

# British Empire

Securities and General Trust plc

Investment Objective: To achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

## Performance Commentary

Over the month NAV was up 1.9%<sup>1</sup>. This compares to an increase in the benchmark of 1.2%<sup>2</sup> and decreases of 0.5%<sup>1</sup> and 0.9%<sup>1</sup> for the MSCI World (£) and FTSE All Share indices respectively.

## Manager's Comment

Our performance has been helped by a further narrowing of discounts in some of our larger holdings. Rue Impériale, for instance, has seen its discount to NAV narrow following speculation in the French press of a merger between Rue Impériale and its 45% owned subsidiary, Eurazeo. Rue Impériale is still on a decent discount even after recent share price rises.

We are seeking to preserve our "margin of safety", that is, a wide discount to our underlying assets through a rotation out of funds and companies whose prices are approaching NAV and into wider discount situations.

## Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) <sup>1</sup>	224.5p	-	46.9	19.4	130.8
Net Asset Value <sup>1</sup>	234.9p	1.9	38.7	11.3	85.0
Net Asset Value Total Return <sup>1</sup>		1.9	39.7	14.3	92.5
Benchmark <sup>2</sup> (£)		1.2	28.8	-25.0	1.5

Annual Returns (%)	2003	2002	2001	2000	1999
Price <sup>1</sup>	41.6	-12.2	0.8	26.0	52.6
MSCI World <sup>1</sup>	20.6	-27.4	-14.1	-5.8	28.6

1 Source: Fundamental Data

2 UK Datastream Investment Trust Index(TR) Source: Datastream

## Further Information

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The share price can be found under 'INVESTMENT COMPANIES' in The Financial Times, The Times, The Daily Telegraph, The Scotsman and The Evening Standard.

Information may be found on the following websites.  
[www.british-empire.co.uk](http://www.british-empire.co.uk) or [www.assetvalueinvestors.com](http://www.assetvalueinvestors.com)

All figures as at 31 January 2004. All sources Asset Value Investor unless otherwise stated. British Empire Securities Trust is managed by Asset Value Investors Ltd. The price of shares and the income from them may go down as well as up; they can be affected by exchange rate movements between currencies and it is possible that investors may not get back the full amount invested on disposal of the shares. Past performance is no guarantee of future performance. Investments in emerging markets carries a greater degree of risk, in particular the volatility of the markets and the local custody and registration arrangements, which may be less developed than in more mature markets. There is no guarantee that the market price of shares in Investment Trusts will fully reflect their underlying Net Asset Value (NAV). This Investment Trust should be considered only as part of a balanced portfolio, of which it should not form a disproportionate part. Under no circumstances should this information be considered as an offer, or solicitation, to deal in investments. Issued by Asset Value Investors Ltd., which is authorised and regulated by the Financial Services Authority.

## Top Ten Equity Holdings

	%
Rue Impériale	6.7
Hansa Trust plc	5.7
Wendel Investissement	4.3
Law Debenture Corp plc	3.7
Henderson Electric & General	3.6
Prospect Japan Fund Ltd	3.5
Jardine Strategic Holdings Ltd	3.3
Investor AB	2.5
Encana Corp	2.5
Groupe Bruxelles Lambert SA	2.3
<b>TOTAL</b>	<b>38.1</b>

Performance 1985 to 2003 British Empire



[C] Fundamental Data (2004) www.funddata.com

## Capital Structure

Ordinary Shares	160,080,089
10 3/8% Debenture stock 2011	£11,883,322
8 1/8% Debenture stock 2023	£15,000,000
Equities index unsecured loan stock 2013	3,208,197

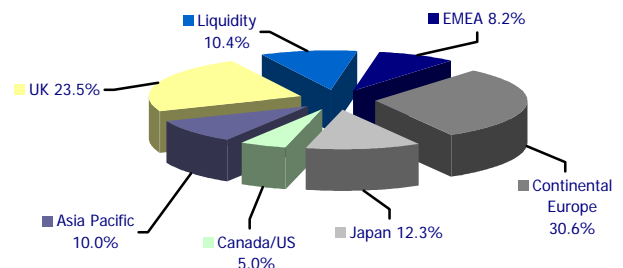
## Gross Assets/Gearing

Gross Assets	£417.9mil.
Debt	£33.6mil.
Actual Gearing (Debt less cash divided by net asset value)	-1.08%

## Fund Codes

Bloomberg Reuters Ticker / ISIN  
BTEM GB0001335081

## Geographic Breakdown (% of total assets)



Asset Value Investors