19)	(226)	(697)
Capital return	(40,800)	(4,800)	(10,519)	(42,107)	(666)	(4,825)	(8,580)
Change to profit after tax for the year	**(41,519)**	**(4,879)**	**(10,708)**	**(46,619)**	**(685)**	**(5,051)**	**(9,277)**
Impact on net assets	**(41,519)**	**(4,879)**	**(10,708)**	**(46,619)**	**(685)**	**(5,051)**	**(9,277)**

In the opinion of the Directors, the above 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.

14.1.3 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, 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 (2017: 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 (2017: 100 basis points) in interest rates would have been as follows:

Notes to the Financial Statements (continued)

14 Risk management policies and procedures (continued)

14.1.3 Interest rate risk (continued)

Consolidated Statement of Comprehensive Income

	Increase in rates 2018 £'000	Decrease in rates 2018 £'000	Increase in rates 2017 £'000	Decrease in rates 2017 £'000
Profit after tax				
Revenue return	(91)	91	(98)	98
Capital return	(369)	369	(393)	393
Change to net profit and net assets	**(460)**	**460**	**(491)**	**491**

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

In the opinion of the Directors, these 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.

14.2 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 £100,000,000 (2017: £80,000,000) and 25% (2017: same) of custody assets with HSBC Bank plc, the Company's depositary and custodian.

The amount at 30 June 2018 was £46,130,000 (2017: £49,186,000) in Euros (2017: same).

The Board gives guidance to Janus 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.

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:

	2018		2017	
	3 months or less £'000	Total £'000	3 months or less £'000	Total £'000
Current liabilities:				
Borrowings under the overdraft facility	46,130	46,130	49,186	49,186
Amounts due in relation to securities purchased for future settlement and accruals	7,627	7,627	6,360	6,360
	53,757	**53,757**	**55,546**	**55,546**

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.

14.3 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 Janus 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.

Notes to the Financial Statements (continued)

14 Risk management policies and procedures (continued)

14.3 Credit risk (continued)

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 Janus 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:

	2018 £'000	2017 £'000
Receivables:		
Securities sold for future settlement	947	2,787
Accrued income	235	286
Cash and cash equivalents	121	57
	1,303	**3,130**

14.4 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).

14.5 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 1 (d) on page 38.

Fair value hierarchy	Group 2018 £'000	Company 2018 £'000
Equity Investments		
Level 1	607,408	607,408
Level 2	–	–
Level 3	18,649	19,620
Total	**626,057**	**627,028**

Notes to the Financial Statements (continued)

14 Risk management policies and procedures (continued)

14.5 Fair value hierarchy disclosures (continued)

Fair value hierarchy	Group 2017 £'000	Company 2017 £'000
Equity Investments		
Level 1	608,098	608,096
Level 2	–	–
Level 3	13,139	14,111
Total	**621,237**	**622,207**

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 2018 £'000	Company 2018 £'000
Opening balance	13,139	14,111
Acquisitions	–	–
Disposal proceeds	–	–
Transfers into level	–	–
	13,139	**14,111**
Total gains included in the Consolidated Statement of Comprehensive Income		
On assets sold	(5,031)	(5,031)
On assets held at the year end	10,541	10,540
	5,510	**5,509**
Closing balance	**18,649**	**19,620**

Level 3 investments at fair value through profit or loss	Group 2017 £'000	Company 2017 £'000
Opening balance	17,009	17,983
Acquisitions	–	–
Disposal proceeds	(1,987)	(1,987)
Transfers into level	–	–
	15,022	**15,996**
Total gains included in the Consolidated Statement of Comprehensive Income		
On assets sold	2,179	2,179
On assets held at the year end	(4,062)	(4,064)
	(1,883)	**(1,885)**
Closing balance	**13,139**	**14,111**

BrainLab has been valued at the agreed net sale proceeds from the sale of the investment that was agreed prior to the Company's year end and that settled post year end on 30 August 2018. In previous years, in the absence of such a recent transaction price, BrainLab was valued by reference to a model basis using comparable company multiples and a discount rate as key inputs. 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 investee entities, which represent fair value.

The total value of unquoted investments as at 30 June 2018 was £18,649,000 (2017: £13,139,000).

Notes to the Financial Statements (continued)

14 Risk management policies and procedures (continued)

14.6 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 3.0% of the total portfolio (2017: 2.1%). 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' valuation).

The Group's capital at 30 June 2018 comprised its equity share capital, reserves and debt that are shown in the Consolidated and Parent Company Balance Sheets at a total of £620,721,000 (2017: £618,645,000).

The Board, with the assistance of Janus 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.

15 Called up share capital (Group & Company)

	2018		2017	
	number of shares	£'000	number of shares	£'000
Allotted, issued and fully paid				
Ordinary shares of 12.5p	50,108,397	6,264	49,713,397	6,214

During the year 395,000 ordinary shares were issued (2017: 262,500 bought back for cancellation) for proceeds of £4,963,000 (2017: £2,047,000 cost). In the current financial year to date, the Company has not repurchased any shares for cancellation.

16 Share premium account

	Group and Company 2018 £'000	Group and Company 2017 £'000
At 1 July	115,451	115,451
Issue of ordinary shares	4,913	–
At 30 June	**120,364**	**115,451**

Notes to the Financial Statements (continued)

17 Capital redemption reserve and other capital reserves

a) Consolidated

2018	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 2017	13,964	165,165	241,937	407,102
Transfer on disposal of investments (see note 9 c)	–	(79,871)	79,871	–
Capital (losses)/gains for the year	–	(24,256)	28,372	4,116
Expenses, finance costs and taxation charged to capital	–	–	(4,783)	(4,783)
Net loss on foreign exchange	–	–	(422)	(422)
At 30 June 2018	**13,964**	**61,038**	**344,975**	**406,013**

The capital reserve arising on revaluation of investments held at 30 June 2018 includes a gain of £1,068,000 in respect of the revaluation of unquoted investments (2017: loss of £9,593,000).

b) Company

2018	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 2017	13,964	166,137	242,006	408,143
Transfer on disposal of investments (see note 9 c)	–	(79,871)	79,871	–
Capital (losses)/gains for the year	–	(24,257)	28,372	4,115
Expenses, finance costs and taxation charged to capital	–	–	(4,783)	(4,783)
Net loss on foreign exchange	–	–	(422)	(422)
At 30 June 2018	**13,964**	**62,009**	**345,044**	**407,053**

The capital reserve arising on revaluation of investments held at 30 June 2018 includes a gain of £2,039,000 in respect of the revaluation of unquoted investments (2017: loss of £8,619,000).

a) Consolidated

2017	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 2016	13,931	37,099	181,019	218,118
Transfer on disposal of investments (see note 9 c)	–	(44,840)	44,840	–
Capital gains for the year	–	172,906	26,295	199,201
Expenses, finance costs and taxation charged to capital	–	–	(6,642)	(6,642)
Buy back of ordinary shares for cancellation	33	–	(2,047)	(2,047)
Net loss on foreign exchange	–	–	(1,528)	(1,528)
At 30 June 2017	**13,964**	**165,165**	**241,937**	**407,102**

The capital reserve arising on revaluation of investments held at 30 June 2017 includes a loss of £9,593,000 in respect of the revaluation of unquoted investments (2016: loss of £18,486,000).

Notes to the Financial Statements (continued)

17 Capital redemption reserve and other capital reserves (continued)

b) Company

2017	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 2016	13,931	38,073	181,088	219,161
Transfer on disposal of investments (see note 9 c)	–	(44,840)	44,840	–
Capital gains for the year	–	172,904	26,295	199,199
Expenses, finance costs and taxation charged to capital	–	–	(6,642)	(6,642)
Buy back of ordinary shares for cancellation	33	–	(2,047)	(2,047)
Net loss on foreign exchange	–	–	(1,528)	(1,528)
At 30 June 2017	**13,964**	**166,137**	**242,006**	**408,143**

The capital reserve arising on revaluation of investments held at 30 June 2017 includes a loss of £8,619,000 in respect of the revaluation of unquoted investments (2016: loss of £17,512,000).

18 Retained earnings – revenue reserve

	Consolidated		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
At 1 July	26,728	23,936	25,687	22,893
Ordinary dividends paid	(9,767)	(5,717)	(9,767)	(5,717)
Revenue return for the year	11,025	8,509	11,026	8,511
At 30 June	**27,986**	**26,728**	**26,946**	**25,687**

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 £9,936,000 (2017: £199,540,000).

19 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £574,591,000 (2017: £569,459,000) and on the 50,108,397 ordinary shares in issue at 30 June 2018 (2017: 49,713,397).

The Company has no securities in issue that could dilute the NAV per ordinary share (2017: same). The NAV per ordinary share at 30 June 2018 was 1,146.70p (2017: 1,145.48p).

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

	2018 £'000	2017 £'000
Net assets attributable to ordinary shares at start of year	569,459	377,683
Profit for the year	9,936	199,540
Dividends paid in the year	(9,767)	(5,717)
Proceeds from issue of ordinary shares	4,963	–
Buy back of ordinary shares for cancellation	–	(2,047)
Net assets at 30 June	**574,591**	**569,459**

Notes to the Financial Statements (continued)

20 Capital commitments and contingent liabilities

Capital commitments

At 30 June 2018 there were capital commitments of £nil (2017: £nil) in respect of the Company's holdings in limited partnerships.

Contingent liabilities

At 30 June 2018 there were no contingent liabilities in respect of sub underwriting participations (2017: same).

21 Transactions with the Manager and related parties

Under the terms of an agreement effective from 22 July 2014, the Company has appointed the wholly owned subsidiaries of Janus Henderson Group plc ("Janus Henderson") to provide investment management, accounting, administration and secretarial services. Janus 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 Janus Henderson under the management agreement in respect of the year ended 30 June 2018 was £4,804,000 (2017: £6,783,000), of which £2,154,000 was outstanding at 30 June 2018 (2017: £4,662,000).

In addition to the above services, Janus Henderson has provided the Company with sales and marketing services. The total fees payable for these services for the year ended 30 June 2018 amounted to £97,000 (excluding VAT) (2017: £20,000), of which £41,000 (excluding VAT) was outstanding at 30 June 2018 (2017: £5,000).

The compensation payable to key management personnel in respect of short term employment benefits was £141,000. This disclosure relates wholly to the fees of £141,000 payable to the Directors in respect of the year (2017: £131,000); the Directors are all non-executive and receive no other compensation. The Directors' Remuneration Report on pages 20 and 21 provides more detail. The Company has no employees.

The Company has paid administrative expenses on behalf of its subsidiary, TREG Finance Limited, totalling £1,000 (2017: £2,000).

22 Reconciliation of financing activities

The following table shows the movements during the period of financing activities in the Balance Sheet:

	At 1 July 2017 £'000	Cash flows £'000	Non-cash changes Foreign exchange movement £'000	At 30 June 2018 £'000
Bank overdrafts	(49,186)	3,478	(422)	(46,130)
Total	**(49,186)**	**3,478**	**(422)**	**(46,130)**

23 Post balance sheet event

On 30 August 2018 the sale of the Company's holding in BrainLab settled, which had been agreed prior to the year end. This represented 3.2% of NAV as at the settlement date.

Investment Portfolio as at 30 June 2018 (unaudited)

Ranking 2018	Ranking 2017	Company	Principal activities	Geographical area	Valuation 2018 £'000	Percentage of portfolio
1	2	BrainLab[1]	Health care equipment & services	Germany	18,421	2.9
2	1	Van Lanschot	Banks	Netherlands	14,113	2.3
3	4	Lenzing	Chemicals	Austria	8,916	1.4
4	–	Dermapharmaceutical	Pharmaceuticals & biotechnology	Germany	8,102	1.3
5	21	Banca Farmafactoring	Banks	Italy	7,978	1.3
6	50	Fugro	Oil equipment services & distribution	Netherlands	7,835	1.3
7	42	TKH	Electronic & electrical equipment	Netherlands	7,805	1.3
8	32	Gaztransport & Technigaz	Oil equipment services & distribution	France	7,721	1.2
9	–	Boskalis Westminster	Construction & materials	Netherlands	7,033	1.1
10	–	S.O.I.T.E.C.	Technology hardware & equipment	France	6,971	1.1
		10 largest			**94,895**	**15.2%**
11	–	Caverion	Support services	Finland	6,669	1.1
12	–	Metall Zug	Household goods & home construction	Switzerland	6,595	1.0
13	80	Tarkett	Construction & materials	France	6,570	1.0
14	123	Conzzeta	Industrial engineering	Switzerland	6,547	1.0
15	10	OC Oerlikon	Industrial engineering	Switzerland	6,334	1.0
16	–	Tikehau Capital	Financial services	France	6,332	1.0
17	49	Intertrust	Financial services	Netherlands	6,205	1.0
18	–	Kemira	Chemicals	Finland	6,033	1.0
19	3	FinecoBank	Banks	Italy	5,974	1.0
20	43	Alimak	Industrial engineering	Sweden	5,877	0.9
		20 largest			**158,031**	**25.2%**
21	11	Nexans	Electronic & electrical equipment	France	5,804	0.9
22	37	Flsmidth & Co	Construction & materials	Denmark	5,768	0.9
23	–	Grafton	Support services	Ireland	5,714	0.9
24	19	Aareal Bank	Financial services	Germany	5,632	0.9
25	23	Credito Emiliano	Banks	Italy	5,586	0.9
26	79	Cramo	Support services	Finland	5,576	0.9
27	55	AMG Advanced Metallurgical	Industrial engineering	Netherlands	5,534	0.9
28	70	Indel	Electronic & electrical equipment	Italy	5,497	0.9
29	25	Origin Enterprises	Food producers	Ireland	5,452	0.9
30	6	Kaufman & Broad	Household goods & home construction	France	5,384	0.9
		30 largest			**213,978**	**34.2%**
31	9	Criteo	Software & computer services	France	5,356	0.9
32	53	Cargotec	Industrial engineering	Finland	5,335	0.8
33	–	EDAG Engineering	Support services	Germany	5,166	0.8
34	30	Lehto	Construction & materials	Finland	5,140	0.8
35	–	Carel Industries	Construction & materials	Italy	5,103	0.8
36	92	XXL	General retailers	Norway	5,060	0.8
37	14	Lisi	Aerospace & defense	France	5,014	0.8
38	33	CFE	Construction & materials	Belgium	4,985	0.8
39	24	Borregaard	Chemicals	Norway	4,971	0.8
40	78	Nobia	Household goods & home construction	Sweden	4,944	0.8
		40 largest			**265,052**	**42.3%**
41	65	Mersen	Electronic & electrical equipment	France	4,928	0.8
42	–	Barco	Electronic & electrical equipment	Belgium	4,915	0.8
43	–	Outotec	Industrial engineering	Finland	4,908	0.8
44	66	Corticeira Amorim	General industrials	Portugal	4,886	0.8
45	38	Elmos Semiconductor	Technology hardware & equipment	Germany	4,863	0.8
46	–	VGP	Real estate investment services	Belgium	4,835	0.8
47	15	DFDS	Industrial transportation	Denmark	4,784	0.8
48	57	Vaisala	Electronic & electrical equipment	Finland	4,782	0.7
49	46	Dalata Hotel	Travel & leisure	Ireland	4,692	0.7
50	–	Akasol	Automobiles & parts	Germany	4,691	0.7
		50 largest			**313,336**	**50.0%**

1 Unquoted investment

Investment Portfolio as at 30 June 2018 (unaudited)

Ranking 2018	Ranking 2017	Company	Principal activities	Geographical area	Valuation 2018 £'000	Percentage of portfolio
51	–	Recticel	Chemicals	Belgium	4,619	0.7
52	–	Bper Banca	Banks	Italy	4,612	0.7
53	–	Singulus Technologies	Industrial engineering	Germany	4,606	0.7
54	18	Alma Media	Media	Finland	4,584	0.7
55	–	Academedia	General retailers	Sweden	4,568	0.7
56	8	Wallenius Wilhelmsen Logistics	Industrial Transportation	Norway	4,492	0.7
57	40	Dometic	Leisure goods	Sweden	4,485	0.7
58	88	Valmet	Industrial machinery	Finland	4,453	0.7
59	45	Datalogic	Electronic & electrical equipment	Italy	4,447	0.7
60	59	ALSO	Technology hardware & equipment	Switzerland	4,445	0.7
		60 largest			**358,647**	**57.0%**
61	–	SMCP	Personal goods	France	4,432	0.7
62	–	Schouw & Co	General industrials	Denmark	4,418	0.7
63	–	Zur Rose	Food & drug retailers	Switzerland	4,410	0.7
64	–	B&S	General retailers	Netherlands	4,405	0.7
65	5	Anima	Financial services	Italy	4,393	0.7
66	97	SLM Solutions	Electronic & electrical equipment	Germany	4,289	0.7
67	52	Viscofan	Food producers	Spain	4,195	0.7
68	–	B2	Financial services	Norway	4,178	0.7
69	–	SIF	Alternative energy	Netherlands	4,140	0.7
70	84	Korian	Health care equipment & services	France	4,105	0.7
		70 largest			**401,612**	**64.0%**
71	–	PVA TePla	Technology hardware & equipment	Germany	4,082	0.7
72	12	Verkkokauppa	Online retail	Finland	4,069	0.7
73	58	Groupe Guillin	General industrials	France	4,034	0.7
74	16	Aurelius	Financial services	Germany	4,034	0.7
75	121	KSB	Industrial engineering	Germany	4,028	0.7
76	17	S&T	General retailers	Austria	4,026	0.7
77	109	Sanoma	Media	Finland	4,021	0.6
78	–	Bygghemma	General retailers	Sweden	3,996	0.6
79	77	Ambea	Health care equipment & services	Sweden	3,986	0.6
80	–	Flex Lng	Industrial transportation	Norway	3,966	0.6
		80 largest			**441,854**	**70.6%**
81	–	JM	Real estate investment services	Sweden	3,914	0.6
82	44	Evotec	Pharmaceuticals & biotechnology	Germany	3,901	0.6
83	–	Bonava	Household goods & home construction	Sweden	3,896	0.6
84	111	Jumbo	Leisure goods	Greece	3,895	0.6
85	–	Gam	Financial services	Switzerland	3,882	0.6
86	51	Comet	Electronic & electrical equipment	Switzerland	3,816	0.6
87	118	Fjord	Industrial transportation	Norway	3,816	0.6
88	–	ASR Nederland	Insurance	Netherlands	3,770	0.6
89	68	Tessenderlo Chemie	Chemicals	Belgium	3,766	0.6
90	91	SAES Getters Di Risp	Electronic & electrical equipment	Italy	3,765	0.6
		90 largest			**480,275**	**76.6%**
91	74	Heijmans	Construction & materials	Netherlands	3,730	0.6
92	54	Jungheinrich	Machinery	Germany	3,707	0.6
93	117	Technopolis	Real estate investment services	Finland	3,655	0.6
94	27	Ion Beam Applications	Health care equipment & services	Belgium	3,600	0.6
95	–	Focus Home Interactive	Leisure goods	France	3,578	0.6
96	127	Hexagon	General industrials	Norway	3,572	0.6
97	–	TomTom	Leisure goods	Netherlands	3,549	0.6
98	–	Fjordkraft	Electricity	Norway	3,541	0.6
99	31	OVS	Personal goods	Italy	3,527	0.6
100	86	CTS Eventim	Support services	Germany	3,522	0.6
		100 largest			**516,256**	**82.6%**

1 Unquoted investment

Investment Portfolio as at 30 June 2018 (unaudited)

Ranking 2018	Ranking 2017	Company	Principal activities	Geographical area	Valuation 2018 £'000	Percentage of portfolio
101	–	Kindred	Travel & leisure	Sweden	3,488	0.6
102	48	Ahlsell	Construction & materials	Sweden	3,466	0.6
103	81	Tomra Systems	Industrial engineering	Norway	3,443	0.5
104	136	Shop-Apotheke	Food & drug retailers	Netherlands	3,404	0.5
105	–	Home24	General retailers	Germany	3,359	0.5
106	39	Silmaasema	Health care equipment & services	Finland	3,327	0.5
107	104	Somfy	Electronic & electrical equipment	France	3,304	0.5
108	73	Lindab	Construction & materials	Sweden	3,261	0.5
109	100	Suess Mircotec	Electronic & electrical equipment	Germany	3,248	0.5
110	–	Handicare	Health care equipment & services	Sweden	3,247	0.5
		110 largest			**549,803**	**87.8%**
111	119	Komax	Industrial engineering	Switzerland	3,242	0.5
112	7	Meyer Burger	Industrial Engineering	Switzerland	3,205	0.5
113	35	Nordic Waterproofing	Construction & materials	Sweden	3,124	0.5
114	–	HelloFresh	Food & drug retailers	Germany	3,079	0.5
115	–	Ahlstrom-Munksjo	Forestry & paper	Finland	3,079	0.5
116	–	STS	Automobiles & parts	Germany	3,069	0.5
117	75	BE Semiconductor	Technology hardware & equipment	Netherlands	3,042	0.5
118	–	Dialog Semiconductor	Technology hardware & equipment	Germany	3,032	0.5
119	128	Bossard	Construction & materials	Switzerland	2,966	0.5
120	83	Cewe Shiftung	General retailers	Germany	2,922	0.5
		120 largest			**580,563**	**92.8%**
121	125	Manz	Industrial engineering	Germany	2,879	0.5
122	110	Thule	Leisure goods	Sweden	2,862	0.5
123	122	SAF Holland	Automobiles & parts	Germany	2,713	0.4
124	85	Mobilezone	General retailers	Switzerland	2,670	0.4
125	108	Nexus	Software & computer services	Germany	2,661	0.4
126	62	Basware	Software & computer services	Finland	2,586	0.4
127	–	Klingelnberg	Industrial engineering	Switzerland	2,583	0.4
128	61	Sixt Leasing	General retailers	Germany	2,543	0.4
129	102	Europris	General retailers	Norway	2,524	0.4
130	105	MPC	Financial services	Germany	2,436	0.4
		130 largest			**607,020**	**97.0%**
131	56	Kendrion	Industrial engineering	Netherlands	2,415	0.4
132	106	Bauer	Construction & materials	Germany	2,415	0.4
133	–	Siegfried	Pharmaceuticals & biotechnology	Switzerland	2,366	0.4
134	29	SGL Carbon	Industrial engineering	Germany	2,202	0.3
135	60	Vapiano	Travel & leisure	Germany	2,088	0.3
136	129	Safilo	Personal goods	Italy	1,943	0.3
137	134	Ferratum	Financial services	Finland	1,819	0.3
138	–	Pantaflix	Media	Germany	1,483	0.2
139	89	Boozt	General retailers	Sweden	1,224	0.2
140	113	Haulotte	Industrial engineering	France	854	0.2
141	138	21 Centrale Partners III[1]	Financial services	France	179	0.0
142	139	Doughty Hanson & Co. Fund III[1]	Investment fund	Other	49	0.0
		Total investments			**626,057**	**100.0%**

1 Unquoted investment

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 Janus 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 an AIFMD Disclosure document 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 12) 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 was introduced. The legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is 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.

Foreign Account Tax Compliance (FATCA)

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.

General Data Protection Regulation ("GDPR")

GDPR came into force on 25 May 2018. A privacy statement can be found on the website **www.janushenderson.com.**

ISA

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

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.

Packaged Retail and Insurance-based Investment Products Regulation ("PRIIPs")/ Key Information Document

Investors should be aware that the PRIIPs Regulation requires the Manager, as the PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

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.

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.

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 12.

TR European Growth Trust PLC
Registered as an investment company in England and Wales
Registration Number 2520734
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: Ordinary Shares: 0906692/GB0009066928
London Stock Exchange (TIDM) Code: TRG
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Legal Entity Identifier (LEI): 213800N1B1HCQG2W4V90

Telephone: **0800 832 832**
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